

BYLAWS
OF
LAKE CREEK FARMS HOMEOWNERS ASSOCIATION INC.

*Trustee - Term of Office
Sec. P. 5*

ARTICLE I.

Offices

Section 1.1 Business Offices. The principal office of the corporation (referred to herein as the "Association") shall be located in Heber, Utah. The Association may have such other offices, either within or outside Utah, as the Governing Board of Trustees (referred to herein as the "Board") may designate or as the affairs of the Association may require from time to time.

Section 1.2 Registered Office. If a registered office of the Association is required to be maintained in Utah, it may be, but need not be, the same as the principal office, if in Utah, and the address of the registered office may be changed from time to time by the Board.

ARTICLE II.

Members

Section 2.1 Classification, Qualification, Privileges and Election of Members. The members of the Association (referred to herein as the "Members") shall be the Owners of Lots in Lake Creek Farms subdivision, Heber, Utah (referred to herein as "Lake Creek Farms"). Membership in the Association shall be deemed appurtenant to the Lot with relation to which it is issued and shall not be assignable except to the successor in interest in ownership of the Lot, and may not be separated from fee ownership of the Lot to which it is appurtenant. Ownership of a Lot shall be sole qualification for membership in the Association. 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 the Lot to which it is appurtenant and then only to the purchaser or purchasers of said Lot. Any attempt to make a prohibited transfer or to otherwise resign as a Member shall be void and will not be reflected upon the books and records of the Association. In the event that an Owner shall fail or refuse to transfer the membership registered in said Owner's name to the purchaser of the Lot to which it is appurtenant upon the transfer of fee title thereto, the Board of Trustees of the Association shall have the right to record the transfer upon the books of the Association. The membership provisions of the bylaws may be altered from time to time in accordance with the provisions of Section 8.7 of these bylaws. No Member may resign his or her membership in the Association until such Member ceases to be an Owner.

Section 2.2 Members of Record. Upon purchasing a Lot in Lake Creek Farms, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Lot has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining which Members are entitled to notice of or to vote at any meeting of the Members, or any adjournment thereof, the Board may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting, for determining Members entitled to notice of or to vote at any meeting of the Members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining Members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the Owners of record of a Lot in Lake Creek Farms shall be deemed to be the Members of record entitled to notice of and to vote at the meeting of the Members.

Section 2.3 Annual Meetings. The annual meeting of the Members for the election of trustees to serve on the Board (referred to herein as the "Trustees"), the presentation of the annual financial report of the Association and for the transaction of such other business as the Board may determine, shall be held on the second Wednesday in January, at the hour of 7:00 p.m., unless the Board, by resolution, directs otherwise. If the day of the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour of the first day following which is not a legal holiday.

Section 2.4 Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes.

Section 2.5 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or in such other fair and reasonable manner as permitted by the Utah Revised Nonprofit Corporation Act (the "Act"). Such notice shall specify the place, date and hour of the meeting, and, in the case of an annual meeting, a description of any matter or matters that must be approved by the Members or for which the Members' approval is sought pursuant to the Act, and, in the case of a special meeting, the purpose of the meeting.

Section 2.6 Waiver of Notice. Any Member may waive notice of a meeting by a writing signed by the Member which is delivered to the Association (either before or after the date and time stated in the notice as the date or time when any action will occur or has occurred) for inclusion in the minutes or filing with the Association's records.

Section 2.7 Quorum. Except as hereafter provided, and as otherwise provided in the articles of incorporation of the Association (the "Articles") or the Declaration, the presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of all the votes of each class of membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote

thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

In case of a meeting to change the basis and maximum amount of assessments, to make assessments in excess of the original assessment, or to levy a special or additional assessment, as those assessments are defined in the Declaration, presence at the meeting of Members, or of proxies, entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not forthcoming at such a meeting, another meeting may be called, subject to the notice requirement set forth above and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. 57 29

Section 2.8 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary prior to the meeting for which the proxy is valid. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 2.9 Voting. If a quorum is present, the affirmative vote of the majority of the votes represented at the meeting shall be the act of all the Members, unless the act of a greater number is expressly required by law, the Declaration, the Association's Articles, or by these bylaws. Upon direction of the presiding officer, the vote upon any business before a meeting shall be by ballot, but otherwise any such vote need not be by ballot. 7

Section 2.10 Procedure. The order of business and all other matters of procedure at every meeting of Members shall be determined by the presiding officer.

Section 2.11 Effect of Attendance at Meeting. A Member's attendance at a meeting in person or by proxy:

(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; 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.

Section 2.12. Action By Written Consent. Unless otherwise provided in the Articles or the Act, any action which may be taken at any annual or special meeting of Members may be taken without a meeting and without prior notice if one or more consents in writing, setting forth the action so taken, are signed by Members having not less than the minimum voting power necessary to authorize or take the action at a meeting at which all Members entitled to vote thereon were present and voted. Unless written consents of all Members entitled to vote have been obtained, the Association shall give notice of any Member approval without a meeting at least ten (10) days before the consummation of the action authorized by the approval to:

- (a) Those Members entitled to vote who have not consented in writing; and
- (b) those Members not entitled to vote and to whom the Act requires notice be given.

Such notice shall contain or be accompanied by the same material that would have been required if a formal meeting had been called to consider the action. Any Member giving a written consent, or the Members' proxy holder or a personal representative of the Member or their respective proxy holder, may revoke the consent by a signed writing describing the action and stating that the Member's prior consent is revoked, if the writing is received by the Association prior to the effectiveness of the action. If the Association has received written consents signed by all Members entitled to vote with respect to the action, the effective date of the action may be any date that is specified in all the written consents as the effective date of the action. The writing may be received by the Association by electronically transmitted facsimile or other form of communication providing the Association with a complete copy thereof, including a copy of the signature. Notwithstanding any other provision of this Section 2.12, in the event the Members are entitled to vote for the election of Trustees under Section 3.2, below, Trustees may not be elected by written consent except by unanimous written consent of all Members entitled to vote for the election of Trustees. Action taken under this Section 2.12 has the same effect as action taken at a meeting of Members and may be so described in any document.

Section 2.13 Action by Written Ballot.

(a) In Lieu of a Meeting. Unless otherwise provided in the Articles, any action which may be taken at any annual or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. All solicitations for votes by written ballot shall (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of Trustees; (iii) specify the time by which a ballot must be received by the Association in order to be counted; and (iv) be accompanied by written information sufficient to permit each Member casting the ballot to reach an informed decision on the matter. A written ballot shall set forth each proposed action and provide an opportunity for the Members to vote for or against each proposed action. Approval by written ballot pursuant to this Section 2.13 shall be valid only when (i) the time by which all ballots must be received by the Association has passed so that a quorum can be determined; and (ii) 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. A written ballot may not be revoked. Action taken under this Section 2.13 has the same effect as action taken at a meeting of Members and may be described as such in any document.

(b) In Lieu of Attendance at a Meeting. A written ballot delivered to every Member entitled to vote on the matter or matters therein, as described in this Section 2.13, may also be used in connection with any annual or special meeting of Members, thereby allowing Members the choice of either voting in person or by written ballot delivered by a Member to the Association in lieu of attendance at such meeting. Any written ballot shall comply with the

requirements of Subsection 2.13(a) and shall be counted equally with the votes of Members in attendance at any meeting for every purpose, including satisfaction of a quorum requirement.

Section 2.14 Voting Rights: Election of Trustees. The Association has one class of voting membership. The voting rights with respect to such class of voting membership are described under Section 1 and Section 2 – Class A of Article VII of the Declaration. In any election of Trustees, each Member shall have the right to vote for as many persons as there are Trustees to be elected. Cumulative voting is not authorized.

Section 2.15 No Exemption from Liability for Assessments. No Member may exempt himself or herself from liability for assessments to be levied by the Association under the Declaration on the Lot owned by said Member from the liens and charges thereof by waiver of the use and enjoyment of the Common Areas or the facilities thereon or by abandonment of the Member's Lot.

ARTICLE III.

Governing Board of Trustees

Section 3.1 General Powers. The business and affairs of the Association shall be managed by its Board, except as otherwise provided in the Act, the Articles or these bylaws.

Section 3.2 Number, Election, Tenure and Qualifications. The number of Trustees of the Association shall be as determined by the Board from time to time. The initial membership shall be comprised of three (3) Trustees, who shall be Brenda Metzger, Steven Stoddard and Robert Nelson. Any action of the Board to increase or decrease the number of Trustees, whether expressly by resolution or by implication through the election of additional Trustees, shall constitute an amendment of these bylaws effecting such increase or decrease. Of the initial Trustees, Brenda Metzger shall hold office for a term of three (3) years, Steven Stoddard shall hold office for a term of two (2) years, and Robert Nelson shall hold office for a term of one (1) year. Other than the initial Trustees, who shall hold the terms specified above, each Trustee shall hold office after election for a period of three years. It is intended that the terms of the Trustees be scheduled to expire such that one third, or if the number of trustee positions at a given time is not divisible by three, as near one-third as possible, of the Trustee positions become open each year. At each annual meeting of the Members, an election shall be held to fill each of the Trustee positions which become open in that year. Trustees shall continue in office until their successors are elected or appointed and qualify, or until their earlier death, resignation or removal. Trustees shall be removable in the manner provided by the statutes of the State of Utah.

Section 3.3 Vacancies. Any Trustee may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining Trustees though less than a quorum. A

Trustee elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any trusteeship to be filled by reason of an increase in the number of Trustees shall be filled by the affirmative vote of a majority of the Trustees then in office, and a Trustee so chosen shall hold office until the next election of Trustees and thereafter until his successor shall have been elected and qualified, or until his earlier death, resignation or removal.

Section 3.4 Regular Meetings. A regular annual meeting of the Board shall be held in a month to be specified by the Board at the time and place, either within or outside Utah, determined by the Board, for the purpose of appointing officers and for the transaction of such other business as may come before the meeting. The Board may provide by resolution the time and place, either within or outside Utah, for the holding of additional regular meetings.

Section 3.5 Special Meetings. Special meetings of the Board may be called by or at the request of the president or a majority of the Trustees. The person or persons authorized to call special meetings of the Board may fix any place as the place, either within or outside Utah, for holding any special meeting of the Board called by them.

Section 3.6 Notice. Notice of each meeting of the Board stating the place, day and hour of the meeting shall be given to each trustee at his business address at least five days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two days prior thereto by personal delivery of written notice or by telephonic or telegraphic notice (and the method of notice need not be the same to each Trustee). If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid. If telegraphed, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. Any Trustee may waive notice of any meeting before, at or after such meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

Section 3.7 Presumption of Assent. A Trustee of the Association who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the Trustee (a) objects at the beginning of the meeting to the holding of the meeting or the transaction of business thereat and does not vote for or assent to any action taken at the meeting; (b) contemporaneously requests that his or her dissent or abstention as to any specific action be entered in the minutes of the meeting; or (c) causes written notice of his or her written dissent or abstention as to any specific action taken at the meeting to be received by the presiding officer of the meeting prior to the adjournment thereof or by the Association promptly after the adjournment thereof. Such right to dissent or abstain shall not apply to a Trustee who voted in favor of such action.

Section 3.8 Quorum and Voting. A majority of the Trustees shall constitute a quorum of the transaction of business at any meeting of the Board, and the vote of a majority of the Trustees present in person at a meeting at which a quorum is present shall be the act of the Board. If less than a quorum is present at a meeting, a majority of the Trustees present may

adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. A Trustee may not vote or act by proxy at any meeting of the Board.

Section 3.9 Compensation. Trustees shall not receive compensation for their services as such, although the reasonable expenses of Trustees of attendance at Board meetings may be paid or reimbursed by the Association. Trustees shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the Association in any other capacity.

Section 3.10 Executive and Other Committees. By one or more resolutions, the Board may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in the resolution establishing such committee, shall have and may exercise all of the authority of the Board, except as prohibited by statute. The delegation of authority to any committee shall not operate to relieve the Board or any member of the Board from any responsibility imposed by law. Rules governing procedures for meetings of any committee of the Board shall be as established by the Board, or in the absence thereof, by the committee itself.

Section 3.11 Meetings by Telephone. Members of the Board or of any committee thereof, may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 3.12 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Trustees or committee members entitled to vote with respect to the subject matter thereof. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the Trustees or committee members.

ARTICLE IV.

Officers and Agents

Section 4.1 Number and Qualifications. The Board may, but is not obligated to, elect or appoint a president, a secretary and a treasurer, as the officers of the Association. The Board may also elect or appoint such other officers, assistant officers and agents, including an executive director, vice presidents, a controller, assistant secretaries and assistant treasurers, as it may consider necessary. One person may hold more than one office at a time, except that no person may simultaneously hold the offices of president and secretary. Officers need not be Trustees of the Association.

Section 4.2 Appointment and Term of Office. The officers of the Association shall be appointed by the Board at each regular annual meeting of the Board. If the appointment of

officers shall not take place at such meeting, such appointment shall take place as soon as convenience thereafter. Each officer shall hold office until his successor shall have been duly appointed and shall have qualified, or until his earlier death, resignation or removal.

Section 4.3 Compensation. The compensation of the officers shall be as fixed from time to time by the Board, and no officer shall be prevented from receiving a salary by reason of the fact that he is also a Trustee of the Association. However, during any period in which the Association is a private foundation as described in section 509(a) of the Internal Revenue Code, no payment of compensation (or payment or reimbursement of expenses) shall be made in any manner so as to result in the imposition of any liability under section 4941 of the Internal Revenue Code.

Section 4.4 Removal. Any officer or agent may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 4.5 Vacancies. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officers and the Association, by giving written notice to the president or to the Board. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 4.6 Authority and Duties of Officers. The officers of the Association shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the president, the Board, or these bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) **President.** The president shall, subject to the direction and supervision of the Board, (i) be the chief executive officer of the Association and have general and active control of its affairs and business and general supervision of its officers, agents and employees; (ii) preside at all meetings of the Board; (iii) see to it that the directives of the Board are carried into effect; and (iv) perform all duties of the president and when so acting shall have all the powers of and be subject to the restrictions upon the president.

(b) **Vice-Presidents.** The vice-president or vice-presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board. The vice-president (or if there is more than one, then the vice-president designated by the Board, or if there be no such designation, then the vice-presidents in order of their election) shall, at the request of the president, or in his absence or inability or refusal to act, perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president.

(c) **Secretary.** The secretary shall: (i) keep the minutes of the proceedings of the Board and any committees of the Board; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) be custodian of the corporate records and of the seal of the Association; and (iv) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

(d) **Treasurer.** The treasurer shall: (i) be the principal financial officer of the Association and have the care and custody of all its funds, securities, evidences of indebtedness and other personal property and deposit the same in accordance with the instructions of the Board; (ii) receive and give receipts and acquittances for moneys paid in on account of the Association, and pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity; (iii) unless there is a controller, be the principal accounting officer of the Association and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns and related documents, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the president and the Board statements of account showing the financial position of the Association and the results of its operations; (iv) upon request of the board, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or the Board. Assistant treasurers, if any, shall have the same powers and duties, subject to supervision by the treasurer.

Section 4.7 Surety Bonds. The Board may require any officer or agent of the Association to execute to the Association a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association.

ARTICLE V.

Architectural Control Committee

Section 5.1 Architectural Control Committee. The architectural review and control functions of the Association shall be administered and performed by the Architectural Control Committee (the "ACC"), which shall consist of three members, who need not be Members of the Association. The Developer shall have the right to appoint, at its sole discretion, all or some of the some members of the ACC, as long as it owns at least one Lot. Members of the ACC as to whom Developer may relinquish the right to appoint, and all members of the ACC after Developer no longer owns at least one Lot, shall be appointed by and shall serve at the pleasure of the Board. The majority of the ACC shall constitute a quorum to transact business at any meeting and the action of a majority present at a meeting at which the quorum is present shall constitute the action of the ACC. Any vacancy occurring on the ACC because of death, resignation, or other termination of service of any member thereof shall be filled by the Board, if

the member whose service was terminated was originally appointed by the Board. Otherwise, the Developer shall fill any vacancy created by death, resignation, removal or other termination of service of any member of the ACC.

Section 5.2 Powers of ACC. The ACC shall have the following powers and duties:

(a) To recommend to the Board, from time to time, modifications and/or amendments to the architectural planning criteria. Any modification or amendment to the architectural planning criteria shall be consistent with the provisions of the Declaration and shall not be effective until adopted by a majority of the members of the Board, at a meeting at which a quorum is present and voting. Notice of any modification or amendment to the architectural planning criteria, including a verbatim copy of such modification or amendment, shall be delivered to each Member of the Association, provided that delivery to each Member of the Association of the notice and a copy shall not constitute a condition precedent to the effectiveness or validity of such change or modification.

(b) To require that each Owner submit to the ACC two complete sets of all plans and specifications for any improvements or structures of any kind, including, without limitation, any building, fence, wall, swimming pool, tennis court, enclosure, sewer, drain, disposal system, deck to a building, landscaping device, or other improvements, the construction or placement of which is proposed upon any Lot. The ACC shall also require each Owner to submit to the ACC samples of building materials proposed for use on any Lot, together with such additional information as may be necessary for the ACC to completely evaluate the proposed structural improvements.

(c) To approve or disapprove any structure of any kind, including, without limitation, buildings, walls, swimming pools, tennis courts, screened enclosures, sewers, drains, disposal systems, decks, landscape devices or objects, or other improvements or changes in modification thereto the construction, erection, performance or placement of which is imposed upon any Lot and to disapprove or approve any additions, changes, modifications, or alterations therein or thereon. All decisions of the ACC shall be submitted to the Board, and evidence of such decisions may be made by certificate, in recordable form, executed under seal by the Trustees or the president of the Association. Any party disagreeing with the ACC shall have the right to make a written request to the Board within thirty days of such a decision, for a review thereof. The determination of the Board shall in all events be dispositive.

(d) To adopt a schedule of reasonable fees for processing requests for ACC approval of improvements. Such fees shall be payable to the Association, in cash or certified funds, at the time the plans and specifications are submitted to the ACC.

ARTICLE VI.

Indemnification

Section 6.1 Limitation of Liability of Trustees. The personal liability of the Trustees to the Association or its Members, or to any third person, shall be eliminated or limited to the fullest extent as from time to time permitted by Utah law.

Section 6.2. Indemnification of Trustees and Officers. The Association shall indemnify and advance expenses to its Trustees, officers, employees, fiduciaries or agents and to any person who is or was serving at the Association's request as a director, trustee, officer, partner, trustee, employee, fiduciary or agent of another domestic or foreign corporation or other person or of an employee benefit plan (and their respective estates or personal representatives) to the fullest extent as from time to time permitted by Utah law.

Section 6.3 Insurance. By action of the Board, notwithstanding any interest of the Trustees in such action, the Association may, subject to Section 6.4, purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any persons indemnified hereunder against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an agent of the Association, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of law. The Association may also purchase and maintain insurance, in such amounts as the Board may deem appropriate, to insure the Association against any liability, including without limitation, any liability for the indemnifications provided in this Article.

Section 6.4 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as the Board may deem appropriate in each specific case, including but not limited to any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any action shall be counsel that is mutually agreeable to the person to be indemnified and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

Section 6.5 Effect of Repeal or Modification of Article VI. Any repeal or modification of this Article VI by the Members of the Association shall not adversely affect any right or protection of any person existing at the time of such repeal or modification.

Substantive of one Person for another

ARTICLE VII.

Assessments

Section 7.1 Agreement to Pay Assessments. Each Owner of any Lot by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay the Association all assessments made by the Association for the purposes provided in the Articles and these Bylaws.

Section 7.2. Assessments. Assessments shall be fixed, assessed, and collected as provided in Article VIII of the Declaration.

ARTICLE VIII.

Miscellaneous

Section 8.1 Account Books, Minutes, Etc. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board and committees. All books and records of the Association may be inspected by any trustee or his accredited agent or attorney, for any proper purpose at any reasonable time.

Section 8.2 Fiscal Year. The fiscal year of the Association shall be as established by the Board.

Section 8.3 Designated Contributions. The Association may accept any designated contribution, grant, bequest or devise consistent with its general tax-exempt purposes, as set forth in the Articles. As so limited, donor-designated contributions will be accepted for special funds, purposes or uses, and such designations generally will be honored. However, the Association shall reserve all right, title and interest in and to and control of such contributions, as well as full discretion as to the ultimate expenditure or distribution thereof in connection with any special fund, purpose or use. Further, the Association shall retain sufficient control over all donated funds (including designated contributions) to assure that such funds will be used to carry out the Association's tax-exempt purposes.

Section 8.4 Conflicts of Interest. If any person who is a Trustee or officer of the Association is aware that the Association is about to enter into any business transaction directly or indirectly with himself, any member of his family, or any entity in which he has any legal, equitable or fiduciary interest or position, including without limitation as a Trustee, officer, shareholder, partner, beneficiary or trustee, such person shall (a) immediately inform those charged with approving the transaction on behalf of the Association of his interest or position, (b) aid the persons charged with making the decision by disclosing any material facts within his knowledge that bear on the advisability of such transaction from the standpoint of the Association, and (c) not be entitled to vote on the decision to enter into such transaction.

Section 8.5 Loans to Trustees and Officers Prohibited. No loans shall be made by the Association to any of its Trustees or officers. Any Trustee or officer 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 it is repaid.

Section 8.6 References to Internal Revenue Code. All references in these bylaws to provisions of the Internal Revenue Code are to the provisions of the Internal Revenue Code of 1986, as amended, and shall include the corresponding provisions of any subsequent federal tax laws.

Section 8.7 Amendments. These bylaws may be amended at any time and from time to time by the Board, except to the extent that the Articles, these Bylaws, or the Act reserve this power exclusively to the Members in whole or in part. However, the Board may not adopt, amend, or repeal a Bylaw that fixes a Member voting requirement that is greater than required by the Act. The Members may amend or repeal the Corporation's Bylaws even though the Bylaws may also be amended or repealed by the Board; provided, however, that any such amendment or repeal shall also require the consent of two third's (2/3) of the outstanding votes of the Members.

If authorized by the Articles, the Members may also adopt, amend, or repeal a Bylaw that fixes a greater voting requirement for members than is required by the Act, provided that two third's (2/3) of all of the outstanding votes of the Association consent to such an adoption, amendment or repeal. Any such action shall comply with the provisions of the Act.

Section 8.8 Severability. The invalidity of any provision of these bylaws shall not affect the other provisions hereof, and in such event these bylaws shall be construed in all respects as if such invalid provision were omitted.

Section 8.9 Capitalized Terms. Unless otherwise expressly provided herein, all capitalized terms used herein shall have the same meaning ascribed to such terms in that certain Declaration of Covenants, Conditions, Restrictions and Management Policies, dated September 19, 1996, and recorded in the office of the Wasatch County Recorder on September 20, 1996 as Entry Number 00189469 in Book 331 at Pages 676 *et seq.*, as the same may be amended or modified of record (referred to herein as the "Declaration").

(END)