

BY-LAWS

SUNSET HILLS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name and Definitions

Section 1. Name and Location. The name of this Association is as follows:

SUNSET HILLS HOMEOWNERS ASSOCIATION, INC., AMERICAN FORK, UTAH

Section 2. Developer. "Developer", as used herein, means: Mountain View Development Company, a corporation organized and existing under the laws of the State of Utah, or its assigns.

Section 3. The Project. "Project" or the "Development Project", as used herein, means that certain community being developed by the Developer in Utah County, Utah known as "Sunset Hills Planned Unit Development" as the same is shown and identified on a certain plan submitted to and approved by or to be approved by the American Fork City Planning Commission.

Section 4. Declaration. "Declaration", as used herein, means that certain Declaration made the _____ day of _____, 1975, by the Developer, and which Declaration was recorded on the day of _____ 1975, in the office of the Recorder for Utah County, Utah.

Section 5. Association. "Association", as used herein, means Sunset Hills Homeowners Association, Inc.

Section 6. Mortgage. "Mortgage", as used herein, shall include deed of trust, and the term "Holder" or "Mortgagee" shall include the party secured by any deed of trust or any beneficiary thereof.

Section 7. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

ARTICLE II

Section 1. Land Ownership. The residential and development project known as Sunset Hills Planned Unit Development located in American Fork, Utah, shall be the subject of the business and affairs of this non-profit corporation, which shall be known as

Sunset Hills Homeowners Association, Inc., and as ownership of any of the land of said development project is transferred from the Developer, Mountain View Development Company, to the Association or to any member of lot owner it shall be subject to the provisions of these By-Laws.

Section 2. Common Areas. This corporation shall receive title to and ownership to all real property to be owned for the common use and enjoyment of the members of the Association, which land shall be so designated on all official plats of the project.

Section 3. Individual Lots. The individual building sites, whether designated for construction of single dwelling units or multiple family units, whether townhouses or apartments, shall be so designated on the official plats of the project, and shall be individually and separately owned.

Section 4. Protective Covenants. The Declaration of Protective Covenants, herein referred to as the "Declaration", as recorded in the office of the Utah County Recorder, Utah, and all of its terms and conditions, a copy of which is attached hereto, is hereby incorporated by reference as constituting part of the By-Laws of the Association.

Section 5. Protective Covenants Control. In the event that any of the provisions of these By-Laws shall in any way conflict with any of the terms of the Declaration as now filed of record in the office of the Utah County Recorder, Utah, or as hereafter modified, then the said terms of the Declaration as shown on record at the Utah County Recorder's Office, shall control.

Section 6. By-Laws, Personal Applicability. The provisions of these By-Laws shall become applicable to the land and to the members at such time as title or an interest in the land is acquired, and all present or future owners, occupants or tenants on the land, or their employees, or any other person that might use the facilities of the project in any manner, shall be subject to the regulations set forth in these By-Laws and to the Declaration and all Community Rules established pursuant thereto. The mere acquisition of any of the lots which are the subject of the planned dwelling group of the project, or any annexation or addition thereto, or the mere act of occupancy of any of the lots will acknowledge that these By-Laws and provisions of the Protective Covenants are accepted, ratified and will be complied with.

Section 7. Principal Office. The initial principal office of the Association in the State of Utah shall be located at 794 North 400 West, American Fork, Utah. The Association may have such other offices, within the State of Utah, as the Board of Trustees may determine.

Section 8. Registered Office and Registered Agent. The Association shall have and continuously maintain in the State of Utah

a registered office, and a registered agent. The registered office may be, but need not be, identical with the principal office in the State of Utah, and the address of the registered office may be changed from time to time by the Board of Trustees.

ARTICLE III

Membership

Section 1. Membership. The Association shall have two (2) classes of voting membership.

(a) Except for Mountain View Development Company, every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any lot or dwelling unit which is part of the premises described in the Declaration, and which is or becomes subject by covenants or record to assessment by the Association, shall be a Class A member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation, shall not be a Class A member solely on account thereof, except after foreclosure. Each Class A member shall be entitled to one vote for each lot or dwelling unit in which such member holds the interest required for Class A membership.

(b) There shall be 500 Class B memberships, all of which shall be issued to the Developer, Mountain View Development Company, or its nominee or nominees. The Class B member shall be entitled to one vote for each Class B membership so held, provided, however, that each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) thirty (30) days following the date upon which the total authorized, issued and outstanding Class A memberships equal 400, or

(ii) on January 1, 1985, or

(iii) upon surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse and/or surrender of all the Class B memberships, as provided for in this Article, the Developer shall be and thereafter remains a Class A member of the Association as to each and every lot or dwelling unit in which the Developer holds the interest otherwise required for such Class A membership.

ARTICLE IV

Board of Trustees

Section 1. Number and Qualifications. The affairs of the

Association shall be governed by the Board of Trustees composed of an uneven number of at least five (5) natural persons, all of whom (after the lapse of all of the Class B memberships as provided in Article III of these By-Laws) shall be members of the Association. Subject to the limitations of this Section, the number of trustees of the Association shall be determined by a vote of the members at the annual meeting of members.

Section 2. Initial Trustees. The initial Trustees shall be selected by the Developer and need not be members of the Association. The names of the Trustees who shall act as such until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are set forth in the Articles of Incorporation.

Section 3. Powers and Duties. The Board of Trustees shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as not by law or by these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Trustees shall include, but not be limited to, the following:

To provide for the

(a) care, upkeep and surveillance of the common areas, community facilities, and recreational facilities and in a manner consistent with law and the provisions of these By-Laws and the Declaration.

(b) establishment, collection, use and expenditure of assessments and/or carrying charges from the members and to provide for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration.

(c) designation, hiring and/or dismissal of the personnel necessary for the good working order of the common areas, community facilities and recreational facilities and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration.

(d) promulgation and enforcement of Community Rules and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the common areas and recreational facilities as are designated to prevent unreasonable interference with the use and occupancy of the common areas and recreational facilities by the members, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration.

(e) authorization, in their discretion, of refund of maintenance assessments from residual receipts when and as there are sufficient reserves as reflected in the annual report.

Section 4. Management Agent. The Board of Trustees may employ for the Association a Professional Management Agency at a rate of compensation established by the Board of Trustees to perform such duties and services as the Board of Trustees shall from time to time authorize in writing.

Section 5. Election and Term of Office. The term of the Trustees named in the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Trustees shall be held by ballot, unless balloting is dispensed with by the unanimous consent of the members present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the members, the term of office of the Trustee receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the two Trustees receiving the second greatest number of votes shall be fixed at two (2) years and the term of office of the other two Trustees shall be fixed at one (1) year. Trustees shall hold office until their successors have been elected and hold their first meeting. In the alternative, the membership may, by resolution duly made and adopted at such first annual meeting, or at any subsequent annual meeting, elect to fix the term of each Trustee elected at such meeting at one (1) year. Unless the members shall resolve to fix the term of office of each Trustee at one (1) year, at the expiration of the initial term of office of each respective Trustee, his successor shall be elected to serve a term of three (3) years.

Section 6. Vacancies. Vacancies in the Board of Trustees caused by any reason other than the removal of a Trustee by a vote of the membership shall be filled by vote of the majority of the remaining Trustees, even though they may constitute less than a quorum; and each person so elected shall be a Trustee until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term.

Section 7. Removal of Trustees. At a regular meeting, or special meeting duly called for such purpose, (but only after the first annual meeting of members, as hereinabove provided for) any Trustee may be removed with or without cause by the affirmative vote of the majority of the entire membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Trustee whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Trustee who is a Class A member and who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining Trustees shall appoint his successor as provided in Section 6 of this Article.

Section 8. Compensation. Trustees as such shall not receive any stated salaries for their services, but by resolution of

the Board of Trustees a fixed sum may be allowed for attendance at such regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any Trustee from serving the Association in any other capacity and receiving compensation therefor.

Section 9. Regular Meetings. A regular annual meeting of the Board of Trustees shall be held without other notice than this By-Law, immediately after and at the same place as the annual meeting of members. The Board of Trustees may provide by resolution the time and place in Utah County, State of Utah, for the holding of additional regular meetings of the Board without other notice than such resolution.

Section 10. Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of the Chairman or by a majority of the Trustees. The person or persons authorized to call special meetings of the Board may fix any place in Utah County, State of Utah, as the place for holding any special meeting of the Board called by them. Either written or oral notice of such special meeting shall be given not less than twenty-four (24) hours in advance of said meeting; provided however, that by unanimous written consent of the Board of Trustees: (1) special meetings may be held without call or notice of any time or place, and (2) action may be taken without a meeting.

Section 11. Notice. Any Trustee may waive notice of any meeting. The attendance of a Trustee at any 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. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-Laws.

Section 12. Quorum. A majority of the Board of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Trustees are present at such meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice.

Section 13. Manner of Acting. The act of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees until the act of a greater number is required by law or by these By-Laws.

Section 14. Action Without Meeting. Any action by the Board of Trustees required or permitted to be taken at any meeting may be taken without a meeting if all the members of the Board of Trustees shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Trustees.

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

Section 16. Committees. The Board of Trustees, by resolution adopted by a majority of the Trustees in office, may designate one or more committees, each of which shall consist of two or more Trustees, which committee or committees, to the extent provided in such resolution may exercise the authority of the governing board in the management of the Association; provided, however, no such committee shall have the authority of the governing board in reference to amending, altering or repealing the By-Laws; electing, appointing or removing any members of such committee or any Trustee or officer of the Association; amending the Articles of Incorporation; adopting a plan of merger or consolidation with another corporation; authorizing the sale, lease, exchange, mortgage or pledge of all or substantially all of the property or the assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Association on dissolution; or amending, altering or repealing any resolution of the governing board.

ARTICLE V

Officers

Section 1. Officers. The officers of the corporation shall be Chairman, a Vice Chairman, a Secretary, a Treasurer and such other officers as may be appointed or elected by the Board of Trustees from among its membership. The Board of Trustees may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Trustees. Any two or more offices may be held by the same person, except the offices of Chairman and Secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Trustees at the regular annual meeting of the Board of Trustees. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Trustees. Each officer shall hold office at the pleasure of the Board of Trustees or until his successor shall have been duly elected and shall have qualified.

Section 3. Removal. Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interest of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Trustees for the unexpired portion of the term.

Section 5. Chairman. The Chairman shall be the principal executive officer **a** the Association and shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board of Trustees. He may sign, with the Secretary or any other proper officer of the Association, authorized by the Board of Trustees, any deeds, mortgages, bonds, contracts or other instruments which the Board of Trustees have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by the Declaration or by these By-Laws or by statute to some other officer or agent of the Association; and in general shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 6. Vice Chairman. In the absence of the Chairman or in event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. Any Vice Chairman shall perform such other duties as from time to time may be assigned to him by the Chairman or by the Board of Trustees.

Section 7. Secretary. The Secretary shall keep the minutes of the meetings ~~a~~ **ITT members** of the Board of Trustees in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws; keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and 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 Chairman or by the Board of Trustees.

Section 8. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these By-Laws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be

assigned to him by the Chairman or by the Board of Trustees.

Section 9. Assistant Treasurers and Assistant Secretaries.

The Assistant reasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the Chairman or the Board of Trustees.

ARTICLE VI

Meeting of Members

Section 1. Annual Meetings. An annual meeting of the members shall be held at American Fork, Utah, on the second Tuesday in January of each year, beginning with the year 1976, at the hour of 7:00 P.M., for the purpose of electing Trustees and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Utah, such meeting shall be held on the next succeeding business day. If the election of the Trustees shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as such meeting may be conveniently called.

Section 2. Special Meetings. It shall be the duty of the Chairman to call a special meeting of the members as directed by a majority of the Board of Trustees or upon a petition presented to the Secretary signed by at least one-third (1/3) of the members; provided, however, that no special meeting shall be called, except upon resolution of the Board of Trustees, prior to the first annual meeting of members as hereinabove provided. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 3. Place of Meeting. The Board of Trustees may designate any place in Utah County, State of Utah, as the place for any special meeting called by the Board of Trustees. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the corporation in the State of Utah; but if three-fourth (3/4) of the members shall meet at any time and place in Utah County, State of Utah, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 4. Notice of Meeting. Written or printed notice stating the place, day and hour of any meeting of members shall be delivered either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the Chairman or the Secretary, or the officers or persons calling the meeting. In case of a special meeting, or when required by statute or by these By-Laws, the purpose or purposes for which

the meeting is called shall be stated in the notice. If mailed, the notice of meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association with postage thereon prepaid. Attendance by a member at any meeting of the members shall be a waiver by him of the time, place and purpose thereof.

Section 5. Informal Action By Members. Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing setting forth the action so taken, shall be signed by three-fourths (3/4) of the members entitled to vote with respect to the subject matter thereof.

Section 6. Quorum. The members present in person or represented by proxy shall constitute a quorum at any meeting of members. The vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Articles of Incorporation, the Declaration, or elsewhere in these By-Laws. At any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice. No such subsequent meeting shall be held more than sixty (60) days following the preceeding meeting.

Section 7. Voting. At every meeting of the members, each of the members shall have the right to cast one vote for each membership which he owns on each question. The vote of the members representing fifty-one percent (51%) of the total of the membership present at the meeting, in person or by proxy, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the Chairman or any Vice Chairman of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association at or prior to the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any Trustee or partner thereof, as the case may be, and, unless any objection

or protest by any other such Trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Trustees, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 8. Proxies. A member may appoint any other member, or the Developer, or the Professional Management Agency as his proxy. In no case may any member (except the Developer or the Professional Management Agency) cast more than one vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Trustees before the appointed time of each meeting. Unless limited by its terms, a proxy shall be valid for eleven (11) months from the date of its execution unless revoked by a written notice of revocation filed with the Secretary or by the death of the member.

Section 9. Voting by Mail. Where Trustees or officers are to be elected by members or any class or classes of members, such election may be conducted by mail in such manner as the Board of Trustees shall determine.

Section 10. Order of Business. The order of business at all annual meetings of the members shall be as follows: -

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) Election or appointment of inspectors of election.
- (h) Election of Trustees.
- (1) New business.
- (j) Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE VII

Contracts, Checks, Deposits and Funds

Section 1. Contracts. The Board of Trustees may authorize any officer or officers, agent or agents of the Association in addition to the officers so authorized by these By-Laws to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Trustees. In the absence of such determination by the Board of Trustees, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the Chairman or a Vice Chairman of the Association.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Trustees may select.

Section 4. Gifts. The Board of Trustees may accept on behalf of the Association any contribution, gift, bequest or devise for the general purpose of the Association.

ARTICLE VIII

Certificates of Membership

Section 1. Certificates of Membership. The Board of Trustees shall provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the Chairman or a Vice Chairman and by the Secretary or an Assistant Secretary, and shall be sealed with the seal of the Association. Such signature and seal may be original or facsimile. All certificates evidencing membership of any class shall be consecutively numbered and shall identify the certificate as Class A memberships or Class B memberships. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board of Trustees may determine.

Section 2. Issuance of Certificates. The Association shall issue one certificate evidencing Class A membership in the Association for each lot or dwelling unit subject to the Protective Covenants as shall be recorded in the Records of

the office of the Utah County Recorder, Utah, to the person, persons, or entity who have obtained the right to membership as defined in these By-Laws, when proof of ownership of the real estate lot has been shown to the Association. Said certificates shall be issued in the name of the owner of the lot to which the certificate of membership appertains and with the same tenancy of ownership as exists in such lot. Certificates evidencing Class B membership shall be issued in such manner as the Board of Trustees shall from time to time determine.

ARTICLE IX

Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Trustees and committees, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

ARTICLE X

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January every year, except for the first fiscal year of the Association which shall begin on the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Trustees should corporate practice subsequently dictate.

Section 2. Books and Accounts. The books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices, consistently applied. The same shall include separate books with detailed accounts, in chronological order, of receipts and of the expenditures of the Association and its administration and shall separately specify the maintenance and repair expenses of the common areas and the exterior maintenance and repair expenses of the townhouses and the expenses of such services as may be provided by the Association exclusively for the benefit of the townhouses. The amount of any assessment required for payment of any capital expenditures of the Association may be credited on the books of the Association to the "Paid-in Surplus" account as a capital contribution by the members.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent licensed Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association

shall furnish its members with an annual financial statement, including the income and disbursements of the Association.

Section 4. Inspection of Books. The books and accounts of the Association and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, and/or their duly authorized agent or attorneys, during normal business hours and for purposes reasonably related to their respective interests.

Section 5. Seal. The Board of Trustees shall provide a corporate **seal**, which shall be in the form of a circle and shall have inscribed thereon the name of the Association, or such other words or symbols as the Board of Trustees shall determine, and the words "Corporate Seal."

Section 6. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Non-Profit Corporation Act of Utah, or under the provisions of the Articles of Incorporation or the By-Laws of the Association, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

A R T I C L E X I

Amendments to the By-Laws

Section 1. Amendment. Except as limited by the Declaration, as recorded in the office of the Utah County Recorder, Utah, these By-Laws may be altered, amended or repealed, and new By-Laws may be adopted by a two-thirds (2/3) majority of the Class A and B members at any regular meeting or at any special meeting, if at least thirty (30) days written notice to members is given of intention to alter, amend or repeal, or to adopt new By-Laws, at such meeting.

A R T I C L E X I I

Mortgages - Notice

Section 1. Notice to Board of Trustees. Any Class A member who mortgages the lot to which his membership is appurtenant shall promptly notify the Board of Trustees of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Trustees.

Section 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, the Association shall not, without the prior written consent of all institutional first mortgagees of record, take any of the following actions:

- (a) abandon or terminate the Declaration; or
- (b) modify or amend any substantive provision of the By-Laws or of the Declaration; or
- (c) substantially modify the method of determining and collecting common expense assessments and/or other assessments as provided in the Declaration; or
- (d) mortgage, partition, subdivide, transfer or otherwise dispose of any of the common areas or community facilities; or
- (e) resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the common areas or recreational facilities.

Section 3. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "mortgage" shall include a deed of trust. As used generally in these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds, mortgage companies, real estate investment trusts, FNMA, FHLMC, and any corporation, including a corporation of, or affiliated with the United States government, or any agency thereof.

A R T I C L E X I I I

Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject to all respects to the provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control.

Section 2. Notices. Unless another type of notice is herein-elsewhere ~~spTaTT~~Fally provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void, or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason_ of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

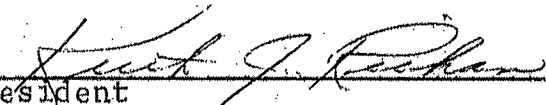
Section 6. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being all of the members of Sunset Hills Homeowners Association, Inc., hereby assent to the foregoing By-Laws and adopt them as the By-Laws of said corporation.

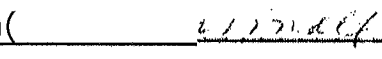
In witness whereof lwe have hereunto subscribed our names
t h i s] _ day of _____, 1975.

MOUNTAIN VIEW DEVELOPMENT COMPANY


President

The undersigned, Secretary of the corporation known as Sunset Hills Homeowners Association, Inc., does hereby certify that the above and foregoing By-Laws were duly adopted by the members of said corporation as the By-Laws of said corporation on the _____ day of _____, 1975, and that they do now constitute the By-Laws of said corporation.

ATTEST:

Secretary a()