

BYLAWS
OF

THE OAKS AT MUTTON HOLLOW HOMEOWNERS
a nonprofit corporation

Pursuant to the provisions of the Utah Nonprofit Corporation and Co-operative Association Act, the Board of Trustees of The Oaks at Mutton Hollow Homeowners Association, Inc. a Utah nonprofit corporation, hereby adopts the following bylaws (the "Bylaws") for such nonprofit corporation.

ARTICLE I

NAME, PURPOSE AND PRINCIPAL OFFICE

1.01 Name. The name of the nonprofit corporation is
THE OAKS AT MUTTON HOLLOW HOMEOWNERS ASSOCIATION, INC.,
hereinafter referred to as the "Association".

1.02 Purpose. The Association has been formed to operate, maintain and govern a residential subdivision project known as The Oaks at Mutton Hollow, a P.R.U.D., (hereinafter referred to as the "Project"), which is located within the municipal boundaries of the City of Layton, County of Davis, State of Utah, and is situated upon the following described real property:

A part of the Southeast Quarter of Section 23 and the Northeast Quarter of Section 26, Township 4 North, Range 1 West, Salt Lake Base and Meridian, U. S. Survey, beginning at the North Quarter Corner of said Section 26 and running thence North 003513011 East 347.50 feet, thence North 0°39'40" East 312.77 feet, thence South 24°32'20" East 111.22 feet, thence South 14°19'25" West 400.72 feet to the Section line; thence North 89°34'40" East 676.80 feet, thence North 82°37'40" East 239.46 feet to the Southeast Corner of Lot 14, Fernwood Hollow Subdivision No. 2, thence Southerly along the arc of a 262.78 foot radius curve to the left 145.17 feet (long chord bears South 23°11'55" East 143.33 feet), thence South 12°10'30" East 632.73 feet, to the center line of Mutton Hollow Road, thence South 84°27'06" West 304.82; thence Westerly along the arc of a 696.11 foot radius curve to the left 237.55 feet (long chord bears South 74°27'15" West 236.34 feet); thence South 64°26' West 132.74 feet, thence North 24°12'50" West 617.51 feet; thence South 65°47'10" West 307.90 feet, thence North 12°17'50" West 436.46 feet; thence South 89°34'40" West 54.78 feet along the Section line to the point of beginning.

1.03 Office. The principal office of the Association shall be located at the offices of Kirton, McConkie & Bushnell, Attn: Read R. Hellewell, 330 South 300 East, Salt Lake City, Utah 84111. Such offices may be changed from time to time as may be determined by the Association.

ARTICLE II
DEFINITIONS

2.01 Definitions. Except as otherwise provided

herein or as otherwise required by the context, all terms defined in that certain Agreement for Protective Covenants The Oaks at Mutton Hollow, a P.R.U.D., recorded September 4, 1986, as Entry No. 0750897 in Book 1109, beginning at Page 929 of the official records of the Davis County Recorder, State of Utah (hereinafter referred to as the "Declaration"), shall have such defined meanings when used in these Bylaws.

ARTICLE III

MEMBERS

3.01 Members. All persons ("Owners") who shall own fee simple title to a legally described lot within the Project (the "Lot") shall be Members of the Association and therefore be entitled to all of the rights and privileges granted to Members in the Declaration, the Articles of Incorporation of this Association, these Bylaws and applicable provisions of Utah law.

3.02 Members of Record. Upon becoming an Owner of a Lot in the Project, each Owner shall promptly furnish to the Association a conforming copy of the fully executed warranty or other document which creates an ownership interest in such Lot. Said copy shall be maintained in the records of the Association. The Association shall maintain a record of all Owners (the "Register of Owners") which shall be kept current and shall be used for all purposes as the official record of the Members of the Association. For purposes of determining Members entitled to notice or to vote at any meeting of the Members, or any adjournment thereof, the Board of Trustees may designate a record date for determination of the official Members of the Association which date shall not be more ninety (90) nor less than thirty (30) days prior to the meeting. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining Members entitled to notice of or to vote at the meeting. The persons or entities appearing in the Register of Owners on such a record date as the Owner of each respective Lot in the Project shall be deemed to be the Members of record entitled to notice of and to vote at the meeting of the Members. The officers and Trustees of the Association shall be entitled to rely upon the information contained in the Register of Owners and shall have no duty, express or implied to search any public record to determine who is entitled to vote.

ARTICLE IV

MEETINGS

4.01 Annual Meetings. The annual meeting of Members shall be held on the third

Thursday in March of each calendar year at the hour of 7:00 p.m., beginning with the year following the year in which the Articles of Incorporation of the Association are filed. Said annual meeting shall be for the purpose of electing Trustees and transacting such other business as may come before the meeting. If the election of Trustees shall, not be held on the date designated herein for the annual meeting of the Members, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the Members to be convened as soon thereafter as may be reasonably convenient. The Board of Trustees may from time to time by resolution change the date and time for the annual meeting of the Members.

402 Special Meetings. Special meetings of the Members may be called from time to time by the Board of Trustees or by the President and shall be immediately called by the President or the Board of Trustees upon the written request of Members holding not less than ten percent (10%) of the total of all votes (the "Total Votes") of the Association. Such a written request by Members for special meetings shall state the purpose or purposes of the meeting and shall be delivered to the Board of Trustees or the President. In case the President or the Board of Trustees shall fail to call such special meeting within twenty (20) days after receipt of such a written request, such Members may call the same by proceeding in the manner provided by these Bylaws for the calling of such meetings. Except in special cases where other express provision is made by statute, these Bylaws or the Declaration, notice of such special meetings shall be given in the same manner as for annual meetings and may be given by any person or persons entitled to call such meetings. Notice of any special meeting shall specify, in addition to the place, day and hour of such meeting, the general nature of the business to be transacted. No other business may be transacted in any special meeting.

4.03 Place of Meetings. The Board of Trustees may designate any place in Davis County, State of Utah, as the place of meeting for any annual meeting or any special meeting called in accordance with the provisions of these Bylaws. Waiver of notice signed by all of the Members may designate any place, either within or without the State of Utah, as the place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the principal office of the Association as then designated.

4.04 Notice of Meetings. The Board of Trustees shall cause written or printed notice of the time, place and purpose of all meetings of the Members (whether annual or special), to be delivered, not more than forty-five (45) nor less than ten (10) days prior to the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail addressed to the Member at the address set forth in the Register of Owners, with first class postage thereon prepaid. Each Member shall register with the Association under such Member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, the street address of the

Member's Lot shall be deemed to be the registered address of such Member for purposes of notice hereunder. A waiver of notice signed by any Member entitled to receive such notice, whether before or after the time stated therein, shall be the equivalent to the giving and receipt of such notice.

4.05 Quorum. At any meeting of the Members, the presence of Members holding, or holders of proxies entitled to cast, more than fifty percent (50%) of the Total Votes of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the Members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice of such adjournment shall be delivered to the Members as provided above. At the reconvened meeting, the Members and proxy holders present shall constitute a quorum for the transaction of business. In the event that less than one-third (1/3) of the Total Votes of the Association is in attendance at such reconvened meeting, in person or by proxy, only those matters, of which the general nature of which was given in the notice of meeting, may be voted upon by the Members at such meeting.

4.06 Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by written proxy provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member himself or by his attorney thereunto duly authorized in writing. If a Membership is jointly held, the instrument authorizing the proxy to act must have been executed by all holders of such Membership or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

4.07 Votes. With respect to each matter (other than the election of Trustees) submitted to a vote of the Members, each Member entitled to vote at the meeting shall have the right to cast, in person or by proxy, one vote for each Lot owned by said Member. The affirmative vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum was initially present, 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, these Bylaws, the Declaration or Utah law. If a Membership is jointly held, all or any holders thereof may attend each meeting of the Members, but such holders must act unanimously to cast the votes relating to their joint Membership.

4.08 Cumulative Voting. At each election of Trustees, each Member entitled to vote at such election shall have the right to accumulate the votes said Member is entitled to vote by giving one candidate as many votes as shall equal the number of Trustees to be elected multiplied by the number of votes relating to such Membership, or by distributing the total of such votes among any number of candidates.

4.09 Informal Action by Members. Any action that is required or permitted to 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 all of the Members entitled to vote with respect to the subject matter thereof.

4.10 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting, form of proxies and method for ascertaining Members present shall be deemed waived if no objection thereto is made at the meeting.

ARTICLE V

BOARD OF TRUSTEES

5.01 General Powers. The property, affairs and business of the Association shall be managed by its Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from law or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation, by these Bylaws, or by the Declaration vested solely in the Members. The Board of Trustees may, by written contract, delegate, in whole or in part, to a professional management organization or persons, such of its duties, responsibilities, functions and powers as are properly delegable.

5.02 Initial Board of Trustees. The initial Board of Trustees shall be composed of five (5) Trustees. The Trustees specified in the Articles of Incorporation shall serve until the first meeting of Members and until their successors are duly elected and qualified.

5.03 Elected Board of Trustees. At the first annual meeting of the Members, there shall be elected by the Members in accordance with the provisions of these Bylaws a Board of Trustees which shall be composed of five (5) Trustees who shall be Members of the Association. At the first meeting of the Members, the Members shall elect three (3) Trustees to serve for a term of two (2) years, and two (2) Trustees to serve for a term of one (1) year.

5.04 Conduct of Elections. Elections of Trustees shall be conducted in accordance with the principals of cumulative voting by secret ballot. At each annual meeting of the Members thereafter, the Owners shall elect for a term of two (2) years as many Trustees as shall be required to fill any vacancy created by the expiring term of any Trustee. The Trustees to be elected shall be the candidates, duly nominated in accordance with procedures duly adopted by the Members for such purpose, who receive the highest, the second highest and, if applicable, the third highest number of votes cast by the Owners present at such meeting, in person or by proxy.

5.05 Regular Meetings. The regular annual meeting of the Board of Trustees shall be held without other notice than this Bylaw immediately after and at the same place as the annual meeting of the Members. The Board of Trustees may provide by resolution the time and place, within Davis County, State of Utah, for the holding of additional regular meetings. Notice of the time and place of any additional regular meetings shall be given to each Trustee in writing not less than fifteen (15) days prior to the meeting. Written notice need not be given, however, to any Trustee who has signed a waiver of notice or a written consent to the holding of the meeting.

5.06 Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of any Trustee. The person or persons authorized to call special meetings of the Board of Trustees may fix any place, within Davis County, State of Utah, as the place for holding any special meeting of the Board of Trustees called by such person or persons. Notice of any

special meeting shall be given at least fifteen (15) days prior thereto by written notice delivered personally, or mailed to each Trustee at his registered address or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with first class postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is Any Trustee may waive delivered to the telegraph company. notice of a special meeting.

5.07 Quorum and Manner of Acting. A majority of the authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. Except as otherwise required in these Bylaws, the Articles of Incorporation or the Declaration, the act of the majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees. The Trustees shall act only as a Board and individual Trustees shall have no powers as such.

5.08 Compensation. No Trustee shall receive compensation for any services that he may render to the Association as Trustee; provided, however, that Trustees may be reimbursed for expenses incurred in performance of their duties as Trustees and, except as otherwise provided in these Bylaws, may be compensated for services rendered to the Association in a capacity other than as Trustee.

5.09 Resignation and Removal. Any person shall cease to be a Trustee at anytime that such person shall cease to be an Owner. A Trustee may resign at any time by delivering a written resignation to the President or the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Trustee may be removed at any time, for or without cause, by the affirmative vote of Owners holding at least sixty percent (60%) of the Total Votes at a special meeting of the Members called specifically for such purpose. Any Trustee whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting.

5.10 Vacancies. If one or more vacancies shall occur in the Board of Trustees by reason of the death, resignation or disqualification of a Trustee or if the authorized number of Trustees shall be increased, the Trustees then in office shall continue to act and such vacancies or newly created trusteeships shall be filled by a vote of the Trustees then in office, though less than a quorum, in any way approved by such Trustees at an official meeting of the Board of Trustees. Any vacancy in the Board of Trustees which shall occur by reason of removal of a Trustee by the Members shall be filled by election at the meeting at which such Trustee is removed. Any Trustee elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created trusteeship, as the case may be.

5.11 Informal Action by Trustees. Any action that is required or permitted to be taken at a meeting of the Board of Trustees, may be taken without a meeting if a consent in writing, setting forth the actions so taken, shall be signed by all of the Trustees.

5.12 Open and Closed Meeting. Regular and special meetings of the Board of Trustees shall be open to all Members of the Association. Notwithstanding the foregoing, upon the motion of any Trustee, which motion shall be approved by the affirmative vote of not less than four (4) Trustees, the Board of Trustees shall have the power to close a portion of any regular or special meeting for the purpose of discussing, as a Board of Trustees, such matters as

the Trustees shall determine; provided, however, that no vote on any matter shall be taken during any such closed portion, and immediately upon the termination of such closed portion the Board of Trustees shall report in open meeting a brief summary of the subject matter so discussed. The closure of the meeting and the brief summary shall be duly noted in the minutes of the meeting.

5.13 Minutes of Meetings. Within thirty (30) days after the adjournment of any meeting of the Board of Trustees a copy of the written minutes of such meeting shall be available upon request, to each Member of the Association.

5.14 Amendments to This Article. The provisions of this Article V may not be amended, modified or repealed unless such amendment, modification or repeal is approved by (a) the affirmative vote of Owners holding at least sixty percent (60%) of the Total Votes.

ARTICLE VI

OFFICERS

6.01 Officers. The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer and such other officers as may, from time to time be appointed by the Board of Trustees.

6.02 Election Tenure and Qualifications. The officers of the Association shall be chosen by the Board of Trustees annually at the regular annual meeting of the Board of Trustees. In the event of failure to choose officers at such regular annual meeting of the Board of Trustees, officers may be chosen at any regular or special meeting of the Board of Trustees. Each such officer, whether chosen at a regular annual meeting of the Board of Trustees or otherwise, shall hold office until the next ensuing regular annual meeting of the Board of Trustees and until a successor shall have been chosen and qualified or until the death of such officer, or until such officer resigns, is disqualified or removed in the manner provided in these Bylaws, whichever first occurs. Any one person may hold two or more of such offices, except that the President may not also be the Vice President, the Secretary or the Treasurer. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President, and the vice president shall be and remain Trustees of the Association during the entire term of their respective offices. No other officer need be a Trustee, but each shall be a Member of the Association.

6.03 Subordinate Officers. The Board of Trustees may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority and perform such duties as the Board of Trustees may from time to time determine. The Board of Trustees may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not be Trustees or Members of the Association.

6.04 Resignation and Removal. Any person shall cease to be an officer at any time that such person shall cease to be an Owner or shall otherwise cease to meet the qualifications to hold such office. Any officer may resign at any time by delivering a written resignation to the President or to the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by a majority vote of the Board of Trustees at any time, for or without cause.

6.05 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of the death, resignation, removal, disqualification or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Trustees at any regular or special meeting.

6.06 The President. The President shall preside at meetings of the Board of Trustees and at the meetings of the Members. The President shall execute on behalf of the Association all conveyances, mortgages, documents and contracts approved by the Board of Trustees and shall do and perform such other acts and things as the Board of Trustees may require.

6.07 The Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence or inability or refusal to act and shall do and perform such other duties as the Board of Trustees may require.

6.08 The Secretary. The Secretary shall keep the minutes of the Association and the Board of Trustees and shall maintain such books and records as these Bylaws, the Declaration or any resolution of the Board of Trustees may require to be kept. The Secretary shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. The Secretary shall perform such other duties as the Board of Trustees may require.

6.09 The Treasurer. The Treasurer shall have the custody and control of the funds of the Association, subject to the action of the Board of Trustees, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the Members and at any meeting of the Board of Trustees. The Treasurer shall perform such other duties as the Board of Trustees may require.

6.10 Compensation. No officer shall receive compensation for any services that may be rendered to the Association by such person as an officer, provided, however, that an officer may be reimbursed for expenses incurred in performance of duties required as an officer to the extent that such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association in a capacity other than the capacity of an officer.

ARTICLE VII

COMMITTEES

7.01 Designation of Committees. The Board of Trustees may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. The membership of each such committee designated hereunder shall include at least two (2) Trustees. No committee member shall receive compensation for services that may be rendered to the Association as a committee member, provided, however that a committee member may be reimbursed for expenses actually incurred in the performance of responsibilities of a committee member to the extent that such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in the capacity as a committee member. Such committees shall exist at the pleasure of the Board of Trustees and the existence thereof may be terminated at any time by resolution of the Board of Trustees. Each such committee shall have and exercise only such authority and prerogatives as shall be specifically delegated and, by the Board of Trustees and unless otherwise designated, shall act only in an advisory capacity to the Board of Trustees.

7.02 Proceedings of Committees. Each committee designated hereunder by the Board of Trustees may appoint its own presiding and recording officers and may meet at such place and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Trustees. Notice of any such meetings shall be given to all committee members at least three (3) days prior to the date of such meeting. All such meetings shall be open to any Member of the Association.

7.03 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Trustees, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall constitute a quorum for the transaction of business in the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Trustees hereunder shall act only as a committee and the individual members thereof shall have no powers as such.

7.04 Resignation and Removal. Any member of any committee designated hereunder by the Board of Trustees may resign at any time by delivering a written resignation to the President, the Board of Trustees or the presiding officer of the committee of which said person is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Trustees may at any time, for or without cause, remove any member of any committee.

7.05 Vacancies. If any vacancy shall occur in any committee designated by the Board of Trustees hereunder, due to the disqualification, death, resignation, removal or otherwise, the remaining members shall, until filling of such vacancy constitute the then total authorized membership of such committee and, provided that two or more members are remaining (at least one of which is a Trustee), may continue to act. Such vacancy may be filled at any regular or special meeting of the Board of Trustees.

ARTICLE VIII

INDEMNIFICATION

8.01 Indemnification Third Party Actions. The 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, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that said person is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such action, suit or proceeding, and if said person acted in good faith and in a manner reasonably believed by such person to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that conduct of such person was unlawful. Determination of any action, suit or proceeding by an adverse judgment, order, settlement or conviction or upon a plea of nob contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Association or with respect to any criminal action or proceeding, that the person had reasonable cause to believe that the conduct was unlawful.

8.02 Indemnification Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or Association to procure judgment in its favor by reason of the fact that said person is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees) actually and reasonably incurred by said person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association. It is provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

8.03 Determinations. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 8.01 or 8.02 hereof, or in any defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by such person in connection therewith. Any other indemnification under Section 8.01 or 8.02 hereof, shall be made by the Association only upon the determination that indemnification of the person is proper in the circumstances because such person has met the applicable standard of conduct set forth respectively in Section 8.01 or 8.02 hereof. Such determination shall be made either: (a) by the Board of Trustees by a majority vote of disinterested Trustees or (b) by independent legal counsel in a written opinion or (c) by the Members by the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association at a meeting duly called for such purpose.

8.04 Advances. Expenses incurred in defending the civil or criminal action, suit or proceeding that is contemplated in this Article VIII may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board of Trustees and upon receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it is ultimately determined that such person is entitled to be indemnified by the Association as authorized under this Article.

8.05 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision of the Association's Articles of Incorporation, Bylaws, Agreements, vote of disinterested Members or Trustees, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Trustees, officers, employees and agents of the Association and shall continue as to such persons who cease to be Trustees, officers, employees or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such person may be entitled as a matter of law.

8.06 Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a Trustee, officer, employee or agent of the Association or who was or is serving at the request of the Association as a trustee, director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit) against any liability asserted against or incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the laws of the State of Utah, as the same may be hereby amended or modified.

8.07 Payments in Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article, shall constitute expenses of the Association.

ARTICLE IX

FISCAL YEAR AND SEAL

9.01 Fiscal Year. The fiscal year of the Association shall begin on the first day of January each year and shall end on the 31st day of December next following, provided, however that the first fiscal year shall begin on the date of incorporation.

9.02 Seal. The Board of Trustees may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, the non-profit nature of the Association and the words "Corporate Seal".

ARTICLE X

RULES AND REGULATIONS

10.01 Rules and Regulations. The Board of Trustees may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Project, provided, however, that such rules and regulations shall not be inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration or these Bylaws. The Members shall be provided with copies of all rules and regulations adopted by the Board of Trustees and with copies of all amendments and revisions thereof.

ARTICLE XI

Assessments

11.01 Assessments. Members of the Association shall be subject to Assessments, by the Association from time to time to provide funds necessary for the operation of the Project. Members shall be personally liable to the Association for payment of such assessments, together with interest thereon, and costs of collection of same.

11.02 Obligation to Pay. Each Owner of a Lot, by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other Owner and with the Association, to pay to the Association its proportionate share of any and all costs and expenses incurred in the ownership, operation and/or maintenance of any and all parts of the Project, except the Lots and any and all structures or improvements located thereon. Funds for the payment of such costs and expenses shall be collected by a charge or levy against each and every Lot. All costs and expenses shall be levied equally against all Lots. All such charges or levy shall be collectively referred to in this Declaration as "Assessments".

11.03 General Assessment. The costs of the normal operation and/or maintenance of the Project shall be paid total costs and expenses shall be referred to herein as a "General Assessment". Each Owner's General Assessment shall be based upon an advanced estimate of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Project. Such estimated expenses may include, by way of explanation but not by way of limitation, the following: maintenance, repair and striping of all streets; care and upkeep of sidewalks; installation, maintenance, including electricity costs, associated with lighting of Project Streets; snow removal; purchase, installation and maintenance of traffic control markers; maintenance of Project signs; insurance authorized by this Declaration or otherwise deemed appropriate by the Association to protect the Project, the Association and its employees, occupants or users; security personnel and equipment employed in connection with the Project; acquisition, repair and maintenance of tools and equipment used in maintaining the Project; cleaning, sweeping and removing trash and otherwise maintaining the Project; maintenance and repair of water, sanitary sewer, storm drain systems and equipment and equipment and any and all other such systems owned by the Association; capital improvements

and other costs and expenses incurred in constructing and installing additions or replacement to the Project and facilities contained therein and used in common by all Lots; utilities which are utilized primarily for the benefit of the common areas of the Project, and which are separately metered and billed to the Association; compensation paid to any manager of the Project; services of independent contractors; legal, accounting and other services incurred by the Association in performing its duties in enforcing this Declaration or these Bylaws; creation of a reasonable contingency reserve, surplus and/or sinking fund; and any and all other expenses and liabilities which may be incurred by the Association in the good faith belief that the same are common expenses incurred for the benefit of the Owners by reason of the Declaration and/or these Bylaws.

11.04 Annual Budget. General Assessments shall be determined on the basis of a calendar year beginning January 1, and ending December 31, next following; provided, however, that the first such year shall begin on the date that this Declaration is recorded and shall end December 31, 1988.

11.05 Notice and Payment. The Association shall notify each Owner as to the amount of the General Assessment and each Owner's respective portion thereof. The General Assessment shall be due and payable on the first day of each respective calendar year. It is provided, however, that the Association may provide that each such General Assessment may be payable in equal, monthly or quarterly installments, due on the first day of each and every calendar month or calendar quarter, as applicable, during the calendar year to which the General Assessment relates. Procedures for the collection of Assessments on a periodic basis may be adopted and implemented by the Association and may include, without limitation, a reasonable charge for costs and expenses incurred in accounting for same and for accrual of interest on unpaid amounts.

11.06 Special Assessments. In addition to the General Assessments, the Association may levy, in any year, one or more Special Assessments applicable to that year only for the purpose of deferring, in whole or in part, the cost of any reconstruction, repair or replacement of a capital improvement upon the Project, as may be necessitated by the normal wear and tear and damage by the elements to such capital improvement or for paying extraordinary costs and expenses incurred or required to be incurred by the Association in fulfillment of its duties under these Bylaws. At the time of the adoption of such Special Assessment, the Association shall designate the time and the manner in which such Special Assessment is to be paid by each Owner. Such Special Assessment shall be allocated equally to each Owner. If any such Special Assessment is in an amount which shall be less than twenty percent (20%), than the total of the common expenses for the year in which said Special Assessment shall be assessed, then such Special Assessment may be levied upon the affirmative vote of a majority of the Board of Trustees. If any such Special Assessment is in an amount which shall be equal to or greater than twenty percent (20%) of the total of the common expenses for the year in which said Special Assessment is assessed, then said Special Assessment shall be levied only upon the written consent of or upon the affirmative vote of at least fifty percent (50%) of the total votes of the Association. Such consent may be obtained in writing circulated to all Members or may be obtained at a special meeting of the Association called for such purpose. This Section 11.06 shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses for necessary or single-purpose expenses which must be incurred in order to meet the objectives of these Bylaws. All funds received from Special Assessments under this Section 11.06 shall be used specifically for the purpose for which such Special Assessment shall be levied.

11.07 Collection Procedures. The Association shall, in its sole discretion, be entitled to establish such procedures for the collection of all Assessments, including provisions for late charges, interest on unpaid Assessments, and such other matters as the Association shall determine, and shall have any and all rights and remedies provided at law or equity for the collection of debts. Any or all such rights shall be exercised in such manner, on one or more occasions and in such order as the Association shall elect without waiver of any other right or remedy or lien set forth in the Bylaws or the Declaration. Any failure of the Association to exercise any such right on one or more occasions shall not constitute a waiver of the right to so exercise such right in the future. In the event that the Association shall file a lien, commence legal proceedings or refer to the collection of any unpaid Assessment to an attorney for collection thereof, then interest shall be deemed to accrue on any unpaid portion of the Assessment from the first day of the fiscal year for which said Assessment shall be due and said Owner shall be required to pay the costs and expenses of such action, including reasonable attorneys' fees, whether or not litigation shall be actually commenced and such costs and expenses shall be secured by the lien herein provided whether or not the same shall be specifically set forth therein.

11.08 Lien for Assessments. All sums assessed to an Owner of any Lot in the Project pursuant to the provisions of this Declaration, together with interest thereon and costs and expenses incurred in the collection thereof, as provided herein, shall be secured by a lien in favor of the Association on such Lot and any and all rents, profits or other income derived therefrom. To evidence a lien for sums assessed pursuant to the Bylaws, the Association shall prepare a written notice of lien setting forth the amount of the Assessment, the date due, the amount remaining unpaid and the name of the Owner of the Lot. Such notice shall be signed and acknowledged by a duly authorized representative of the Association, and shall be recorded in the office of the County Recorder of Davis County, State of Utah. No notice of lien shall be recorded until there is a delinquency in the payment of the Assessment. Such lien may be enforced by the sale or foreclosure of the Lot encumbered by the lien at a foreclosure sale conducted by the Association in accordance with the provisions of Utah law applicable to the foreclosure of a mortgage or in any manner permitted by Utah law. In any such sale or foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, including reasonable attorneys' fees, and such costs and expenses shall be secured by the lien herein provided whether or not the same shall be specifically set forth therein. The Owner against the Lot which shall become due during the period of foreclosure or sale, and all such Assessments shall be secured by the lien herein provided. The Association shall have the right and power to bid in any foreclosure or sale and, upon purchase thereof, to hold, lease, mortgage or convey the subject Lot. In the event of such foreclosure, the Association shall be entitled to the appointment of a receiver to collect the rentals being derived from said Lot.

11.09 Personal Liability of Owner. The amount of any Assessment, together with accrued interest, late charges or other similar charges, against any Lot shall be the personal obligation of the Owner of such Lot to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. In the event of any suit to recover money judgment for unpaid Assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

11.10 Certificate of Assessment. The Association shall, upon written request, and for a reasonable charge, furnish a certificate signed by an officer of the Association or the designated manager of the Association, setting forth any unpaid Assessments and the amount of the current annual Assessment. Said certificate may be conclusively relied upon by a bona fide, third party who relies thereon in good faith to its detriment.

11.11 Subordination of Lien. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust (a "Mortgage") upon any Lot. Sale or transfer of any Lot shall not affect the existence of a lien for which a notice of lien has been filed. It is provided, however, that the sale or transfer of any Lot pursuant to foreclosure of any first Mortgage or any proceeding or deed given in lieu of such foreclosure, shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer, but shall not extinguish the personal liability of the defaulting Owner for such past due Assessments, nor shall it extinguish the general lien of the Declaration against the Lot for Assessments arising in the future. No other sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due, or from any subsequent lien there for.

11.12 No Liability. Members of the Association shall not be individually or personally liable for debts or obligations of the Association.

ARTICLE XII

REPORTS AND CORPORATE RECORDS

12.01 Maintenance and Inspection of Records. The accounting books, records and minutes of proceedings of the Members, the Board of Trustees, and any committees of the Board of Trustees shall be kept at such place or places designated by the Board of Trustees, or, in the absence of such designation at the principal office of the Association. The minutes shall be kept in written or typed form and the accounting books and records shall be kept in either written or typed form or in any other form capable of being converted into written, typed or printed form. The minutes and accounting books and records shall be open to inspection on the written demand of any Member at any reasonable time during usual business hours for a purpose reasonably related to the Member's interest as a Member. The inspection may be made in person or by an agent or attorney who has been authorized in writing by a Member to make such inspection and shall include the right to copy and make extracts. The Board of Trustees shall establish reasonable rules with respect: (a) notice to be given to the custodian of the records by the Member desiring to make the inspection; (b) hours and days of week when such inspection may be made; and (c) payment of the cost of reproducing copies of documents requested by a Member. Each Trustee 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 Trustee includes the right to make extracts and copies of documents.

12.02 Annual Report to Members. The Association shall provide to the Trustees and make available or distribute to any Member, the financial reports as follows:

(a) A proposed pro forma operating statement (budget) for each fiscal year shall be distributed to the Trustees and Members not less than thirty (30) days before the beginning of each fiscal year.

(b) An annual report shall be distributed to the Trustees and made available to the Members within one hundred twenty (120) days after the end of each fiscal year, consisting of the following: (i) a balance sheet as of the last day of the fiscal year; (ii) an operating (income) statement for such fiscal year; (iii) a statement of any transaction or transactions during the previous fiscal year involving more than \$5,000.00, individually or in the aggregate, in which either of the following had a direct or indirect material financial interest; (1) any Trustee or officer of the Association; or (2) any holder of more than ten percent (10%) of the Total Votes of the Association; (v) a statement of any indemnification or advances aggregating more than \$1,000.00 paid during the recently concluded fiscal year to any Trustee or officer of the Association, unless the indemnification is approved by Members of the Association, and a list of names, mailing address and telephone numbers of the members of the Board of Trustees.

12.03 Roster of Members. The Association shall compile annually a roster of the names and addresses of the Members. Upon written request of a Member, the Association shall furnish such Member with a copy of the roster and may charge the Member a reasonable fee therefore. The roster is a corporate asset. Without the written consent of the Board of Trustees, the roster or any part thereof may not be used by any person for any purpose unrelated to a Member's interest as a Member. Without limiting the generality of the foregoing, without the written consent of the Board of Trustees, the roster or any part thereof may not be: (1) Used to solicit money or property unless such money or property will be used solely to solicit the vote of the Members in an election to be held by the Association; or (2) Used for any purpose which the user does not reasonably and in good faith believe will benefit the Association; or (3) Used for any commercial purpose or purpose in competition with the Association; or (4) Sold to or purchased by any person. Any person who violates the provisions of this Section 12.03 shall be liable for any damage such violation causes the Association and shall account for and pay to the Association any profit derived as a result of said violation. In addition, a court, in its discretion, may award exemplary damages for a fraudulent or malicious violation of this Section 12.03. Nothing in this section shall be construed to limit the right of the Association to obtain injunctive relief necessary to restrain misuse of the roster. In any action or proceeding under this section, a court may award the Association reasonable costs and expenses, including reasonable attorneys' fees in connection with such action or proceedings.

ARTICLE XIII

AMENDMENTS

13.01 Amendments. Except as otherwise provided by law, by the Articles of Incorporation, by the Declaration or by these Bylaws, these Bylaws may be amended, modified or repealed and new Bylaws may be made and adopted by the Members upon the affirmative vote of at least sixty percent (60%) of the Total Votes of the Association.

IN WITNESS WHEREOF, the undersigned, constituting all of the Trustees of The Oaks at Mutton Hollow Homeowners Association, Inc., have executed these Bylaws as of the 30th day of May, 1988.

Walt A. Newman
James C. Smith
Michael Thompson
Charles L. Smith
William Prows

STATE OF UTAH)

SS

COUNTY OF SALT LAKE)

On the 30th day of May, 1988, personally appeared before me the undersigned Notary Public, in and for said County of Davis, in the State of Utah, Walt A. Newman, Michael Thompson, Charles L. Smith and William Prows the signers of the within and foregoing Bylaws of THE OAKS AT MUTTON HOLLOW HOMEOWNERS ASSOCIATION, INC., each of whom duly acknowledged to me that they executed the same.

My Commission Expires:

June 8, 1989

David H. Hurd
Notary Public

Residing at: 6000 1st St