

BYLAWS

OF

**WILSON COVE TOWNHOME OWNERS ASSOCIATION
(A UTAH NONPROFIT CORPORATION)**

ARTICLE 1
NAME AND LOCATION

The name of the corporation is Wilson Cove Townhomes Owners Association (the "Association"). The principal office of the corporation is located in Weber County ("County"), Utah.

ARTICLE 2
DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article 2, for purposes of these Bylaws, shall have the meanings herein specified. Capitalized terms which are not otherwise defined have the meaning given such terms in the Declaration.

2.1 "Act" means the Utah Revised Nonprofit Corporations Act, UCA .

2.2 "Articles" means the Articles of Incorporation of the Association as filed with the Division, and as they may from time to time be amended.

2.3 "Association" means Wilson Cove Townhomes Owners Association, a Utah nonprofit corporation, including its successors and assigns.

2.4 "Board" or "Board of Directors" means the governing body of the Association, elected in accordance with the Bylaws and the Declaration.

2.5 "Bylaws" means these Bylaws, as amended from time to time.

2.6 "Code" means the Utah Code Annotated. Reference to a particular statute includes any amendment or successor of that statute.

2.7 "Common Elements" means all the real and personal property and Improvements (including easements) owned at any time by the Association for the common benefit, use and enjoyment of all of the Owners, if any, as further provided in the Declaration.

2.8 "Declarant" means Stagg Investments, LLC, its successors and assigns to the extent provided in any written assignment of rights by Declarant and assumption of obligations by the assignee.

2.9 "Declaration" means the Declaration of Covenants, Conditions and Restrictions for Coles Crossing, recorded with the Weber County, Utah Recorder, as amended, changed or modified from time to time.

2.10 "Fiscal Year" means the fiscal year of the Association.

2.11 "Governing Documents" means the Declaration, the Articles and the Bylaws, as they may be amended from time to time, and any exhibits thereto; and the Rules, each as established from time to time by the Board pursuant to the Declaration.

2.12 "Lot" means any numbered building lot shown on any official plat of all or any portion of the property included in the subdivision subject to the Declaration.

2.13 "Member" means a person entitled to membership in the Association.

2.14 "Member in Good Standing" means a Member whose voting rights have not been suspended in accordance with Section 14.2.

2.15 "Mortgage" means a mortgage, deed of trust or other security instrument encumbering a Lot.

2.16 "Mortgagee" means a beneficiary or holder of a mortgage, deed of trust or other security instrument encumbering a Lot.

2.17 "Owner" means the person or persons, including Declarant, holding a fee simple interest to a Lot, excluding those persons holding title as security for the performance of an obligation other than sellers under executory contracts of sale.

2.18 "Rules" means the rules and regulations adopted by the Board pursuant to the Declaration, as they may be amended from time to time.

ARTICLE 3
MEMBERS

3.1 Qualifications.

(a) Each Owner of a Lot, by virtue of being such an Owner and for so long as he or she is such an Owner, shall be a Member of the Association.

(b) No person shall exercise the rights or privileges of membership in the Association until satisfactory proof of ownership has been furnished to the Board. Proof of ownership of a Lot may consist of a copy of a valid deed or a title insurance policy showing that person to be the Owner of a Lot, or such documentary or other proof as the Board, in its discretion, deems satisfactory.

3.2 Voting. The Association shall have one (1) class of voting membership as set forth in the Articles and in the Declaration.

ARTICLE 4
MEETINGS OF MEMBERS

4.1 Annual Meetings. The annual meeting of Members shall be held annually on the second Thursday of February in each calendar year at a time and place specified by the Board. If an annual meeting date falls upon a legal holiday, then the annual meeting of Members shall be held at the same time and place on the next business day thereafter.

4.2 Regular Meetings. At each annual meeting, the Members shall, if required by the Act or elected by members, schedule a regular meeting of the Members to be held six months after the annual meeting as required by the Act or elected by the Members.

4.3 Special Meetings. Special meetings of Members for any purpose may be called by the President, a majority of the Board or a written request for a special meeting signed by Members representing at least 10% of the voting power of the Association.

4.4 Notices. Written notice of annual, regular and special meetings of the Association shall be given to the Members either personally or by sending a copy of the notice through the mail or by telecopy or email to such Member appearing on the books of the Association or supplied in writing by the Member to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Lot. Except as otherwise provided below, notices shall be given not less than ten (10) days and not more than sixty (60) days before each meeting. If notice is given by mail, the notice shall be mailed by first-class, registered or certified mail. Such notices shall specify the place, the date, and the hour of the annual, regular or special meeting and any other matter required by the Act, and include an agenda for the meeting that complies with the requirements of the Act.

If an assessment for a capital improvement is to be considered at a meeting or action is to be taken on an assessment for a capital improvement or a lawsuit requiring approval of the Members, notices shall be given not less than twenty-one (21) days before the meeting.

4.5 Quorum. The presence in person or by proxy in accordance with the Governing Documents of fifty percent (50%) of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, even though a quorum is not maintained throughout the meeting.

4.6 Adjourned Meetings and Notice Thereof. Any membership meeting, annual, regular or special, whether or not a quorum is present may be adjourned from

time to time by the vote of a majority of the voting power present, but in the absence of a quorum no other business may be transacted at any such meeting.

Unless a meeting is adjourned for more than thirty (30) days, it is not necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at which such adjournment is taken of the time and place of the adjourned meeting. When a membership meeting, either annual, regular or special, is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting. If a time and place for the adjourned meeting is not announced at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 4.4 hereof.

4.7 Record Date for Notice. Only those Members appearing in the official records of the Association on the date forty-five (45) days prior to the scheduled date of a membership meeting, as record Owners, shall be entitled to notice of that meeting.

4.8 Proxies. Every Member entitled to attend, vote at or exercise consents with respect to any meeting of the Members may do so either in person, or by a representative, known as a proxy, duly authorized by an instrument in writing, filed with the Secretary of the Association prior to the meeting to which it is applicable. A proxy may be revoked at any time by actual notice to the Board or by attendance in person by the Member giving the proxy at the meeting for which such proxy was given. A proxy is void if it is not dated or purports to be revocable without notice. In any event, no proxy shall be valid after the expiration of one (1) year from the date of the proxy, unless a shorter expiration is provided for in the proxy. Such powers of designation and revocation may be exercised by the guardian of a Member's estate or by his or her conservator, or in the case of a minor having no guardian, by the parent entitled to his or her custody, or during the administration of a Member's estate, by his or her executor or administrator where the latter's interest in such property is subject to administration in his or her estate.

4.9 Members in Good Standing. Notwithstanding any other provision contained in the Governing Documents, only those Members in Good Standing shall be entitled to vote, whether in person, by proxy or ballot.

4.10 Place of Meetings. Members' meetings shall be held within the State of Utah, at a meeting place reasonably convenient to the Owners taken as a whole.

4.11 Membership Approval. Except as otherwise provided, if there are any provisions in these Bylaws or the Declaration calling for membership approval of action to be taken by the Association then such approval shall be by the prescribed percentages of the voting power of the membership and, if none, then by a majority of the voting power of the Members.

4.12 Waiver of Notice. The transactions of any meeting of Members, either annual, regular or special, however called and noticed, shall be as valid as though transacted at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof.

4.13 Method of Voting and Actions without Meeting. Elections or questions (including advisory questions) to be submitted to all or any part of the membership of the Association may be decided at a meeting (by voice or by ballot), by mail or at polling places designated by the Board. Unless otherwise approved by the Board, all elections for Directors shall be by secret written ballot. The Board shall determine the method of voting by resolution and give notice thereof as provided in Section 4.4 of these Bylaws. Without limiting the foregoing, except as limited by Utah law (as now or hereafter in effect), any action that may be taken by the vote of Members at an annual, regular or special meeting, may be taken without a meeting. An action that may be taken at a regular or special meeting of Members (including the election of Directors, amendment of the Articles, adoption of a proposed plan of merger, consolidation or dissolution) or other questions that come before the Association, may be taken or considered without a meeting if the Association mails or delivers a written ballot to every Member entitled to vote on the matter.

In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice must: (a) set forth each proposed action or, if applicable, candidate; and (b) provide an opportunity to vote for or against each proposed action. The notice shall also include the following: (i) a proposed written resolution setting forth a description of the proposed action; (ii) a statement of the number of responses needed to meet the requirement of a quorum and the percentage of approvals necessary to approve each matter other than election of directors; (iii) a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received; and (iv) the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section. A written ballot may not be revoked.

Approval by written ballot under this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

4.14 Vote Appurtenant to Lot. The right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above, or may assign his or her right to vote to a tenant actually occupying his or her Lot or the Member's Mortgagee for the term of the lease or Mortgage. Any sale, transfer or conveyance of a Lot to a new

Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a tenant or Mortgagee as provided herein.

ARTICLE 5
BOARD OF DIRECTORS: ELECTION AND TERM OF OFFICE

5.1 Number and Qualification of Directors. The affairs of the Association will be managed by a Board of three directors ("Directors"), all of whom shall be Members. Each Director must be familiar with the Governing Documents and the provisions of the Act.

5.2 Election of Directors; Term of Office of Directors After Declarant Control Period. At the first annual meeting of the membership, all Directors shall be elected by the Members to serve until the annual meeting of the Corporation. At the expiration of the initial term of office of each member of the Board of Directors, successor Directors shall be elected to serve for the following terms: one (1) for a one-year term, one (1) for a two-year term, and one (1) for a three-year term, and at each annual meeting thereafter a successor shall be elected for the term-then expiring. The Directors elected by the Members shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

5.3 Removal of Directors. Any Director may be removed, with or without cause, at any regular or special meeting of the Members by 55% of the votes of the Members entitled to vote for election of that Director. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal at least 10 days prior to the date of such meeting and will be given an opportunity to be heard at such meeting. Any director elected by the Members who has three consecutive unexcused absences from Board meetings or who is not a Member in Good Standing may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present.

5.4 Vacancies. Any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director.

5.5 Compensation. No Director will receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties as a Director.

ARTICLE 6
NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination. Nomination for election to the Board shall be made by the Board or by a nominating committee appointed by the Board. Nominations may also be made from the floor at the annual meeting of the Members. A nominating committee may be appointed by the Board prior to each annual meeting of the Members, to serve from the close of that meeting until the close of the next annual meeting, in which case the appointments shall be announced at each annual meeting. The Board or the nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may be made from among Members in accordance with the qualifications set forth in Section 5.1 above.

6.2 Election. Election to the Board shall be by secret ballot. At such elections, members (or their proxies) may cast, in respect to each vacancy, one vote. The person receiving the greatest number of votes for each vacancy shall be elected. Cumulative voting shall not be permitted.

ARTICLE 7
MEETINGS OF DIRECTORS

7.1 Annual Organizational Meeting. An annual meeting of the Board for the purpose of organization, election of officers and the transaction of other business shall be held immediately following the adjournment of the annual meeting of the Members. Notice of such meeting is hereby dispensed with.

7.2 Regular Meetings and Notice Thereof. At each annual meeting of the Board, the Board shall adopt a schedule setting forth the time, date and place of other regular meetings of the Board to be held at least quarterly during the forthcoming year. Notice of the time, date and place of a regular meeting shall be given to the Members if and as required by the Act and also communicated to the Directors not less than five (5) days prior to such meeting; provided, however, that notice of a regular meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

7.3 Special Meetings and Notice Thereof. Special meetings of the Board may be called at any time by the President or, if he or she is unable or refuses to act, by the Vice-President or by any two (2) Directors. Written notice of the time and place of special meetings and the nature of any special business to be considered shall be sent to all Directors by first-class mail or electronic mail not less than four (4) days prior to the scheduled time of the meeting, or delivered personally or by telephone or telecopy not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of a special meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Notice of a special meeting shall also be given to the Members if required by the Act.

7.4. Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board; unless the law, the Articles, the Declaration or the Bylaws require a greater number.

7.5 Adjournment. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated time and hour; provided, however, that in the absence of a quorum, a majority of Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

7.6 Entry of Notice. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall constitute a rebuttable presumption that due notice of such special meeting was given to such Director as required by law and these Bylaws.

7.7 Notice of Adjournment. Notice of any adjournment of any Directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were present at the time of the adjournment.

7.8 Meeting Place. All regular and special meetings of the Board shall be held within the State of Utah, in a location reasonably convenient to all Directors.

7.9 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though transacted at a meeting to be held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

7.10 Open Meetings. Regular and special meetings of the Board shall be open to all Members; provided, however, that Members who are not on the Board may not participate in any deliberations or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board or required by the Act, and, in any case, shall be subject to such reasonable limitations as the Board may impose.

7.11 Executive Sessions. The Board may, with the approval of a majority of a quorum of the Directors adjourn a meeting and reconvene in executive session to discuss and act upon matters described in Section 8.4, personnel matters, litigation in which the Association is or may become involved, orders of business of a similar nature and matters otherwise permitted by the Act to be discussed in executive session. The nature of any

and all business to be considered in executive session shall first be announced in open session. Only Directors shall be entitled to attend Executive Sessions.

7.12 Action Without Meeting. The Board may take action without a meeting if all of the Directors consent in writing to the actions to be taken. If the Board resolves by unanimous written consent to take an action, an explanation of the action to be taken shall be given by the Board to the Members of the Association within three (3) days after all written consents have been obtained in the manner provided in Section 7.2 hereof for the giving of notice of regular meetings of the Board.

7.13 Telephonic Meetings. Unless otherwise restricted by the Articles or these Bylaws, Directors or Members of any committee designated by the Board, may participate in a meeting of the Board or committee by means of a conference telephone network or a similar communications method by which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 7.13 constitutes presence in person at such meeting. Each person participating in the meeting shall sign the minutes thereof. The minutes may be signed in counterparts.

ARTICLE 8 **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

8.1 Powers. The Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association, which shall include the following powers and duties:

- (a) Adopt and amend the Bylaws and the Rules;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect Assessments for Common Expenses from Owners;
- (d) Hire and discharge Managers;
- (e) Hire and discharge employees, independent contractors and agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings in the Association's name, on behalf of the Association or two or more Owners on matters affecting the Common Elements;
- (g) Make contracts and incur liabilities so long as all contracts be for a period of time not more than two (2) years, or otherwise provide for the Association's right to terminate not less than every two (2) years;

(h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;

(i) Cause additional improvements to be made as a part of the Common Elements;

(j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property;

(k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements;

(l) Impose and receive a payment, fee or charge for services provided to Owners and for the use, rental or operation of the Common Elements;

(m) Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;

(n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration and statements of unpaid assessments;

(o) Provide for the indemnification of the Association's officers and Board and maintain Directors' and officers' liability insurance;

(p) Assign the Association's right to future income, including the right to receive Common Expense assessments;

(q) Exercise any other powers conferred by the Act, Declaration or Bylaws;

(r) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

(s) Exercise any other power necessary and proper for the governance and operation of the Association;

(t) Direct the removal of vehicles (including, without limitation, boats and trailers) improperly parked, or otherwise in violation of the Declaration generally and Section 9.13 thereof particularly, on property owned or leased by the Association ; and

(u) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Owners and the Board.

However, actions taken by a committee may be appealed to the Board by any Owner within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board at its next regular meeting.

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

(a) cause to be kept a complete record of all its acts and corporate affairs, the records to include but not be limited to a membership register, books of account and minutes of meetings of the Members, and of the Board, and to present a statement thereof to the Members at the annual meeting of the Members, or at any regular or special meeting when such statement is requested in writing by one-fourth ($\frac{1}{4}$) of the Members in Good Standing who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot;

(2) send written notice of each assessment to every Owner subject thereto; and

(3) foreclose the lien against any Lot for which assessments are not paid or bring an action at law against the Owner personally obligated to pay the same.

(d) furnish or cause an appropriate officer or officers to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance;

(e) procure and maintain the liability and other insurance required by the Declaration with respect to property owned by the Association or otherwise subject to the Declaration;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Elements to be maintained as provided in the Declaration;

(h) at least thirty (30) days and not more than sixty (60) days prior to the commencement of each Fiscal Year of the Association, prepare and distribute to Members a budget and prior to the commencement of the Fiscal Year, the Board shall adopt a budget for the Association consisting of at least the following information:

- (1) Estimated revenue and expenses on an accrual basis;
- (2) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies; and
- (3) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Elements and facilities for which the Association is responsible;
 - (i) cause a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made as of the last day of each Fiscal Year of the Association; and
 - (j) Make available to any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee, and the Eligible Insurer, current copies of the Declaration, the Articles, these Bylaws, the Rules and all other books, records and financial statements of the Association. "Available" as used in the paragraph shall at least mean available for inspection upon request during normal business hours or under other reasonable circumstances.

8.3 Restrictions on Powers of Board.

- (a) In addition to any restrictions contained in the Declaration, the Association shall be prohibited from taking any of the following actions without the vote or written assent of Members representing fifty-one percent (51%) or more of the voting power of the Members:
 - (1) Paying compensation to Directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association;
 - (2) Filling a vacancy on the Board created by the removal of a Director;
 - (3) Incurring aggregate expenditures payable by the Association for capital improvements to the Common Elements in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;
 - (4) Selling any property of the Association; and

(5) Imposing an Assessment greater than the Assessment approved by the members at the immediately preceding annual meeting of the Association.

(b) The Association shall be prohibited from hypothecating any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred without the vote or written assent of two-thirds ($\frac{2}{3}$) of the Members of the Association:

Notwithstanding the foregoing, for so long as there is any Lot for which this Association is obligated to provide management, maintenance, preservation or control, then, without the approval of one hundred percent (100%) of the Members, this Association or any person acting on its behalf shall not transfer all or substantially all of its assets or file a certificate of dissolution.

8.4 Hearing Procedure. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of the Declaration or the Rules and Regulations unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (1) the alleged violation;
- (2) the action required to abate the violation; and
- (3) the time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its authorized representative shall serve the violator with written notice of a hearing to be held by the Board or an authorized committee thereof in executive session. The notice shall contain:

- (1) the nature of the alleged violation;
- (2) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
- (3) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and

(4) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof that the required notice and invitation to be heard has been complied with shall be placed in the minutes of the meeting. Proof of notice shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. If the hearing is before a committee of the Board, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association within ten (10) days after receipt of notification of the decision.

8.5 General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

8.6 Reserves. As a part of the adoption of the regular budget pursuant to Section of the Declaration, the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements that it is obligated to maintain, based upon the project's age, remaining life and the quantity and replacement cost of major Common Element improvements.

ARTICLE 9 **OFFICERS AND THEIR DUTIES**

9.1 Enumeration of Offices. The officers of the Association shall be a President, together with a Vice President, Secretary, and Treasurer, such other officers as the Board may from time to time by resolution create, all of whom shall be Directors.

9.2 Election of Officers. The election of officers shall take place at the annual organizational meetings of the Board, which follows each annual meeting of the Members.

9.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

9.5 Removal and Resignation. Any officer may be removed either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board, or except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.4 hereof.

9.8 Duties. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association, and, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He or she shall preside at all meetings of all of the Members and at all meetings of the Board. He or she shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by these Bylaws. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association (subject to Section 13.2 hereof). The President shall see that orders and resolutions of the Board are carried out.

(b) Vice-President. The Vice-President shall act in the place of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall be responsible for recording the votes and keeping the minutes of all meetings and proceedings of the Board and of the Members; keeping the corporate seal of the Association and affixing it on all papers requiring the seal; serving notice of meetings of the Board and of the Members; keeping appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as may required by the Board.

(d) Treasurer. The Treasurer shall be the chief financial officer of the Association and shall be responsible for the following duties: receiving and depositing in appropriate bank accounts all monies of the Association and disbursing such funds as directed by resolution of the Board; signing all checks and promissory notes of the Association (subject to Section 13.2 hereof); keeping proper books of account; causing an annual financial review of the Association books to be made by a certified public accountant at the completion of each fiscal year; and preparing the annual budget and a statement of income and expenditures required by these Bylaws.

ARTICLE 10 **BOOKS AND RECORDS**

10.1 Inspection. The original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, the membership register, books of account and minutes of meetings of the Members, the Board and of committees of the Board shall be kept at the office of the Association or at such other place within the Subdivision as the Board shall prescribe and shall be made available for inspection and copying by any Member of the Association, or by his or her duly-appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a Member. The Board shall establish reasonable rules with respect to:

(a) notice to be given to the custodian of the records by the Member desiring to make the inspection;

(b) hours and days of the week when such an inspection may be made;
and

(c) payment of the cost of reproducing copies of documents requested by a Member.

10.2 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director shall include the right, at his expense, to make extracts and copies of documents.

ARTICLE 11 **AMENDMENTS**

Except as otherwise provided herein, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of fifty-one percent (51%) of the Members or by the written consent of such Members.

Notwithstanding the above or any other article of these Bylaws, the percentage of the voting power of the Association or of Members other than the Declarant necessary to

amend a specific clause or provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

ARTICLE 13 **MISCELLANEOUS**

13.1 Fiscal Year. The Fiscal Year of the Association shall be as determined by the Board from time to time, and unless otherwise specified shall be the calendar year. The first Fiscal Year shall begin on the date of incorporation.

13.2 Checks, Draft, etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall require two signatures, one of which shall be that of the President or Vice-President and the other shall be that of the Treasurer, Secretary, or professional manager of the Association.

13.3 Contracts, Etc., How Executed. The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; provided, however, that unless so authorized by the Board, no officer, agent or employee shall have engagement or to pledge the Association's credit or to render the Association liable for any purpose or to any amount.

13.4 Construction. Unless the context otherwise requires, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural includes the singular. The captions herein are for purposes of reference only.

ARTICLE 14 **MEMBERSHIP RIGHTS AND PRIVILEGES**

14.1 Exclusive Board Rights. Except for certain rights of Declarant described in the Declaration, no Member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts by these Bylaws delegated to the Board, as in Article 8 of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each Member, his immediate family, guests and tenants shall have the right to use and enjoy the Common Elements.

14.2 Suspension of Member Rights. The membership rights and privileges, together with the voting rights of any Member may be suspended by the Board, in accordance with the procedures described in Section 8.4 hereof:

(a) Infractions. For a period not to exceed thirty (30) days for any infraction of the provisions of the Declaration or the Rules and Regulations.

(b) Failure to Pay Assessments. For any period of time during which the assessment on that Member's Lot remains unpaid, provided that neither the membership rights and privileges nor the voting rights of the Declarant may be suspended during the period in which the Declarant is not paying assessments, but is exercising its rights under the Declaration to control the Association or to improve, maintain, operate and repair the Common Elements.

(c) Limitation. Notwithstanding the foregoing, no such suspension shall affect the rights of that Member to access to his or her Lot.

14.3 Penalties. Reasonable monetary penalties may be adopted by the Association provided the adoption of such penalties is approved by the Board.

ARTICLE 15
REGISTERED AGENT

The Association shall have a Registered Agent, who shall be chosen by the Board to hold office until his or her successor is chosen and qualifies. The registered agent may be either an individual or a corporation, located in the State of Utah. Corporate Servicing Solutions, having an office address of 2036 Lincoln Avenue, Suite 102B, Ogden, Utah 84401, is hereby appointed the initial Registered Agent for the Association.

ARTICLE 16
PRINCIPAL OFFICE

The principal office for the transaction of the business of the Association shall be located in Weber County, Utah.

ARTICLE 17
INDEMNIFICATION OF DIRECTORS, OFFICERS,
EMPLOYEES, AND OTHER AGENTS

17.1 Definitions. For the purpose of this Article,

(a) "Agent" means any person who is or was a Director, Architectural Committee Member, officer, employee, or other agent of this Association, or is or was serving at the request of this Association as a Director, officer, employee, or Agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise;

(b) "Expenses" includes, without limitation, all attorneys' fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as Agent and all attorneys' fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

(c) "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative, and

17.2 Successful Defense by Agent. To the extent that an Agent of this Association has been successful on the merits in the defense of any Proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim. If an Agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Sections 17.3 through 17.6 shall determine whether the Agent is entitled to indemnification.

17.3 Actions Brought by Persons Other than Association. Subject to the required findings to be made pursuant to Section 17.5 below, this Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any Proceeding (other than an action brought by, or on behalf of, this Association) by reason of the fact that such person is or was an Agent of this Association, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

17.4 Action Brought By or on Behalf of the Association.

(a) Claims settled out of court. If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Association, with or without approval, the Agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the Proceeding.

(b) Claims and suits awarded against Agent. This Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit brought by or on behalf of this Association by reason of the fact that the person is or was an Agent of this Association, for all expenses actually or reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section 17.5, below, must be made in the manner provided for in that Section; and

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent should be entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

17.5 Determination of Agent's Good Faith Conduct. The indemnification granted to an Agent in Sections 17.3 and 17.4, above, is conditioned on the following:

(a) Required standard of conduct. The Agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he or she believed to be in the best interest of this Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of this Association or that he or she had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

(b) Manner of determination of good faith conduct. The determination that the Agent did act in a manner complying with subparagraph (a) above shall be made by:

(i) The Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or

(ii) If such a quorum of disinterested Directors so orders, by independent legal counsel in a written opinion; or

(iii) If such a quorum of disinterested Directors cannot be obtained, by independent legal counsel in a written opinion; or

(iv) The affirmative vote or written ballot of a majority of the votes of the Members represented and voting at a duly held meeting with the persons to be indemnified not being entitled to vote thereon; or

(v) The court in which the proceeding is or was pending. Such determination may be made on application brought by this Association or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney or other person is opposed by this Association.

17.6 Limitations. No indemnification or advance shall be made under this Article, except as provided in Sections 17.2 or 17.5(b)(v), in any circumstance when it appears:

(a) That the indemnification or advance would be inconsistent with a provision of the Articles, a resolution of the Members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

17.7 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this Association before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 17.

17.8 Contractual Rights of Non-Directors and Non-Officers. Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and officers of this Association, or any subsidiary hereof, may be entitled by contract or otherwise.

17.9 Insurance. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent of the Association against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent's status as such, whether or not this Association would have the power to indemnify the Agent against the liability under the provisions of this Article.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the Secretary of WILSON COVE TOWNHOMES OWNERS ASSOCIATION, a Utah nonprofit corporation; and

THAT these Bylaws, comprising 21 pages (including this page), constitute the Bylaws of the Association, as duly adopted by written consent of the Board of Directors.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this ____ day of _____, 2020.

SECRETARY