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SG-HLS-2  
SG-HLS-3  
All Lots 1-34

2

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Bylaws Page 1 of 25  
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**AMENDED BYLAWS**

**OF**

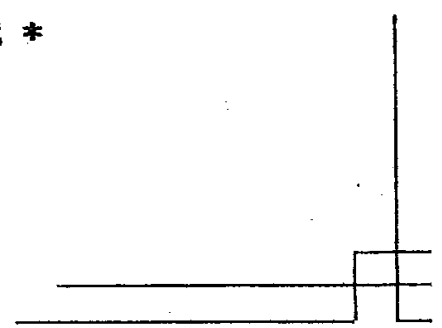
**" THE HILLS HOMEOWNERS ASSOCIATION "**

**DULY ADOPTED ON OCTOBER 2005**

**BY THE**

**BOARD OF DIRECTORS OF THE ASSOCIATION**

**\* COMPRISING 21 PAGES \***



AMENDED BYLAWS OF "THE HILLS HOMEOWNERS ASSOCIATION"

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AMENDED BYLAWS

OF

THE HILLS HOMEOWNERS ASSOCIATION

*Hills 1, Hills 2 Amended + Extended  
Hills 3*

ARTICLE I

GENERAL

1.1 Purpose of Amended Bylaws. These Amended Bylaws are adopted for the regulation and management of the affairs of The Hills Homeowners Association (aka The Hills), a Utah nonprofit corporation (the "Association"), organized to be the association to which reference is made in the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements of The Hills, as amended or supplemented from time to time (the "Declaration"), to perform the functions as provided in the Declaration and to further the interests of Owners of Dwelling Units within the Development.

1.2 Terms Defined in Declaration. Unless otherwise specifically provided herein, capitalized terms in these Amended Bylaws shall have the same meaning as given to such terms in the Declaration.

1.3 Controlling Laws and Instruments. These Amended Bylaws are controlled by and shall always be consistent with the provisions of the Utah Revised Nonprofit Corporation Act (the "Act"), the Declaration, and the Articles of Incorporation of the Association filed with the Division of Corporations and Commercial Code of the Utah Department of Commerce (the "Division"), as any of the foregoing may be amended from time to time.

ARTICLE II

OFFICES

2.1 Principal Office. The principal office of the Corporation shall be at 1365 East Ft. Pierce, No. 36, St. George, UT 84790. The Board of Directors, in its discretion, may change from time to time the location of the principal office.

2.2 Registered Office and Agent. The Act requires that the Association have and continuously maintain in the State of Utah a registered office and a registered agent. The registered agent must be an individual who resides in the State of Utah and whose business office is identical with the registered office. The initial registered office and the initial registered agent are specified in the Articles of Incorporation and may be changed by the Association at any time, without

amendment to the Articles of Incorporation, by filing a statement as specified by law with the Division.

### ARTICLE III

#### MEMBERS

3.1 Members. A "Member," as provided in the Declaration, is the person or, if more than one, all persons collectively, who constitute the Owner of a Lot within the Development.

3.2 Memberships Appurtenant to Lots. Each Membership shall be appurtenant to the fee simple title to a Lot. The person or persons who constitute the owner of fee simple title to a Lot shall automatically be the holder of the Membership appurtenant to that Lot and the Membership shall automatically pass with fee simple title to the Lot.

3.3 Members' Voting Rights. Subject to the provisions in the Declaration and the Articles of Incorporation, a Class A Member shall be entitled to one (1) vote for each Lot which he or it owns within the Development.

3.4 Voting by Joint Owners. In the event there is more than one (1) Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy or through ballot, shall be conclusively presumed to be the vote attributable to the Lot concerned, unless an objection is immediately made by another Owner of the same Lot. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever, other than to determine whether a quorum exists.

3.5 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members at a meeting, the Board of Directors of the Association shall act as arbitrators and the decision of a disinterested majority of the Board of Directors shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with Utah law.

3.6 Suspension of Membership. The rights of membership are subject to the payment of annual and special assessments levied by the Association. If a member fails to make payment of any annual or special assessment levied by the Association within thirty (30) days after the same shall become due and payable the voting rights of such member may be suspended by the Board of Trustees until such assessment has been paid. Rights of a member may also be suspended for violation of any of the use restrictions. Rights of a member also may be suspended after notice and hearing, for infraction of any published rules and regulations established by the Board of Trustees governing the use of the services, facilities or equipment of the Association, for a period not to

exceed sixty (60) days. Any first mortgagee shall be entitled to receive, upon request, notification of any default or suspension of a member.

3.7 Transfer of Memberships on Association Books. Transfer of Membership shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the right to vote and to receive notice.

3.8 Assignment of Voting Rights to Tenants and Mortgagees. A Member may assign his right to vote to a tenant occupying his Unit or to a mortgagee of his Unit for the term of the lease or the mortgage and any sale, transfer or conveyance of the Unit and the Lot upon which it is situated shall, unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

#### ARTICLE IV

#### MEETING OF MEMBERS

4.1 Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place, within or convenient to the Board, as may be fixed by the Board of Directors and specified in the Notice of the Meeting.

4.2 Annual Meetings of Members. Annual Meetings of the Members shall be held as set by the Board on any day in April. The Annual Meetings shall be held to elect Directors of the Association and to transact such other business as may properly come before the meeting.

4.3 Special Meetings of Members. Special Meetings of the Members may be called by the President of the Board of Directors or by Members holding not less than twenty-five percent (25%) of the total votes of all Members, excluding votes of Declarant, or by Declarant if it holds at least ten percent (10%) of the total votes of all Members. No business shall be transacted at a Special Meeting of Members except as indicated in the notice thereof.

4.4 Record Date/Members List.

4.4.1. The record date for the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose for the taking of any other lawful action shall be as set forth in Subsection 4.4.2 below, unless the Board of Directors, in advance of sending notice, set a

date by resolution as the record date for any such determination of Members. Such record date shall not be more than sixty (60) days prior to the meeting of Members or the event requiring a determination of Members.

4.4.2. Members entitled to notice of a meeting of the Members are the Members of the Association at the close of business on the business day preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held. Members entitled to vote at a meeting of the Members are the Members of the Association on the date of the meeting, and who are otherwise eligible to vote. The record date for the purpose of determining the Members entitled to exercise any rights in respect of any other lawful action are Members of the Association at the later of (i) the close of business on the day on which the Board of Directors adopts the resolution relating to the exercise of the right; or (ii) the close of business on the sixtieth (60<sup>th</sup>) day before the date of the exercise of the right. A record date fixed under this Section may not be more than seventy (70) days before the meeting or action requiring a determination of Members occurs. A determination of members entitled to notice of or to vote at a meeting of Members is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote.

4.4.3. The Association shall only be required to prepare a list of the names of the Members as provided for in Section 9.3.3.

4.5 Notice of Members' Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by first class or registered mail, by or at the direction of any of the Officers of the Association, or the Officers or persons calling the meeting, to each Member entitled to vote at such meeting. Notwithstanding the foregoing, notice given by other means shall be deemed fair and reasonable if given in accordance with the Act. The notice of an Annual, Regular or Special Meeting shall include (a) the names of any known candidate for Director and shall identify any other matter which it is known may come before the meeting; (b) potential conflicting interest transactions of a Director, party related to a Director, or an entity in which the Director is a director or has a financial interest, if any; (c) notice of any indemnification or advance of expenses to a director in connection with a legal "proceeding" as defined in the Act; (d) notice of any amendment to these Amended Bylaws proposed by the Members and a copy, summary or general statement of the proposed amendment; (e) notice of a proposed plan of merger; (f) notice of a proposed sale of the properties by the Association other than in the regular course of activities; (g) notice of a proposed dissolution of the Association; and (h) any matter a Member intends to raise at the meeting if requested in writing to do so by a person entitled to call a Special Meeting and the request is received by the Secretary or President at least ten (10) days before the Association gives notice of the meeting. The notice of a Special Meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered three (3) business days after a copy of the same has been deposited in the United States mail addressed to the Member at the

street address given by the Member to the Association, or to the residence of such Member if no address has been given to the Association.

4.6 Proxies and Ballots Used at Meetings. A Member entitled to vote at a meeting may vote in person or ballot, or by proxy executed in writing by the Member or his duly authorized attorney-in-fact and filed with the Secretary of the meeting prior to the time the proxy is exercised. Any proxy or ballot may be revoked, prior to the time the proxy is exercised or the ballot counted, by (a) the Member attending the meeting and voting in person, or (b) the Member signing and delivering to the Secretary or other person authorized to tabulate proxy or ballot votes (i) a writing stating that the appointment of proxy or ballot is revoked, or (ii) a subsequent proxy form or ballot. A proxy or ballot shall automatically cease upon the conveyance by a Member of the Lot of the Member and the transfer of the Membership on the books of the Association. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. The death or incapacity of the Member appointing a proxy or issuing a ballot does not affect the right of the Association to accept the proxy's authority or count the ballot unless notice of the death or incapacity is received by the Secretary or other Officer or agent authorized to tabulate votes before the proxy exercises the proxy's authority or the ballot is counted.

In addition to utilizing a ballot in connection with a meeting, the Association may utilize ballots without a meeting to take any action that may be taken at any annual, regular or special meeting of the Members provided the Association delivers a written ballot to every member entitled to vote. Any ballot utilized without a meeting shall be valid only when (1) the time by which all ballots must be received has passed so that a quorum can be determined and (2) 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: (a) set forth each proposed action, (b) provide for an opportunity to vote for or against each proposed action, (c) indicate the number of responses needed to meet the quorum requirements; (d) state the percentage of approvals necessary to approve each matter other than election of Directors; (e) specify the time by which a ballot must be received by the Association in order to be counted; and (f) be accompanied by written information sufficient to permit each person casting the ballot to reach an informed decision on the matter.

Any written ballot shall comply with the requirements in this Section and shall be counted equally with the votes of Members in attendance (by person or proxy) at any meeting for every purpose, including satisfaction of a quorum requirement.

4.7 Telecommunications. Any or all of the Members may participate in an Annual, Regular, or Special Meeting of the Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A member participating in a meeting by a means permitted under this Section is considered to be present in person at the meeting.

4.8 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation, or these Amended Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the representation, in person, by proxy or by ballot, of Members entitled to cast at least twenty-five percent (25%) of the votes of all Members shall constitute a quorum at any meeting of such Members. Members present in person or by proxy or represented by ballot at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If a quorum is not present at any meeting, another meeting may be called by the Board of Directors issuing a Notice of Members Meeting at which meeting the members that are present in person or by proxy or represented by ballot shall constitute a quorum, except as otherwise provided in the Declaration, the Articles of Incorporation, or these Amended Bylaws. No such subsequent meeting shall be held more than forty-five (45) days following such preceding meeting at which a quorum was not present. (units)

4.9 Adjournment of Members' Meetings. Members present in person or by proxy at any meeting at which a quorum or reduced quorum, as the case may be, was present may adjourn the meeting from time to time, without notice other than announcement at the meeting, for a total period or periods not to exceed forty-five (45) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall be the same as the quorum requirement of the meeting so adjourned, and any business may be transacted which might have been transacted at the adjourned meeting.

4.10 Vote Required at Members' Meetings. At any meeting where a quorum is present, a majority of the votes present in person, ballot or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation, or these Amended Bylaws, except that, in the case of elections in which there are more than two (2) candidates, the persons receiving the highest number of votes shall be elected.

4.11 Cumulative Voting Not Permitted. Cumulative voting by Members in the election of Directors shall not be permitted.

4.12 Order of Business. The order of business at any meeting of 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) election of Directors, if applicable; (d) report of finances; and (e) any other Association business.

4.13 Expenses of Meetings. The Association shall bear the expenses of all Regular and Annual Meetings of Members and of Special Meetings of Members.

4.14 Waiver of Notice. A Member may waive any notice required by the Act or by these Amended Bylaws, whether before or after the date or time stated in the notice as the date or time



when any action will occur or has occurred. A waiver shall be in writing, signed by the Member entitled to the notice, and delivered to the Association for inclusion in the minutes; or filing with the corporate records. The delivery and filing required above may not be conditions of the effectiveness of the waiver. A Member's attendance at a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

4.15 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting and without prior notice if a consent, in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof. Directors may not be elected by written consent except by unanimous written consent of all Members entitled to vote for the election of Directors. Any action taken under this Section is not effective unless all written consents are received within a sixty (60) day period and have not been revoked. A written consent may be given by electronically transmitted facsimile or other form of communication providing the Association with a complete copy of the written consent, including a copy of the signature to the written consent.

4.16 Signature of Members. Except as otherwise provided in the Act, all votes, consents, written ballots, waivers, proxy appointments, and proxy or ballot revocations shall be in the name of the Member and signed by the Member with a designation of the Member's capacity; *i.e.*, owner, partner, president, director, member, trustee, conservator, guardian, etc.

## ARTICLE V

### BOARD OF DIRECTORS

5.1 General Powers of the Board of Directors. The Board of Directors shall have power to:

5.1.1 Adopt and publish rules and regulations governing the use of the equipment and facilities of the Association and to establish reasonable admission and other fees for the use thereof.

5.1.2 Suspend the voting rights and any other rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association or in violation of any of the use restrictions. Such rights may also be suspended for infraction of any published rules and regulations, after notice and hearing, for a period of not to exceed sixty (60) days.

5.1.3 Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

5.1.4 Borrow money for the purpose of improving the common area, and in aid thereof to mortgage said property, such mortgage to be subordinate to the rights of the owners.

5.1.5 With the approval of all first mortgagees on lots and two-thirds (2/3) of the owners, to sell, exchange, hypothecate, alienate, encumber, dedicate, release or transfer all or part of the common area to any private individual, corporate entity, public agency, authority or utility.

5.1.6 Grant easements for public utilities or other public purposes consistent with the intended use of the common area.

5.1.7 Levy and collect assessments as more fully outlined in the Declaration.

5.1.8 Purchase insurance as outlined in the Declaration.

5.1.9 Appoint an Architectural Control Committee.

5.1.10 Appoint arbitrators to resolve party wall disputes.

5.1.11 Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws or the Articles of Incorporation.

5.1.12 Enforce and administer the Declaration of Covenants, Conditions and Restrictions recorded as affecting the properties.

5.1.13 The power to adopt such rules and regulations with respect to the interpretation and implementation of the Declaration, use of Common Area, and use of any property within the Development including Townhomes and to levy fines and penalties for infractions and violations thereof; 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 Amended Bylaws.

5.2 Special Duties of the Board of Directors. It shall be the duty of the Board of Directors to:

5.2.1 Act within thirty (30) days upon any request for approval or disapproval submitted pursuant to the Declaration of Covenants, Conditions and Restrictions.

5.2.2 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-half (½) of the members who are entitled to vote.

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

5.2.4 Prepare a roster of the properties and the assessments applicable thereto.

5.2.5 Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period.

5.2.6 Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period.

5.2.7 Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the owner personally obligated to pay the same.

5.2.8 Furnish a certificate upon demand, and for a reasonable charge, signed by an officer of the Association setting forth whether the assessment on a specified lot has been paid.

5.2.9 Maintain an adequate reserve fund for maintenance, repairs, and replacement of any elements of the common or limited common areas which must be replaced on a regular basis.

5.3 Qualifications of Directors. A Director must be a natural person 18 years of age or over and an Owner of a Lot within the Development or, if the Owner of any such Lot is a partnership, corporation, or limited liability company, must be a designated representative of such partnership, corporation, or limited liability company. If a Director conveys or transfers title to his Lot, or if a Director who is a designated representative of a partnership, corporation, or limited liability company ceases to be such designated representative, or if the partnership, corporation, or limited liability company of which a Director is a designated representative transfers title to its Lot, such Director's term as Director shall immediately terminate and a new Director shall be selected as promptly as possible to take such Director's place. Notwithstanding anything in this Section to the contrary, none of the initial Directors, as designated in the Articles of Incorporation, shall be required to have any ownership interest in any Lot in order to qualify to serve as a Director until the first election of Directors by the Members. Any Director no longer qualified to serve under the standards provided for in this Section 5.3 may be removed by a majority vote of the Directors then in office.

5.4 Number of Directors. The affairs of this Association shall be managed by a Board of three (3), five (5) or seven (7) Directors, the number of persons constituting a whole Board of Directors to be fixed from time to time by resolution of the Board of Directors, who must be members of the Association or in the case of multiple co-owners or owners not natural persons, their designees.

5.5 Term of Office of Directors and Elections. At each annual meeting, the members shall elect Directors for terms of two (2) years, with an odd number of Directors (at least two less than the entire Board) elected in odd-numbered years and an even number of Directors elected in even-numbered years.

Directors newly elected at the Annual Meeting shall take office on the first day of the month following the Annual Meeting. Said newly elected Directors are invited to attend Board of Directors meetings to familiarize them with the Association procedures prior to taking office. Only Members who are not in violation of the Declaration, these Amended Bylaws, Association Rules and Regulations, or Architectural Rules and Regulations shall be eligible to run for a position on the Board of Directors.

In an election of multiple Directors, that number of candidates equaling the number of Directors to be elected, having the highest number of votes cast in favor of their election, are elected to the Board of Directors. When only one (1) Director is being voted upon, the candidate having the highest number of votes cast in his or her favor is elected to the Board of Directors.

5.6 Nominating Committee. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the Annual Meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such Annual Meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Except for the initial Board of Directors appointed by the Declarant, such nominations shall be made from among the Members.

5.7 Removal of Directors By the Members. At any meeting of the Members, the notice of which indicates such purpose, any or all of the Directors may be removed, with or without cause, by the affirmative vote of Members holding a majority of the voting interests of all Members; and a successor may be then and there elected to fill the vacancy thus created.

5.8 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary, or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

A Director who resigns must deliver to the Utah Department of Commerce, Division of Corporations and Commercial Code a statement setting forth (a) that person's name; (b) the name of this Association; (c) information sufficient to identify the report or other document in which the person is named as a Director or Officer; and (d) the date on which the person ceased to be a Director or Officer or a statement that the person did not hold the position for which the person was named in the corporate report or other document.

5.9 Vacancies in the Board of Directors. Any vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. A directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members. A Director elected by the Board of Directors to fill the vacancy of a Director elected by the voting Members may be removed without cause by the voting Members, but not the Board of Directors. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. Should any vacancy of the Board of Directors remain unfilled for a period of two (2) months, the Members may, at a Special Meeting of the Members called for that purpose, elect a Director to fill such vacancy by a majority of the votes which Members present at such meeting, or represented by proxy or ballot, are entitled to cast.

5.10 Appointment of Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees which shall consist of two or more Directors and which, unless otherwise provided in such resolution, shall have and may exercise the authority to make recommendations (but not final decisions) to the Board of Directors in the management of the Association, except authority with respect to those matters specified in the Act as matters which such committee may not have and exercise the authority of the Board of Directors.

5.11 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him by law. The provision of these Amended Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of the Board of Directors shall be applicable to meetings of committees of the Board of Directors.

ARTICLE VI

MEETING OF DIRECTORS

6.1 Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the principal office of the Association or at such other place, within or convenient to the Development, as may be fixed by the Board of Directors and specified in the notice of the meeting.

6.2 Annual Meeting of Directors. The Annual Meeting of the Board of Directors shall be held on the same date as, or within ten (10) days following, the Annual Meeting of Members and also on the date that newly elected Directors take office. The Business to be conducted at the Annual Meeting of the Board of Directors shall consist of the appointment of Officers of the Association and the transaction of such other business as may properly come before the meeting. No prior notice of the Annual Meeting of the Board of Directors shall be necessary if the meeting is held on the same day and at the same place as the Annual Meeting of Members at which the Board of Directors is elected or if the time and place of the Annual Meeting of the Board of Directors is announced at the Annual Meeting of Members.

6.3 Other Regular Meetings of Directors. The Board of Directors may hold other regular meetings and may, by resolution, establish in advance the times and places for such regular meetings. No prior notice of any regular meeting need be given after establishment of the time and place thereof by such resolution.

6.4 Special Meetings of Directors. Special Meetings of the Board of Directors may be called by the President or any two (2) members of the Board of Directors other than the President.

6.5 Notice of Directors' Meetings. In the case of all meetings of the Board of Directors for which notice is required by these Amended Bylaws, notice stating the place, day and hour of the meeting shall be delivered not less than three (3) nor more than thirty (30) days before the date of the meeting, by mail, fax, telephone or personally, by or at the direction of the persons calling the meeting, to each member of the Board of Directors. If mailed, such notice shall be deemed to be delivered three (3) business days after a copy of the same has been deposited in the United States mail addressed to the Director at his home or business address as either appears on the records of the Association, with postage thereon prepaid. If faxed, such notice shall be deemed delivered when the transmission is complete. If by telephone such notice shall be deemed to be delivered when given by telephone to the Director. If given personally, such notice shall be deemed to be delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at his home or business address as either appears on the records of the Association.

Neither the business to be transacted at, nor the purpose of, any Regular or Special Meeting of the Board of Directors need be specified in the notice or waiver of such meeting.

6.6 Proxies. 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 Director may be considered to be present at a meeting and to vote if the Director has granted a signed written proxy: (i) to another Director who is present at the meeting; and (ii) authorizing the other Director 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. Except as provided in this Section 6.6 and as permitted by Section 6.13, Directors may not vote or otherwise act by proxy.

6.7 Telecommunications. The Board of Directors may permit any Director to participate in a Regular or Special Meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other during the meeting. A Director so participating in such a meeting is considered to be present in person at the meeting.

6.8 Quorum of Directors. A majority of the number of Directors fixed in these Amended Bylaws shall constitute a quorum for the transaction of business. For the purpose of determining the presence of a quorum, Directors will be counted if represented in person or by proxy, if applicable.

6.9 Adjournment of Directors' Meeting. Directors present at any meeting of the Board of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than announcement at the meeting, for a total period or periods of not to exceed thirty (30) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

6.10 Vote Required at Directors' Meeting. At any meeting of the Board of Directors, if a quorum is present, a majority of the votes present in person or by proxy, if applicable, and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation, or these Amended Bylaws.

6.11 Officers at Meetings. The President shall act as chairman and the Board of Directors shall appoint a secretary to act at all meetings of the Board of Directors.

6.12 Waiver of Notice. A waiver of notice of any meeting of the Board of Directors, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Attendance of a Director at a meeting in person shall constitute waiver of notice of such meeting unless (a) at the beginning of the meeting or promptly upon the Director's later arrival the Director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and, after objecting, the Director does not vote for or assent to action taken at the meeting, or (b) the Director contemporaneously requests that the Director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or (c) the Director causes written notice of the Director's dissent or abstention as to any

specific action to be received by (i) the presiding officer of the meeting before adjournment of the meeting; or (ii) the Association promptly after adjournment of the meeting.

6.12.1 Dissent or Abstention. The right of dissent or abstention pursuant to Section 6.12 is not available to a Director who votes in favor of the action taken.

6.13 Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Board of Directors may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. Any action taken under this Section 6.13 is not effective unless all written consents are received within a sixty (60) day period and have not been revoked.

## ARTICLE VII

### OFFICERS

7.1 Officers, Employees and Agents. The officers of the Association shall be natural persons 18 years of age or over and shall consist of a President, a Secretary, a Treasurer, and such other Officers, assistant Officers, employees, and agents as may be deemed necessary by the Board of Directors. Officers other than the President need not be Directors. The same person may simultaneously hold more than one office.

7.2 Appointment and Term of Office of Officers. The Officers shall be appointed by the Board of Directors at the Annual Meeting of the Board of Directors and shall hold office, subject to the pleasure of the Board of Directors, until the next Annual Meeting of the Board of Directors or until their successors are appointed, whichever is later, unless the Officer resigns, or is removed earlier.

7.3 Resignation and Removal of Officers. An Officer may resign at any time by giving written notice of resignation to the Association. A resignation of an Officer is effective when the notice is received by the Association unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board of Directors may: (a) (i) permit the Officer to remain in office until the effective date; and (ii) fill the pending vacancy before the effective date if the successor does not take office until the effective date; or (b) (i) remove the Officer at any time before the effective date; and (ii) fill the vacancy created by the removal. The Board of Directors may remove any Officer at any time with or without cause. An Officer who resigns, is removed, or whose appointment has expired may file a statement in the same form as provided in Section 5.7.

7.4 Vacancies in Officers. Any vacancy occurring in any position as an Officer may be filled by the Board of Directors. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.



7.5 President. The President shall be a Member of the Board of Directors and shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board of Directors and of the Members of the Association.

7.6 Vice President. The Vice President, if any, may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

7.7 Secretary. The Secretary shall be the custodian of the records and the seal, if any, of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Amended Bylaws and as required by law and that the books, reports and other documents and records of the Association set forth in Section 9.3 are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Members, of the Board of Directors, and of committees of the Board of Directors; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. The Board of Directors may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence or inability to act. The duties of the Secretary may be delegated to a property management company.

7.8 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time, require; shall arrange for the annual report required under Section 9.6 of these Amended Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Directors or by the President. The Board of Directors may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence or inability to act. The duties of the Treasurer may be delegated to a property management company.

7.9 Bonds. The Association shall require and pay for fidelity bonds covering Officers or other persons handling funds of the Association as required in the Declaration. The Association shall pay the premiums for such bonds.

ARTICLE VIII

INDEMNIFICATION OF OFFICIALS AND AGENTS

8.1 Right of Indemnification. The Association shall indemnify any Director, Officer, employee, fiduciary and agent (including without limitation the property manager) to the fullest extent allowed under Sections 16-6a-901 through 16-6a-910 of the Act, or any replacement Sections thereof.

8.2 Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Director, Officer, employee, fiduciary and agent against any liability asserted against him and incurred by him in such capacity or arising out of his status as such, including liabilities for which he might not be entitled to indemnification hereunder.

ARTICLE IX

MISCELLANEOUS

9.1 Amendment/Conflict. These Amended Bylaws may be amended, at any Regular, Annual, or Special Meeting of the Board of Directors, by a vote of the majority of the Board of Directors, except if it would result in a change of the rights, privileges, preferences, restrictions, or conditions of a Membership class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions, or conditions of another class. The Members may amend the Bylaws even though the Bylaws may also be amended by the Board of Directors. Amendments to the Bylaws by Members shall be made in accordance with the Act. In the case of any conflict between the Articles and these Amended Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Amended Bylaws, the Declaration will control.

9.2 Compensation of Officers, Directors and Members. No Director shall have the right to receive any compensation from the Association for serving as a Director except for reimbursement of expenses as may be approved by resolution of disinterested Members of the Board of Directors and except as may otherwise be approved by the Members. Officers, agents and employees shall receive such reasonable compensation as may be approved by the Board of Directors. Appointment of a person as an Officer, agent or employee shall not, of itself, create any right to compensation.

9.3 Books and Records.

9.3.1 The Association shall keep as permanent records: (a) minutes of all meetings of its Members and Board of Directors; (b) a record of all actions taken by the Members or Board of Directors without a meeting; (c) a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Association; (d) a record of all waivers of notices of meetings of Members and of the Board of Directors or any

committee of the Board of Directors; and (e) a copy of the Declaration, as the same may be amended.

9.3.2 The Association shall maintain appropriate accounting records.

9.3.3 The Association or its agent shall maintain a record of its Members in a form that permits preparation of a list of the name and address of all Members: (a) in alphabetical order, by class, and (b) showing the number of votes each Member is entitled to vote.

9.3.4 The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

9.3.5 The Association shall keep a copy of each of the following records at its principal office: (a) its Articles of Incorporation; (b) its Bylaws; (c) resolutions adopted by its Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of Members or any class or category of Members; (d) the minutes of all Members' meetings; (e) records of all actions taken by Members without a meeting; (f) all written communications to Members generally as Members for a period of three years; (g) a list of the names and business or home addresses of its current Directors and Officers; (h) a copy of its most recent annual report; and (i) all financial statements prepared for periods ending during the last three (3) years.

#### 9.4 Inspection of Records.

9.4.1 A Director or Member is entitled to inspect and copy any of the records of the nonprofit corporation described in Subsection 9.3.5: (a) during regular business hours; (b) at the Association's principal office; and (c) if the Director or Member gives the Association written demand, at least five (5) business days before the date on which the Member wishes to inspect and copy the records.

9.4.2 In addition to the rights set forth in Subsection 9.4.1, a Director or Member is entitled to inspect and copy any of the other records of the Association: (a) during regular business hours; (b) at a reasonable location specified by the Association; and (c) at least five (5) business days before the date on which the Member wishes to inspect and copy the records, if the Director or Member: (i) meets the requirements of Subsection 9.4.3; and (ii) gives the Association written demand.

9.4.3 A Director or Member may inspect and copy the records described in Subsection 9.4.2 only if: (a) the demand is made: (i) in good faith; and (ii) for a proper purpose; (b) the Director or Member describes with reasonable particularity the purpose and the records the Director or Member desires to inspect; and (c) the records are directly connected with the described purpose.

9.4.4 Notwithstanding any other provision in these Amended Bylaws, for purposes of this Section: (a) "Member" includes: (i) a beneficial owner whose membership interest is held in a voting trust; and (ii) any other beneficial owner of a membership interest who establishes beneficial ownership; and (b) "proper purpose" means a purpose reasonably related to the demanding Member's or Director's interest as a Member or Director.

9.4.5 The right of inspection granted by this Section may not be abolished or limited by the Articles of Incorporation or these Amended Bylaws.

9.4.6 This Section does not affect: (a) the right of a Director or Member to inspect records relating to ballots; (b) the right of a Member to inspect records to the same extent as any other litigant if the Member is in litigation with the Association; or (c) the power of a court, independent of this Article, to compel the production of corporate records for examination.

9.4.7 A Director or Member may not use any information obtained through the inspection or copying of records permitted by 9.4.2 for any purposes other than those set forth in the demand made under 9.4.3.

9.5 Scope of Inspection Right. A Director or Member's agent or attorney has the same inspection and copying rights as the Director or Member. The right to copy records under Section 9.4 includes, if reasonable, the right to receive copies made by photographic, xerographic, electronic, or other means. *Except for requests for financial statements, the Association may impose a reasonable charge covering the costs of labor and material for copies of any documents provided to the Director or Member.* The charge may not exceed the estimated cost of production and reproduction of the records. The nonprofit corporation may comply with a Director's or Member's demand to inspect the record of Members under Subsection 9.3.3 by furnishing to the Director or Member a list of Directors or Members that: (a) complies with Subsection 9.3.3; and (b) is compiled no earlier than the date of the Director's or Member's demand. Concerning financial statements, by no later than fifteen (15) days after the day on which the Association receives a written request of any Member, the Association shall mail to the Member the following that show in reasonable detail the assets and liabilities and results of the operations of the Association: (a) the Association's most recent annual financial statements, if any; and (b) the Association's most recently published financial statements, if any. Without consent of the Board of Directors, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to a Member's interest as a Member.

9.6 Annual Report. The Board of Directors shall cause to be prepared and distributed to each Member and any First Mortgagee of a Member who has filed a written request therefor, not later than ninety (90) days after the close of each fiscal year of the Association, an annual report containing (a) an income statement reflecting income and expenditures of the Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of changes in

financial position for such fiscal year, and (d) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found.

9.7 Statement of Account. Upon payment of a reasonable fee to be determined by the Association and upon written request of an Owner of a Lot or any person with any right, title or interest in a Lot or intending to acquire any right, title or interest in a Lot, the Association shall furnish, within ten (10) days after the receipt of such request, a written statement of account setting forth the amount of unpaid assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Lot and the Unit thereon, and the amount of the assessments for the current fiscal period of the Association payable with respect to the Lot and the Unit thereon. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have been levied.

9.8 Annual Corporation Reports. The Association shall file with the Division of Corporations and Commercial Code for the Utah Department of Commerce, within the time prescribed by law, annual corporate reports in such form and containing the information required by law and shall pay the fee for such filing as prescribed by law.

9.9 Fiscal Year. The fiscal year of the Association shall be the calendar year, and shall begin on January 1 and end the succeeding December 31. The fiscal year may be changed by the Board of Directors without amending these Amended Bylaws.

9.10 Seal. The Board of Directors may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "UTAH".

9.11 Shares of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividends shall be paid and no part of the income or profit of the Association shall be distributed to its Members, Directors or Officers. Notwithstanding the foregoing paragraph, the Association may issue certificates evidencing Membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.12 Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Association to its Members, Directors or Officers, and any Director, Officer or Member who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

9.13 Limited Liability. The Association, the Board of Directors, the Architectural Control Committee, and Declarant, and any agent or employee of any of the same shall not be liable to any

person for any actions or for any failure to act in connection with the affairs of the Association if the action taken or failure to act was in good faith and without malice.

9.14 Minutes and Presumptions Thereunder. Minutes or any similar record of the meetings of Members or of the Board of Directors, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

9.15 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

9.16 Execution of Documents. The Board of Directors, except as these Amended Bylaws otherwise provide, may authorize any officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name of 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 Directors, no Officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

9.17 Right to Inspect. Notwithstanding the other provisions of this Article, unless otherwise provided in these Amended Bylaws, a right of a Member to inspect or receive information from the Association applies only to a voting Member of the Association.

## ARTICLE X

### ENFORCEMENT RIGHTS

In the event of an alleged violation by a Member or Occupant ("Respondent") of the Declaration, these Bylaws, or the Rules and Regulations of the Association, the Board of Directors shall have the right, upon an affirmative vote of a majority of all Directors on the Board of Directors, to take any one or more of the actions and to pursue one or more of the remedies permitted under the provisions of the Declaration, these Bylaws, or the Rules and Regulations of the Association. If, under the provisions of the Declaration, these Bylaws, or the Rules and Regulations, a Notice of Noncompliance and Right to Hearing is required prior to taking action or pursuing remedies, the Board shall give the Member notice and an opportunity to be heard. The remedies set forth and provided in the Declaration, the Rules and Regulations of the Association or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by the Declaration, these Bylaws, and the Architectural Control Committee Rules and Regulations, and other Rules and Regulations of the Association before that Member may resort to a court of law for relief with respect to any alleged

violation by another Member of the Declaration, these Bylaws, or the Rules and Regulations of the Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply (i) to the Board of Directors or to any Member where the complaint alleges nonpayment of assessments, special assessments or other assessments, or (ii) to matters the Board of Directors determines in its discretion will (a) affect the safety of the Common Area or Facilities or the Owners or their property or (b) will result in irreparable harm to the Association if not quickly remedied. In such cases, the Board of Directors may immediately file suit.

## ARTICLE XI

### COMMITTEES

11.1 Architectural Control Committee. An Architectural Control Committee composed of three or more representatives shall be appointed by the Directors.

No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, nor shall any exterior addition or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Directors or, if the committee is in existence, by the Architectural Control Committee. In the event said Directors, or their designated committee, fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and compliance with Article will be deemed to have been made.

Notwithstanding the foregoing, without the prior written approval of at least two-thirds (2/3) of the owners or first mortgagees, neither the Association nor the Architectural Control Committee shall, by act or omission, change waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance or maintenance of units, the maintenance of the common and limited common areas, including walls, fences, driveways, lawns and plantings.

11.2 Additional Committees. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

### CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of The Hills Owners Association, a Utah nonprofit corporation ("Association"); and

2. The foregoing Amended Bylaws, comprising 22 pages, including this page, constitute the Amended Bylaws of the Association duly adopted at the meeting of the Board of Directors of the Association duly held on \_\_\_\_\_, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Secretary



STATE OF UTAH )  
 ) ss.  
COUNTY OF WASHINGTON )

FREE Recording Return to:  
Monarch Property Management  
1240 E 100 S # 10  
St. George, Utah 84790  
Hills - SG-HLS-1 SG-HLS-2 SG-HLS-3  
All lots

Certification

- I am the duly elected President of the The Hills Homeowners Association, a Utah Non-Profit Corporation, described as SG-HILLS-1, with the Washington County, Utah Recorders Office.
- The foregoing Bylaws constitute the Bylaws of said Corporation as duly adopted at a meeting of the Board of Directors hereof, held on the 28 day of August, 2012.
- IN THE WITNESS WHEREOF, I have hereunto set my hand this 28 day of August, 2012.

David Preston  
President

Certification

I, the undersigned, do hereby certify:

- I am the duly elected Secretary of the The Hills Homeowners Association, a Utah Non-Profit Corporation, and described SG-HILLS-1, with the Washington County, Utah Recorders Office.
- The foregoing Bylaws constitute the Bylaws of said Corporation as duly adopted at a meeting of the Board of Trustees hereof, held on the 28 day of August 2012.
- IN THE WITNESS WHEREOF, I have hereunto set my hand this 28 day of August, 2012.

Ann Schneider  
Secretary

STATE OF UTAH )  
 ) ss.  
COUNTY OF WASHINGTON )

On this 28 day of August, 2012, before me personally appeared DAVID PRESTON, Pres + Ann Schneider, Secretary, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are signed on the preceding document, and acknowledged before me that he/she/they signed it voluntarily for its stated purpose.

Susan E. Stucki  
NOTARY PUBLIC

Address: 1240 E 100 S # 10  
St. George, Utah 84790  
My Commission Expires: 3/29/15

