

**BYLAWS**  
**OF**  
**OAK HILLS PATIO HOMES (PARCEL B)**  
**HOMEOWNERS ASSOCIATION**  
A Nonprofit Corporation of the State of Utah

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act, the Board of Directors of OAK HILLS PATIO HOMES (PARCEL B) HOMEOWNERS ASSOCIATION (the "Association") hereby adopts the following Bylaws of the Association. These Bylaws serve to govern the powers, duties and actions of the Association, and all terms, definitions and provisions are subject to and governed by the Declaration of Covenants, Conditions and Restrictions of the Association (the "Declaration"). **This Association relates only to Parcel B, as defined in the Declaration.**

ARTICLE I

NAME AND OFFICE

1.1 Name. The name of the Association is OAK HILLS PATIO HOMES (PARCEL B) HOMEOWNERS ASSOCIATION.

1.2 Offices. The initial office of the Association will be at 40 North 100 East, Farmington, Utah 84025.

1.3 Use of Terms. Except as otherwise provided herein, all capitalized terms which are defined in the Declaration will have the same respective meanings when used in these Bylaws.

ARTICLE II

MEMBERS AND MEETINGS

2.1 Annual Meetings. The annual meeting of the Members of the Association will be held in the spring of each year at such time and place as may be determined by the Board of Directors, and if no determination is made, at the initial office set forth above, with the first such meeting to be held in the year following the year in which the Association was incorporated. For all purposes herein the term "Members" refers to each Owner of a Lot in Parcel B only of the Oak Hills Patio Homes Development (the "Subdivision"), in Layton City, Davis County, Utah. The Board of Directors may designate some other time, date and place for the annual meeting by giving proper notice in advance of the meeting. The purpose of the annual meeting is the election of Directors, and to consider such other business that comes before the meeting. If the Directors are not elected at the annual meeting, the existing Directors will continue to serve until their successors are named in a special meeting called for that purpose or until the next annual

meeting. The Directors may change the date, time and place of the annual meeting as they see fit by formal resolution.

2.2 Special Meeting. Special Meetings of the Members may be called by any member of the Board of Directors or by the President, or by the Members of the Association representing not less than one-third (1/3) of the total votes of the Association. Any notice of Special Meeting shall state the time, place and date of the meeting, and the matters to be considered at that meeting. When a Special Meeting is called by the Members of the Association, the notice shall be in writing and delivered to the President. The President will then provide written notice to all of the members.

2.3 Notice of Meeting. The Board of Directors shall cause written or printed notice of the date, time, place and purposes of all meetings of the Members to be sent to each of the Members not more than 60 but not less than 10 days prior to the meeting. In the case of the annual meeting, no purpose need be stated in the notice. Mailed notice is deemed delivered when it is deposited in the United States Mail, postage prepaid, addressed to the Member at the last known address. Each Member shall register such Member's address with the Association, and it shall be the obligation of the Member to provide notice of any change of address to the Association. If no address is registered, the Association may mail that Member's notice to the Lot owned by the Member. Only one notice will be mailed on each Lot, so if there are multiple owners, they must designate one of them to receive the notice of the meeting on their behalf.

2.4 Members of Record.

(a) For purposes of determining a quorum, determining the persons entitled to vote, and all other matters before a meeting of the Members, the Association may designate a record date, not more than 60 days or less than 10 days prior to the meeting date to determine the Members entitled to notice and to vote at the meeting. If no record date has been fixed, the record date is deemed to be the date on which notice of the meeting was mailed to the Members. The persons appearing as Members as of the record date are deemed entitled to notice and to vote at the meeting. Persons who become Members subsequent to the record date, or whose ownership is not registered with the Association until subsequent to the record date shall not be entitled to notice, will not be counted in comprising a quorum and shall not be entitled to vote at the meeting. This will not preclude a person who acquires such Member's Membership subsequent to the record date from voting the interest of such Member's predecessor under a written proxy.

(b) The Association will have two classes of voting membership:

**Class A.** Class A Members are all of the Owners in Parcel B other than Elite-Craft Homes, LLC, a Utah limited liability company ("the Declarant"). Each Class A Member will be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any one Lot.

**Class B.** The only Class B Member is the Declarant, which is entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(ii) on November 30, 2020.

(c) Upon purchasing a Lot in the Parcel B, each Owner shall promptly furnish the Association with a copy of the deed or other instrument under which he or she acquired title to the Lot.

2.5 Quorum. At any meeting of the Members, the presence of Members, in person or by proxy, holding the right to cast more than 50% of the total votes of the Association will constitute a quorum for the transaction of business. If a quorum is not present at a meeting, the Members present, in person or by proxy, though less than a quorum, may adjourn the meeting to a later date set by those Members present. Notice of the rescheduled meeting will be sent to the Members providing at least ten days' notice of the new meeting. At any rescheduled meeting, a quorum will be deemed to exist comprised of those Members present in person or by proxy at the reconvened meeting.

2.6 Proxies. At each meeting of the Members, each Member entitled to cast a vote will be entitled to vote in person or by written proxy. All proxies must be in writing and signed by the Member as shown on the records of the Association. When a Lot is jointly held, the proxy must be signed by all of the joint owners of the Lot. Proxies must be presented to the Secretary of the Meeting at the beginning of the meeting for purposes of determining a quorum. The secretary will make an entry of proxies in the minutes of the meeting.

2.7 Voting Rights. With respect to each matter presented to the Members, including the election of Directors, each Member will be entitled to cast one vote for each Lot that the Member owns. Lots with multiple Owners will be entitled to only one vote for that Lot, and if the multiple owners of that Lot are not able to agree on how to cast the vote, no vote will be counted. In such event, notwithstanding that such vote will not be counted, the Lot may still be counted as for purposes of determining whether a quorum exists for the conduct of business of the Association. If only one of the multiple Owners of a Lot is present at any meeting, the other owners are deemed to have consented to that Owner voting the interests of the Lot. If a Lot is held subject to a trust deed or mortgage, the trustor or mortgagor will be entitled to vote, and the lender will have no right to vote; provided however that when a lender has taken possession of any Lot, the lender will be deemed to have succeeded to the interest of the trustor or mortgagor and will then be entitled to cast that vote.

2.8 Majority Vote. Any matter placed before the Members for a vote shall pass if upon the affirmative vote of the majority the Owners/Members representing a majority of the Lots in Parcel B of the Subdivision. Election of Directors will be by secret ballot. Other matters

may be voted by secret ballot or by show of hands or such other means as the officer conducting the meeting shall determine, in the officer's discretion.

2.9 Waiver of Irregularities. Any inaccuracies, irregularities, or errors in any call for a meeting or notice of meeting, inaccuracies or irregularities in the determination of a quorum or acceptance of proxies are deemed waived unless there is an objection stated at the meeting prior to the vote being taken.

2.10 Action without Meeting. Any action that may be taken at any meeting of the Members may be taken without a meeting and without prior notice, if one or more consents in writing, setting forth the action taken, are signed by the Members having not less than the minimum voting power that would be necessary to authorize or take the action at meeting at which all Members entitled to vote on the action were present and voted. Unless the written consents of all Members entitled to vote have been obtained, notice of any such Member approval without a meeting shall be given as required by UTAH CODE ANN. § 16-6a-707, or a successor provision.

### ARTICLE III

#### BOARD OF DIRECTORS

3.1 General Powers. The Board of Directors will have authority to manage and control the property and affairs of the Association. The Board of Directors may exercise all powers conferred upon them by law, by the Articles of Incorporation, or by these Bylaws, provided however that those powers which are specifically reserved to the Members by law or by the Articles of Incorporation shall be exercised only by the Members. The Board may delegate its powers to committees, officers, managers, or others such of its powers as are appropriately delegated.

3.2 Number and Tenure. The Board of Directors will be comprised of three individuals. The initial Board of Directors shall be Jerry Preston, Trent Preston, and Gordon Boothe. They will serve until the next annual meeting in which Directors are elected, and shall continue to serve until their successors have been elected and assumed office. Immediately after the election of the first Board of Directors by the Members, the Directors shall, by drawing lots, divide themselves into varying terms so that two Directors have terms of one year and two Directors have terms of two years. Thereafter, at each annual meeting, only those Directors whose terms have expired will stand for election. Directors need not be residents of the State of Utah or be Members of the Association.

3.3 Board Meetings. The Board of Directors will have at least one meeting per year, which will be immediately following the Annual Meeting of Members for the purpose of electing officers. The Directors may meet as often as they see fit, and as required by law or the Articles for purposes of approving annual reports, tax returns, and similar matters. Special Meetings may be called by the President, or any Board Member, by giving notice to the other Board members. Notice of Board meetings will be given in writing or by telephone or email not more than 10 days and not less than 3 days prior to the date of the meeting.

3.4 Quorum. A quorum at a Board meeting will consist of a simple majority of the Board. Board members may be counted as present if they are participating in the meeting by telephone. No proxies will be given among Board members.

3.5 Assessment. Assessments of the Members, as called for in the Declaration, shall be levied by the Association. The Directors shall prepare an annual budget for presentation to the Members. The Assessment will be deemed levied when approved by a majority of the Lots represented at the annual meeting or a special meeting called for that purpose. If a majority of the Lots are unable to approve an assessment, then the assessments shall continue at the same rate as the prior year, with an automatic increase by an amount equal to five percent (5%) of the prior annual assessment until a new assessment can be approved by the Members. If no new assessment is approved, then the annual assessment will continue with the 5% increase as set forth herein.

3.6 Deadlock. In the event of a deadlock by the members of Board, the President shall immediately call for a special meeting of the Members and, at the direction of the President, shall submit the matter to the Members for determination. A majority of the vote of the Members shall decide the action to be taken in such event.

3.7 Compensation. The Board of Directors shall serve without compensation, provided that their reasonable out of pocket expenses for Association business, including the costs of attending Board meetings, if any, may be reimbursed by the Association.

3.8 Resignation or Removal. Any Director may resign at any time. If a Director is a Lot Owner, the Director is deemed to have resigned when he or she sells (or otherwise is divested of) his or her Lot and therefore ceases to be Member of the Association. Any Director may be removed prior to the end of his or her term of office by an affirmative vote of 60% of the Members of the Association at a regular or special meeting called for that purpose.

3.9 Vacancies. Vacancies on the Board of Directors will be filled by appointment of a successor by the remainder of the Board, provided that any such appointee will be confirmed or rejected at the next regular meeting of the Members. Any such Director is to fill the balance of the vacant term which he or she has filled, and will stand for election at the expiration of that term.

3.10 Action without Meeting.

(a) Any action required or permitted to be taken at a Board meeting may be taken without a meeting if each and every member of the Board in writing either:

- (i) votes for the action; or
- (ii) abstains from voting and waives the right to demand that action not be taken without a meeting.

(b) Action is taken under this Section 3.10 only if the affirmative vote for the action equals or exceeds the minimum number of votes that would be necessary to take the action at a meeting at which all of the Directors then in office were present and voted.

(c) The provisions of this Section 3.10 are subject to UTAH CODE ANN. § 16-6a-813, or a successor provision.

## ARTICLE IV

### OFFICERS

4.1 Number. The officers of the Association shall consist of at least a President and a Secretary/Treasurer, all of which may be filled by the same person. The Board may establish such other officers as it deems appropriate.

4.2 Appointment and Tenure. The officers will be appointed by the Board of Directors. All officers serve at the pleasure of the Board and may be removed by a majority vote of the Board in a meeting called for that purpose. Officers need not be Members of the Association.

4.3 Duties of the President. The President shall preside at meetings of the Board of Directors and at meetings of Members. The President shall sign, on behalf of the Association, all legal documents approved by the Board, including deeds and mortgages and other contracts. The President shall supervise and be primarily responsible for the day to day operation of the Association's affairs, including the firing and termination of employees and subordinates. The President shall perform such other duties as assigned by the Board.

4.4 Duties of the Secretary/Treasurer. The Secretary/Treasurer is responsible to keep accurate records of the Members of the Association and the transfer of their interests to others, to keep minutes at the meetings of the Association Members and the Directors, and cause notice of any meetings to be issued as called for in these Bylaws, to file annual reports, to prepare financial reports, maintain adequate financial records for the Association, and to perform all other assignments of the Board.

4.5 Compensation. The officers may be compensated for their services in the discretion of the Board. Reasonable out-of-pocket expenses incurred in the course of performing duties for the Association will be reimbursed according to policies approved by the Board. The Board may fix such other compensation as it finds appropriate given the responsibility of the officers.

4.6 Delegation. The duties of the day to day operation of the Association, and all duties of maintenance required of the Association may be delegated by the President, when approved by the Board of Directors, to such companies or persons as may be determined in the discretion of the President, and as approved by the Board of Directors.

ARTICLE V

INDEMNIFICATION

5.1 Indemnification against Third-Party Actions. To the extent and as permitted in UTAH CODE ANN. §§ 16-6a-902, 906, and 907, or successor provisions, the Association may defend and indemnify an individual made a party to a "Proceeding" (as defined in UTAH CODE ANN. § 16-6a-901, or a successor provision) because the individual was or is a director or officer of the Association, against liability incurred in the Proceeding if:

- (a) the individual's conduct was in good faith;
- (b) the individual reasonably believed that the individual's conduct was in, or not opposed to, the Association's best interests; and
- (c) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

5.2 Expenses. The mandatory indemnification provisions of UTAH CODE ANN. § 16-6a-903, or a successor provision, shall apply to directors and officers.

5.3 Advance of Expenses. The Association may pay for or reimburse the reasonable expenses incurred by a Director or officer who is a party to a Proceeding in advance of final disposition of the Proceeding, to the extent and as authorized in UTAH CODE ANN. §§ 16-6a-904 and 906, or successor provisions.

ARTICLE VI


AMENDMENT

6.1 Amendment. These Bylaws may be amended by the Board of Directors from time to time as they may determine. The Members may also, during any annual meeting, or special meeting called for that purpose, amend the Bylaws. Any amendment must be consistent with the Declaration and the Articles of Incorporation and must comply with Utah law and may not restrict the use of Lots to the extent that such use was expressly allowed under the Declaration.

Adopted this 4 day of September, 2015

Attest:

  
Secretary

  
President