

**BYLAWS**  
**OF**  
**SUNCREST OWNERS ASSOCIATION, INC.**

Executed April 20, 2000

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**BYLAWS**  
**OF**  
**SUNCREST OWNERS ASSOCIATION, INC.**

**ARTICLE I**  
**NAME, PRINCIPAL OFFICE, AND DEFINITIONS**

Section 1.1 Name. The name of the Master Association shall be the SunCrest Owners Association, Inc., hereinafter the "Master Association".

Section 1.2 Principal Office. The principal office of the Master Association shall be located at 11538 South State Street, Suite 200, Draper, Utah 84020.

Section 1.3 Definitions. These Bylaws shall operate under the Utah Nonprofit Corporation and Co-operative Association Act, as amended (the "Act"). The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in Article I of the Declaration of Covenants, Conditions, Easements and Restrictions for SunCrest, a Planned Community, recorded on December 28, 1999, as Entry No. 7543075, in Book 8332, beginning at page 4708 of the official records of Salt Lake County, Utah, and recorded on \_\_\_\_\_, as Entry No. \_\_\_\_\_, in Book \_\_\_\_\_, beginning at page \_\_\_\_\_ of the official records of Utah County, Utah, (the "Declaration") unless the context indicates otherwise.

**ARTICLE II**  
**MASTER ASSOCIATION: MEMBERSHIP, VOTING AND MEETINGS**

Section 2.1 Owners of Lots and Parcels. Every Person who is the Owner of a Lot or Parcel that is subject to Assessment shall be a Member of the Master Association (provided, however, the Declarant shall remain a Member in the Master Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessment payments). The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's Membership. Each such Owner shall have the following number of Memberships:

2.1.1 One Membership for each Lot owned by the Member;

2.1.2 In the case of the Owner of a Parcel designated for Residential Condominium Development but as to which a condominium regime has not been recorded, one Membership for each Dwelling Unit permitted upon the Parcel under the Master Land Use Plan then in effect for SunCrest, the number of such Dwelling Units to be determined on the assumption that the number of Dwelling Units within a density

classification on the Master Land Use Plan will be spread evenly over all land within the density classification. If a site plan for the Parcel is subsequently approved by the Design Review Board and the Municipal Authority for a number of Dwelling Units different than the number of Dwelling Units assumed pursuant to the Master Land Use Plan, the number of Memberships will be adjusted, as to the portion of the Parcel covered by the site plan and effective as of the date of adjustment, to reflect the actual number of Dwelling Units authorized by the approved site plan;

2.1.3 In the case of the Owner of a Parcel designated for Single Family Residential Development, Cluster Residential Development or, at Declarant's sole option, Timeshare Development, one Membership for each Dwelling Unit permitted upon the Parcel under the Master Land Use Plan then in effect for SunCrest. If a Plat or other instrument creating Lots is recorded covering all or part of the area within the Parcel, the Parcel shall be reduced in size by the area so platted and the number of Memberships held by the Owner, as Owner of the Parcel, shall be reduced by a number equal to the number of Lots in the recorded Plat. All Memberships attributable to the Parcel shall cease when the land area ceases to be a Parcel because all of the area in the Parcel has been platted or otherwise dedicated to the public and no unplatted Single Family Residential Use, Cluster Residential Use or Timeshare Use area remains within the Parcel;

2.1.4 Except as otherwise provided in subsection 2.1.5 below, in the case of the Owner of a Parcel designated for or as a General Commercial Area, one Membership for each one thousand (1,000) square feet of floor area designated as being permitted upon the Parcel under the Master Land Use Plan then in effect for SunCrest. If a site plan for the Parcel is subsequently approved by the Design Review Board and the Municipal Authority for a number of square feet of floor area different than the square feet of floor area assumed pursuant to the Master Land Use Plan, the number of Memberships will be adjusted, as to the portion of the Parcel covered by the site plan and effective as of the date of adjustment, to reflect the actual square feet authorized by the approved site plan; and

2.1.5 One Membership for each one thousand (1,000) square feet of floor area in each office condominium or other unit in a Commercial Condominium Development. Provided, however, office condominiums or other units in a Commercial Condominium Development having nine hundred ninety-nine (999) square feet or less of floor area shall each have one Membership.

2.1.6 No Memberships shall be allocated to Community Areas, Exempt Property (except as otherwise provided regarding Declarant), property utilized for a Church Use or other General Public Uses.

2.1.7 Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot or Parcel to which the Membership is attributable. As provided in this Section 2.1, there shall be only one Membership for each Lot, for each

Dwelling Unit and for each one thousand (1,000) square feet of floor area in a Commercial Area which Memberships shall be shared by any joint Owners of, or Owners of undivided interests in, a Lot or Parcel.

Section 2.2 Lessees. Lessees of Rental Apartments shall not be Members of the Master Association. The Owner of Rental Apartments shall have one Membership for each one thousand (1,000) square feet of floor area therein. In the event Rental Apartments are converted to Residential Condominium Use, then at the time the condominium regime is recorded, there shall be one Membership in the Master Association for each Dwelling Unit in the Residential Condominium Development.

Section 2.3 Declarant. The Declarant shall be a Member of the Master Association for so long as the Declarant holds a Class B Membership pursuant to Section 2.4 below or for so long as Declarant owns any Assessable Property in SunCrest.

Section 2.4 Voting. The Master Association shall have two classes of voting Memberships:

2.4.1 Class A. Class A Memberships shall be all Memberships except the Class B Memberships held by the Declarant and the Merchant Builders. Each Owner shall be entitled to one vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of the Declaration in accordance with its provisions thereof. Notwithstanding the foregoing, no vote shall be cast or counted for any Class A Membership not subject to Assessment.

2.4.2 Class B. The Class B Memberships shall be held only by the Declarant and any successor of Declarant who takes title for the purpose of development and sale and who is designated as such in a Recorded instrument executed by Declarant, and those Merchant Builders described below in this Section 2.4. The Declarant shall initially be entitled to 3,788 votes; this number shall be decreased by one (1) vote for each Class A Membership existing at any one time. This number shall be increased by the appropriate number of votes allocated to any Additional Property acquired by Declarant which is not currently owned or under contract or option to purchase in the sole discretion of Declarant ("Additional Development Land"). The Class B Memberships shall cease and shall be converted to Class A Memberships, on the basis of the number of Lots and Parcels owned by the Declarant and Merchant Builders, on the happening of the first of the following events:

2.4.2.1 When the total votes outstanding in the Class A Memberships equal or exceed 2,841, which number shall be increased to equal seventy-five percent (75%) of the total votes allocated by Declarant to any Additional Development Land; or

2.4.2.2 Twenty Five (25) years from the date the Declaration is Recorded; or

2.4.2.3 when, in its discretion, the Declarant so determines.

2.4.3 From and after the happening of such events, whichever occurs first, the Class B Member shall be deemed to be a Class A member entitled to one (1) vote for each Lot and one (1) vote for each Membership appurtenant to the Parcels which owns as set forth in Section 2.1 hereof. At such time, the Declarant shall advise the Membership of the termination of Class B status.

2.4.4 The sale in one transaction of an unimproved Parcel or a group of five or more Lots by the Declarant to a Merchant Builder, who is in the business of subdividing and/or building Dwelling Units for sale to individual home purchasers or developing General Commercial Use property, shall not convert the Class B Memberships attributable to that Parcel or those Lots to Class A Memberships; provided, however, that any other sale of Lot(s) or Parcel(s) shall convert the Membership(s) attributable to that Lot(s) or Parcel(s) to Class A Membership(s).

2.4.5 Until such time as the Class B Memberships are converted to Class A Memberships, each Class B Member other than Declarant shall be conclusively presumed, by accepting the conveyance of a Lot's or Parcel's legal title from Declarant or another Class B Member, to have (i) given Declarant an irrevocable and exclusive proxy to cast such Class B Member's Votes on each such question coming before the Membership while such Class B Member holds such title; and (ii) agreed with Declarant that such proxy is given to and relied on by Declarant in connection with Declarant's sale or conveyance of such Lots or Parcel to such Class B Member, and in connection with Declarant's development, construction, marketing, sale and leasing of SunCrest or the Additional Land, and is coupled with an interest.

2.4.6 The Declarant, as holder of the right to vote the Class B Memberships, may appoint a majority of the Trustees as provided in the Declaration.

2.4.7 Except as otherwise expressly provided in the Declaration or in any of the other Governing Documents, any issue put to a vote by ballot without a meeting or at a duly called meeting of Association Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting, regardless whether such votes are otherwise deemed to be Class A or Class B votes.

Section 2.5 Exercise of Voting Rights. Except as otherwise specified in these Bylaws or in the Declaration, the vote for each Lot owned by a Class A Member shall be exercised by the Voting Member representing the Neighborhood of which the Lot is a part, as provided in Section 2.6. The Voting Member may cast all such votes as it, in its sole discretion, deems appropriate. In any situation in which a Member is entitled personally to



exercise the vote for his or her Lot and there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Master Association in writing prior to any meeting. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

Section 2.6 Neighborhoods, Voting Members and Voting Groups.

2.6.1 Neighborhoods. Every Lot and Parcel shall be located within a Neighborhood and subject to a Neighborhood Declaration or Supplemental Declaration including any assessment provisions contained therein. In the discretion of the Owner(s) and developer(s) of each Neighborhood, the Lots and Parcels within a particular Neighborhood may be subject to additional covenants and/or the Owners of Lots may all be required to be members of a Sub-Association in addition to being Members of the Master Association. The Declarant may designate two or more Neighborhoods as a Village. A Village shall not have any legal rights hereunder, but shall merely act as a name or geographical designation for two or more Neighborhoods.

2.6.1.1 Exhibit "C" to the Declaration, and each amendment to the Declaration filed to subject Additional Land to the Declaration, shall initially assign the property described therein to a specific Neighborhood by name, which Neighborhood may be then existing or newly created. The Declarant may unilaterally amend the Declaration or any amendment to the Declaration to redesignate Neighborhood boundaries; provided, two or more Neighborhoods shall not be combined without the consent of Owners of a majority of the Memberships in the affected Neighborhoods.

2.6.1.2 The Owner(s) of a majority of the total number of Memberships within any Neighborhood may at any time petition the Board to divide the property comprising the Neighborhood into two or more Neighborhoods. Such petition shall be in writing and shall include a plat or survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Lots and/or Parcels to be included within the proposed Neighborhood(s). Such petition shall be granted upon the filing of all required documents with the Board unless the Board denies such application in writing within thirty (30) days of receipt. The Board may deny an application upon making a determination, in its sole and exclusive subjective discretion, that the proposed division into separate Neighborhoods would not be in the best interest of the Master Association and SunCrest. All applications and copies of any denials shall be filed with the books and records of the Master Association and shall be maintained as long as the Declaration is in effect.

2.6.2 Voting Members. The Class A Members within each Neighborhood shall elect one Voting Member for each 50 Class A Memberships within the Neighborhood (rounded up to the nearest 50). Each Neighborhood shall have at least one vote. For example, if there were 1 to 74 Class A Memberships in a Neighborhood

there would be one Voting Member. If there were 75 to 124 Class A Memberships, there would be two Voting Members. On all Master Association matters requiring a Membership vote, each such Voting Member shall be entitled to cast that number of votes determined by dividing the total number of Class A votes attributable to Memberships in the Neighborhood by the number of Voting Members elected from such Neighborhood, except as otherwise specified in the Declaration or these Bylaws. The Class A Members within each Neighborhood shall also elect one or more alternate Voting Members to be responsible for casting such votes in the absence of a Voting Member.

2.6.2.1 The Voting Member(s) and alternate Voting Member(s) from each Neighborhood shall be elected on an annual basis, either by written ballot or at a meeting of the Class A Members within such Neighborhood, as the Board determines; provided, upon written petition of Class A Members holding at least ten percent (10%) of the votes attributable to Memberships within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person or by proxy, of Class A Members representing at least thirty percent (30%) of the total Class A votes attributable to Memberships in the Neighborhood shall constitute a quorum at any Neighborhood meeting.

2.6.2.2 The Board shall call for the first election of the Voting Member(s) and alternate Voting Member(s) from a Neighborhood not later than one year after the first conveyance of a Lot or Parcel in the Neighborhood to a Person other than Declarant or a Merchant Builder. Subsequent elections shall be held within thirty (30) days of the same date each year or at any other time during the year as reasonably determined by the Neighborhood governing board or Neighborhood Class A Members. Each Class A Member shall be entitled to cast one (1) equal vote for each Membership which it owns in the Neighborhood for each position. The candidate for each position who receives the greatest number of votes shall be elected to serve a term of one year and until a successor is elected. Any Owner of a Lot or Parcel in the Neighborhood may submit nominations for election or declare himself or herself a candidate in accordance with procedures which the Board shall establish.

2.6.2.3 Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number Memberships owned by Class A Members in the Neighborhood which such Voting Member represents.

2.6.2.4 Until such time as the Board first calls for election of a Voting Member for a Neighborhood, the Owners within such Neighborhood may personally cast the votes attributable to their respective Memberships on any issue requiring a vote of the Voting Members under the Declaration, these Bylaws, or the Articles.

2.6.3 Voting Groups. The Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing the Board, in order to promote representation on the Board for various groups having dissimilar interests and to avoid a situation in which the Voting Members representing similar Neighborhoods are able, due to the number of Memberships in such Neighborhoods, to elect the entire Board, excluding representation of others. Following termination of the Class B Memberships, the number of Voting Groups within SunCrest shall not exceed the total number of Board members to be elected by the Class A Members pursuant to these Bylaws. The Voting Members representing the Neighborhoods within each Voting Group shall vote on a separate slate of candidates for election to the Board, with each Voting Group being entitled to elect the number of Board members specified in these Bylaws.

2.6.3.1 The Declarant shall establish Voting Groups, if at all, not later than the date of termination of the Class B Memberships by filing with the Master Association and Recording in the land records of Salt Lake County, Utah and/or Utah County, Utah, as applicable, a Supplemental Declaration identifying the Neighborhoods within each Voting Group. Such designation may be amended from time to time by the Declarant, acting alone, at any time prior to the termination of the Class B Memberships by recording an amendment to the Supplemental Declaration.

2.6.3.2 After termination of the Class B Memberships, the Board shall have the right to amend the Voting Group designation upon the vote of a majority of the total number of Board members by recording an amendment to the Declaration which shall not require the consent or approval of any Person except as stated in this paragraph. Until such time as Voting Groups are established, all of SunCrest shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been filed, any and all portions of SunCrest which are not assigned to a specific Voting Group shall constitute a single Voting Group.

Section 2.7 Membership Rights. Each Member shall have the rights, duties and obligations set forth in the Declaration and such other rights, duties and obligations as are set forth in the Governing Documents, as the same may be amended from time to time.

Section 2.8 Transfer of Membership. The rights and obligations of the Owner of a Class A Membership in the Master Association shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot or Parcel and then only to the transferee of ownership to the Lot or Parcel. A transfer of ownership to a Lot or Parcel may be effected by deed, intestate succession, testamentary disposition, foreclosure of a Mortgage or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Utah. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot or Parcel shall

operate to transfer the Membership(s) appurtenant to said Lot or Parcel to the new Owner thereof.

Section 2.9 Annual Meeting. The first meeting of the Master Association shall be held within one year after the creation of the Master Association. Thereafter, there shall be an annual meeting of the Master Association on the first Thursday of each June at 6:00 p.m. at a reasonable place at SunCrest, or some other reasonable location in Salt Lake County and/or Utah County unless a meeting at another location would significantly reduce the cost to the Master Association and/or inconvenience to the Voting Members, or at such other reasonable time not more than sixty (60) days before or after such date as may be designated by written notice by the Board. Notice of the annual meeting shall be delivered to the Voting Members postage prepaid at least fifteen (15) days prior to the date set for said meeting and shall specify the place, day and hour of the meeting and a brief statement of the matters on the agenda which the Board intends to present or believes others will present for action by the Voting Members.

Section 2.10 Special Meetings. Special meetings of the Master Association may be called by the President, a majority of the Board, or Voting Members representing at least twenty-five percent (25%) or more of the votes of the total Class A votes of the Master Association. Special meetings may be held at a reasonable place at SunCrest, or some other reasonable location in Salt Lake County and/or Utah County unless a meeting at another location would significantly reduce the cost to the Master Association and/or inconvenience to the Voting Members, to consider matters which, by the terms of these Bylaws, require the approval of all or some of the Voting Members or for any other reasonable purpose. Special meetings shall be called by written notice signed by the President, a majority of the Board or by Voting Members representing at least twenty-five percent (25%) or more of the votes of the Master Association, which shall be hand delivered or sent prepaid by United States mail, not less than fifteen (15) days prior to the date fixed for said meeting, to each Voting Member at such Voting Member's address as shown in the records of the Master Association or to any other mailing address designated in writing by the Voting Member. Such notice shall specify the place, day and hour of the meeting and a brief statement of the items on the agenda, including the general nature of any proposed amendment to these Bylaws, any budgetary changes and any proposal to remove an officer or trustee.

Section 2.11 Quorum and Adjournment. The presence in person of Voting Members representing a majority of the total votes in the Master Association at any meeting of the Master Association held in response to notice to all Voting Members of record properly given shall constitute a quorum. In the absence of a quorum at a Master Association meeting, a majority of those present in person may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be ten percent (10%) of the votes of the Master Association. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Voting Members in the manner prescribed for regular meetings of the Master Association.

Section 2.12 Business. The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough to leave less than a quorum, provided that Voting Members representing at least twenty-five percent (25%) of the total Class A votes in the Master Association remain in attendance, and provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 2.13 Proxies. Voting Members may not vote by proxy but only in person or through their designated alternates; provided, any Voting Member who is only entitled to cast the vote(s) for his or her own Lot or Parcel pursuant to the Declaration may cast such vote in person or by proxy until such time as the Board first calls for election of a Voting Member to represent the Neighborhood or Village of which the Lot, Condominium Unit, Dwelling Unit, or Parcel is a part. No proxy shall be valid unless signed by the Owner or his or her duly authorized attorney-in-fact, dated, and filed with the Secretary of the Master Association prior to any meeting for which it is to be effective. A proxy is valid after 11 months from its date of execution, unless a longer period is expressly provided in the proxy.

Section 2.14 Conduct of Meetings. The President shall preside over all meetings of the Master Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. Robert's Rules of order (latest edition) shall govern the conduct of the Master Association's meeting when not in conflict with these Bylaws.

Section 2.15 Minutes. Minutes of the annual and special meetings of the Master Association shall be distributed to each Voting Member within sixty (60) days after the meeting.

Section 2.16 Action Without Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Master Association at its principal place of business. Such consents shall be filed with the minutes of the Master Association, and shall have the same force and effect as a unanimous vote of the Voting Members.

Section 2.17 Notice. Written notice of the time, day, and place of Member meetings shall be posted at a prominent place or places within the Community Areas.

Section 2.18 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper

notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 2.19. Majority Vote. As used in these Bylaws, the term "majority" shall mean those votes, Owners, Voting Members, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number. The vote of a majority of the Voting Members present in person at a meeting at which a quorum shall be present shall be binding upon all Members for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by applicable Utah law.

### ARTICLE III BOARD OF TRUSTEES

Section 3.1 Number and Powers. The affairs of the Master Association shall be conducted by a Board of up to nine (9) trustees (odd numbered totals only) and such officers as the Board may elect or appoint in accordance with the Articles and these Bylaws as the same may be amended from time to time. Notwithstanding the foregoing, commencing upon the date Commercial Areas are designated, the Commercial Owners at SunCrest shall retain the perpetual right to appoint or elect one trustee to serve on the Board, so long as such Commercial Areas exist. The initial Board shall be composed of at least five (5) trustees. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Master Association. The Board shall determine the compensation to be paid to the Manager. The Board's responsibilities shall include, but shall not be limited to, the following:

- 3.1.1 administration, including administrative support as required for the Design Review Board;
- 3.1.2 preparing and administering an operational budget;
- 3.1.3 establishing and administering an adequate reserve fund;
- 3.1.4 scheduling and conducting the annual meeting and other meetings of the Members;
- 3.1.5 collecting and enforcing the Assessments;
- 3.1.6 accounting functions and maintaining records;
- 3.1.7 promulgation and enforcement of the SunCrest Rules and the Design Guidelines;
- 3.1.8 maintenance of the Community Areas; and

3.1.9 all the other duties imposed upon the Board pursuant to the Governing Documents, including enforcement thereof.

The Board shall not, however, be responsible for those duties and areas of operation specifically designated under the Governing Documents as the responsibility of the Design Review Board.

Section 3.2 Composition. Each trustee shall have one equal vote. Except with respect to trustees appointed by the Declarant, the trustees shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a Member which is not a natural person, any officer, trustee, member, partner or trust officer of such Member shall be eligible to serve as a trustee unless otherwise specified by written notice to the Master Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of trustees appointed by the Declarant.

Section 3.3 Trustees During Declarant Control Period. Subject to the provisions of Section 3.5 below, the trustees shall be selected by the Declarant, acting in its sole and subjective discretion and shall serve at the pleasure of the Declarant until the first to occur of the following:

3.3.1 When the total votes outstanding in the Class A Memberships equal or exceed 2,841, which number shall be increased to equal seventy-five percent (75%) of the total votes allocated by Declarant to any Additional Development Land; or

3.3.2 Twenty Five (25) years from the date the Declaration is Recorded; or

3.3.3 when, in its discretion, the Declarant so determines.

Section 3.4 Nomination of Trustees. Except with respect to trustees selected by the Declarant, nominations for election to the Board shall be made by a nominating committee. The nominating committee shall consist of a chairperson, who shall be a trustee, and three (3) or more Members or Voting Members, with at least one representative from each Voting Group. The nominating committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine. The nominating committee shall nominate separate slates for the trustees, if any, to be elected at large by all Voting Members, and for the trustee(s) to be elected by the Voting Members representing the Lots or Parcels within each Voting Group. Nominations for each slate shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Members and to solicit votes.

Section 3.5 Election and Term of Office. Notwithstanding any other provision of these Bylaws:

3.5.1 Within thirty (30) days after the time that Class A Members own twenty-five percent (25%) of the Lots and/or Parcels proposed by the Master Land Use Plan or whenever the Declarant earlier determines, the President shall call a special meeting at which Voting Members representing the Class A Members shall be entitled to elect one (1) of the five (5) trustees, who shall be an at-large trustee. The remaining four (4) trustees shall be appointees of the Declarant. The trustee elected by the Voting Members shall not be subject to removal by the Class B Member and shall be elected for a term of two (2) years or until the happening of the event described in subsection 3.5.2 below, whichever is shorter. If such trustee's term expires prior to the happening of the event described in subsection 3.5.2 below, a successor shall be elected for a like term.

3.5.2 Within thirty (30) days after the time that Class A Members own fifty percent (50%) of the Lots and/or Parcels proposed by the Master Land Use Plan or whenever the Declarant earlier determines, the President shall call a special meeting at which Voting Members representing the Class A Members shall be entitled to elect two (2) of the five (5) trustees, who shall serve as at-large trustees. The remaining three (3) trustees shall be appointees of the Declarant. The trustee elected by the Voting Members shall not be subject to removal by the Class B Member and shall be elected for a term of two (2) years or until the happening of the event described in subsection 3.5.3 below, whichever is shorter. If such trustees' terms expire prior to the happening of the event described in subsection 3.5.3 below, successors shall be elected for a like term.

3.5.3 Within ninety (90) days after termination of the Class B Memberships, the President shall call a special meeting at which Voting Members representing the Class A Members shall be entitled to elect three (3) of the five (5) trustees, who shall serve as at-large trustees. The remaining two (2) trustees shall be appointees of the Declarant. The trustee elected by the Voting Members shall not be subject to removal by the Class B Member and shall serve until the first annual meeting following the termination of the Class B Memberships. If such annual meeting is scheduled to occur within ninety (90) days after termination of the Class B Memberships, this subsection 3.5.3 shall not apply and trustees shall be elected in accordance with subsection 3.5.4 below.

3.5.4 At the first annual meeting of the Members after the termination of the Class B Memberships, the Board shall be increased to seven (7) trustees who shall be selected as follows: Six (6) trustees shall be elected by the Voting Members representing the Class A Members, with an equal number of trustees elected by each Voting Group and any remaining trusteeships filled at large by the vote of all Voting Members. Three (3) trustees shall serve a term of two (2) years and three (3) trustees shall serve a term of one (1) year, as such trustees determine among themselves. Upon



the expiration of each trustee's term of office, the Voting Members entitled to elect such trustee shall be entitled to elect a successor to serve a term of two (2) years.

3.5.5 Until termination of the Class B Memberships, the Declarant shall be entitled to appoint one trustee. Upon termination of the Class B Memberships, the trustee elected by the Declarant shall resign and the remaining trustees shall be entitled to appoint a trustee to serve the unexpired portion of the term. Thereafter, the Voting Members shall be entitled to elect a successor to fill such position.

3.5.6 The Voting Members within each Voting Group shall vote on separate slates for election of the trustees to represent their Voting Group and the trustees to be elected to cast the total number of votes which it is entitled to cast pursuant to the Declaration with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The trustees elected by the Voting Members shall hold office until their respective successors have been elected. Trustees may be elected to serve any number of consecutive terms.

Section 3.6 Removal of Trustees and Vacancies. Any trustee elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such trustee. Any trustee whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a trustee, a successor shall be elected by the Voting Members entitled to elect the trustee so removed to fill the vacancy for the remainder of the term of such trustee.

3.6.1 Any trustee elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings, or who is more than thirty (30) days delinquent in the payment of any Assessment or other charge due the Master Association, may be removed by a majority of the trustees present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

3.6.2 In the event of the death, disability, or resignation of a trustee, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such trusteeship may elect a successor for the remainder of the term. Any trustee appointed by the Board shall be selected from among Members within the Voting Group represented by the trustee who vacated the position.

Section 3.7 Compensation. No trustee shall receive any compensation from the Master Association for acting as such unless approved by Voting Members representing a majority of the total Class A votes in the Master Association at a regular or special meeting. Any trustee may be reimbursed by the Master Association for reasonable expenses of the trustees for attendance at the Board meetings, or any other expenses incurred on behalf of the Master Association upon approval of a majority of the other trustees. Any trustees may be

employed by the Master Association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all trustees not including the trustee to be employed.

Section 3.8 Regular Meetings. The Board meetings shall be held at least quarterly at such times and places within SunCrest, or some other reasonable and suitable location in Salt Lake County and/or Utah County, unless a meeting at another location would significantly reduce the cost to the Master Association and/or the inconvenience to the trustees, as the Board shall determine. No notice shall be necessary to the newly elected Board in order to legally constitute such meeting, provided a majority of the trustees are present. The Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 3.9 Special Meetings. Special meetings of the Board may be called by written notice signed by any two trustees. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Special meetings shall be held within SunCrest or some other reasonable location in Salt Lake County and/or Utah County unless a meeting at another location would significantly reduce the cost to the Master Association and/or inconvenience to the trustees. Written notice of any special meeting shall be sent to all trustees not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of such meeting need not be given to any trustee signing a waiver of notice or a written consent to the holding of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail, with first-class postage thereon prepaid. If an agenda is prepared for a special meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

Section 3.10 Notice. Written notice of the time, day, and place of Board meetings shall be posted at a prominent place or places within the Community Areas.

Section 3.11 Waiver of Notice. The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the trustees not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any trustee who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.12 Quorum, Voting and Adjournment. A majority of the Board shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Board. If less than a quorum is present at the meeting, a majority of the trustees present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No trustee may vote or act by proxy at any Board meeting.

Section 3.13 Open Meetings. The trustees shall act only as a Board, and individual trustees shall have no powers as such. Regular and special meetings of the Board shall be open to all Members of the Master Association; provided, however, that the Members who are not on the Board may not participate in any deliberation or discussion unless permission to speak is requested on his or her behalf by a trustee. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the Board may, with the approval of a majority of a quorum of its trustees, adjourn the meeting and reconvene in executive session, excluding Members, to discuss and vote upon matters of a sensitive nature, such as personnel matters, litigation in which the Master Association is or may become involved, and similar orders of business.

Section 3.14 Action Without Meeting. Any action that is required or permitted to be taken at a Board meeting may be taken without a meeting if all of the Board or all members of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Master Association, and the number of the trustees constitutes a quorum. Action taken pursuant to this Section 3.14 shall be a valid corporate action as though it had been authorized at a meeting of the Board or the committee, as the case may be. The Secretary shall file these consents with the minutes of the Board meetings.

Section 3.15 Telephonic Conference. Trustees or any committee thereof may participate in a meeting of the Board or committee by means of telephonic conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 3.16 Right of Declarant to Disapprove Actions. So long as the Class B Memberships exist, the Declarant shall have a right to disapprove any action, policy or program of the Master Association, the Board and any committee which, in the sole and exclusive judgment of the Declarant, would tend to impair rights of the Declarant or any Merchant Builder under the Declaration or these Bylaws, or interfere with development, construction of any portion of SunCrest, or diminish the level of services being provided by the Master Association. No such action, policy or program shall become effective or be implemented until and unless:

3.16.1 The Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Master Association, the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Master Association, as it may change from time to time, which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

3.16.2 The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any

prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Declarant, its representatives or agents shall make their concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Declarant shall have and is hereby granted an exclusive right to disapprove any such action, policy, or program authorized by the Master Association, the Board or any committee thereof, if Board, committee, or Master Association approval is necessary for such action. This right may be exercised by the Declarant, its successors, assigns, representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provision thereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Master Association. The Declarant shall not use its right to disapprove to reduce the level of services which the Master Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 3.17 Fiscal Year. The fiscal year of the Master Association shall be set by resolution of the Board. In the absence of a Board resolution, the fiscal year shall be the calendar year.

#### ARTICLE IV OFFICERS

Section 4.1 Designation. The principal officers of the Master Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Board may appoint other officers as it finds necessary and such officers shall have the authority to perform the duties prescribed by the Board. Any two offices may be held by the same person, except the offices of President and Secretary. All officers must be members of the Board.

Section 4.2 Election and Term. The officers of the Master Association shall be elected annually by the Board at the organizational meeting of each new Board. They shall hold office at the pleasure of the Board.

Section 4.3 Removal and Vacancies. Upon the affirmative vote of a majority of the Board, any officer may be removed, either with or without cause. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled at any regular meeting of the Board or at any special meeting of the Board called for that purpose for the unexpired portion of the term.

Section 4.4 President. The President shall be the chief executive officer of the Master Association. The President shall preside at all meetings of the Members and of the Board. The President shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Utah, including but not limited to the power to appoint committees from among the Members from

time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Master Association. The President may fulfill the role of treasurer in the absence of the treasurer. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Master Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The Vice President shall perform the functions of the President in his or her absence or inability to serve.

Section 4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Members and the Board. The Secretary shall have charge of the Master Association's books and papers as the Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Utah. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and these Bylaws on behalf of the Master Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The Treasurer shall be responsible for Master Association's funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Utah. The Treasurer may endorse on behalf of the Master Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Master Association in banks designated by the Board. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Master Association, stock, securities or other investment instruments owned or controlled by the Master Association or as fiduciary for others. Reserve funds of the Master Association shall be deposited in segregated accounts or in prudent investments, as the Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Treasurer, and executed by two (2) trustees, one of whom may be the Treasurer if the Treasurer is also a trustee.

Section 4.8 Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.9 Execution of Instruments. Except as otherwise provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Master Association shall be executed by any officer of the Master Association or by any other person or persons designated by the Board.

Section 4.10 Statements of Unpaid Assessments. The Treasurer, Manager or, in their absence, any officer having access to the books and records of the Master Association may prepare, certify, and execute statements of unpaid Assessments. The Master Association may charge a reasonable fee for preparing statements of unpaid Assessments. The amount of this fee and the time of payment shall be established by resolution of the Board.

Section 4.11 Committees. The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

Section 4.12 Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 4.11, the Board may appoint a Covenants Committee consisting of at least three (3) and no more than seven (7) Members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article III of these Bylaws.

Section 4.13 Village Committees. In addition to any other committees appointed as provided above, each Village which has no formal organizational structure or association may elect a Village Committee to determine the nature and extent of services, if any, to be provided to the Village by the Master Association in addition to those provided to all Members of the Master Association in accordance with the Declaration. A Village Committee may advise the Board on any other issue, but shall not have the authority to bind the Board. Such Village Committees, if elected, shall consist of three (3) to five (5) Members, as determined by the vote of at least fifty-one percent (51%) of the Owners of Lots or Parcels within the Village.

4.13.1 Village Committee members shall be elected for a term of one (1) year or until their successors are elected. Any trustee elected to the Board from a Village shall be an *ex officio* member of the Committee. A Voting Member representing such Village shall be the chairperson of the Village Committee and shall preside at its meetings and shall be responsible for transmitting any and all communications to the Board.

4.13.2 In the conduct of its duties and responsibilities, each Village Committee shall abide by the notice, quorum, and procedural requirements applicable to the Board under Article III of these Bylaws; provided, however, the term "Member" shall refer to the Owners of Lots or Parcels within the Village.

## ARTICLE V ENFORCEMENT

Section 5.1 Master Association's General Rights of Enforcement of Provisions of This and Other Instruments. The Master Association, as the agent and representative of the Owners and Members shall have the right to enforce, by any proceeding at law or in equity,

the Covenants set forth in the Declaration, these Bylaws, and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of the Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Master Association or by Declarant.

Section 5.2 Abatement and Enjoinment of Violations by Owners. In addition to the provisions set forth in Section 5.1 above, the violation of any of the SunCrest Rules or the breach of any provision of the Governing Documents shall also give the Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

5.2.1 To enter the Lot or Parcel or Community Area in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing of condition (except for additions or alterations of a permanent nature that may exist in that Lot or Parcel) that is existing and creating a danger to the Community Area contrary to the intent and meaning of the provisions of the Governing Documents. The Board shall not be deemed liable for any manner of trespass by this action; or

5.2.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.3 Fine for Violation. The Board may adopt resolutions providing for fines or other monetary penalties for the infraction of the Governing Documents. Fines will be levied after notice thereof and an opportunity to be heard. The Board may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each violation of the Governing Documents, including those violations which persist after notice and an opportunity for a hearing is given.

Section 5.4 Specific Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Lot or Parcel of the violator, and to suspend an Owner's right to vote or any person's right to use the Community Area for violation of any duty imposed under the Governing Documents; provided, however, nothing herein shall authorize the Board to limit ingress and egress to or from a Lot or Parcel or to suspend an Owner's right to vote due to nonpayment of Assessments. In addition, the Board may suspend any services provided by the Master Association to an Owner or the Owner's Lot or Parcel if the Owner is more than thirty (30) days delinquent in paying any Assessment or other charges owed to the Master Association. In the event that any Resident, guest or invitee of a Lot or Parcel violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the Resident; provided, however, if the fine is not paid by the Resident within the time period set by the Board, the Owner shall pay the fine upon notice from the Master Association. The

failure of the Board to enforce any provision of the Governing Documents shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 5.5 Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board or the Covenants Committee, if any, appointed pursuant to Section 4.12 above; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided the Board or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and SunCrest Rules by any Person.

Section 5.6 Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Covenants Committee, if any, or if none, before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, a proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, trustee, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 5.7 Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the Manager, President, or Secretary of the Master Association within ten (10) days after the hearing date.

Section 5.8 Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article V, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or Resident responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.



## ARTICLE VI INDEMNIFICATION

Section 6.1 Actions By Or In The Right of The Master Association. The Master 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 Master Association) by reason of the fact that he or she is or was a trustee or officer of the Master Association, who is or was serving at the request of the Master Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Master Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Master Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful. No indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Master Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

Section 6.2 Successful on the Merits. To the extent that a trustee, Manager, officer, employee, fiduciary or agent of the Master Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in Section 6.1 above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection therewith.

Section 6.3 Determination Required. Any indemnification under Section 6.1 (unless ordered by a court) and as distinguished from Section 6.2, shall be made by the Master Association only as authorized by the specific case upon a determination that indemnification of the trustee or officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth in Section 6.1 above. Such determination shall be made by the Board by majority vote of a quorum consisting of those trustees who were not parties to such action, suit or proceeding or, if a majority of disinterested trustees so commands, by independent legal counsel and a written opinion or by Voting Members entitled to vote thereon.

Section 6.4 Payment in Advance of Final Disposition. The Master Association shall pay for or reimburse the reasonable expenses incurred by a former or current trustee or officer

who is a party to a proceeding in advance of final disposition of the proceeding if the trustee or officer furnishes to the Master Association a written affirmation of the trustee's good faith belief that he or she has met the standard of conduct described in Section 6.1, the trustee or officer furnishes to the Master Association a written understanding, executed personally or on the trustee's or officer's behalf to repay the advance if it is ultimately determined that the trustee or officer did not meet the standard of conduct and a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article VI. The undertaking required in this Section 6.4 shall be an unlimited general obligation of the trustee or officer but need not be selected and may be accepted without reference to financial ability to make repayment.

Section 6.5 No Limitation of Rights. The indemnification provided by this Article VI shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Voting Members or disinterested trustees, or otherwise, nor by any rights which are granted pursuant to the Act.

Section 6.6 Trustees and Officers Insurance. The Master Association shall purchase and maintain insurance on behalf of any person who is or was a trustee or an officer of the Master Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Master Association would have the power to indemnify such individual against such liability under provisions of this Article VI. The trustees and officers of the Master Association shall have the liabilities, and be entitled to indemnification, as provided in the Act.

## ARTICLE VII RECORDS

Section 7.1 Records and Audits. The Master Association shall maintain financial records, and such other records as required by the Declaration or the Act. The cost of any audit shall be a Community Expense unless otherwise provided in the Declaration.

Section 7.2 Examination. The Membership register, books of account and minutes of the meetings of the Master Association, of the Board and of committees of the Board, and all other records maintained by the Master Association or Manager, shall be made available for examination and copying by any Owner or by any of their duly authorized attorneys, at the expense of the Person examining the records during normal business hours and for a non-commercial purpose reasonably related to his or her interest as a Member, at the office where the records are maintained. Upon receipt of an authenticated written request from a Member along with the fee prescribed by the Board to defray the costs of reproduction, the Manager or other custodian of the records of the Master Association shall prepare and transmit to the Member a copy of any and all of the records of the Master Association requested. The Members' inspection privileges do *not* apply to the personnel records of the employees of the Master Association and the records of the Master Association relating to another Member. The Board shall establish reasonable rules with respect to:

7.2.1 Notice to be given to the custodian of the records by the Member desiring to make the inspection;

7.2.2 Hours and days of the week when such an inspection may be made; and

7.2.3 Payment of the cost of reproducing copies of documents requested by a Member.

Section 7.3 Inspection by Trustees. Every trustee shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Master Association and the physical properties owned or controlled by the Master Association. The right of inspection by a trustee includes the right to make a copy of relevant documents at the expense of the Master Association.

Section 7.4 Records. The books and accounts for the Master Association shall be kept in accordance with generally accepted accounting principles under the direction of the Treasurer. At the close of each fiscal year, the books and records of the Master Association shall be prepared by an independent public accountant approved by the Master Association, and financial statements shall be prepared by said accountant and distributed to all Voting Members.

#### ARTICLE VIII ASSESSMENTS

All Assessments shall be made in accordance with the general provisions of the Declaration. The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting SunCrest, specifying and itemizing the maintenance, repair and replacement expenses of SunCrest. Such records shall be available for examination by the Owners during regular business hours. In accordance with the actions of the Board in assessing Community Expenses against the Lots and/or Parcels and Owners, the Treasurer shall keep an accurate record of such Assessments and of the payments thereof by each Owner.

#### ARTICLE IX AMENDMENT TO BYLAWS

Section 9.1 By Declarant. Prior to the conveyance of the first Lot or Parcel by Declarant to a Person other than a Merchant Builder, the Declarant may unilaterally amend these Bylaws. After such conveyance, and notwithstanding anything contained in these Bylaws to the contrary, these Bylaws may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination which shall be in conflict therewith to make technical correction to fix mistakes or remove/clarify ambiguities; or (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots or Parcels subject

to the Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, so long as the Class B Memberships exist, Declarant may unilaterally amend these Bylaws for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the consent of the affected Owner.

Section 9.2 By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing sixty-seven percent (67%) of the total votes in the Master Association, and the consent of the Declarant, if such exists. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Section 9.3 Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon recordation in the land records of Salt Lake County, Utah and Utah County, Utah, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

9.3.1 If an Owner consents to any amendment to the Declaration or these Bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

9.3.2 No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

## ARTICLE X MISCELLANEOUS

Section 10.1 Notices. Unless otherwise provided in these Bylaws, all notices demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

10.1.1 If to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot or Parcel of such Member or Voting Member; or

10.1.2 If to the Master Association, the Board, or the Manager, at the principal office of the Master Association or the Manager, if any, or at such other address as shall be designated by notice in writing to the Voting Members pursuant to this Section 10.1.2.

Section 10.2 Conflicts. If there are conflicts between the provisions of Utah law, the Declaration, the Articles and these Bylaws, the provisions of Utah law, the Declaration, the Articles and these Bylaws (in that order) shall prevail. Should such conflicts arise, the mediation and dispute resolution provisions provided for in the Declaration are specifically incorporated herein by this reference and made a part of these Bylaws.

Section 10.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason or any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 10.4 Severability. The provisions hereof shall be deemed independent and severable, and the invalid or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

Section 10.5 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

Section 10.6 Effective Date. These Bylaws shall take effect upon Recording of the Declaration.

Section 10.7 Seal. The Board may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Master Association, the state of incorporation and the words "Corporate Seal".

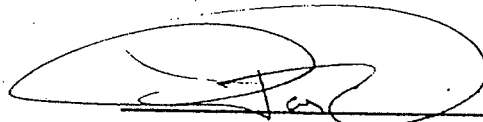
CERTIFICATION

I, the undersigned, do hereby certify:

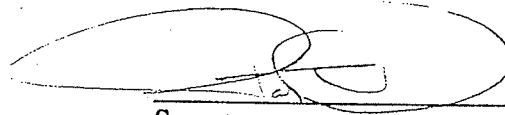
That I am the duly elected and acting Secretary of SunCrest Owners Association, Inc., a Utah nonprofit corporation;

That the foregoing Bylaws constitute the original Bylaws of said Master Association, as duly adopted at a meeting of the Board of Trustees thereof held on the 20<sup>TH</sup> day of APRIL, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Master Association this 20<sup>TH</sup> day of APRIL, 2000.

  
\_\_\_\_\_  
Secretary

Certified to be the Bylaws adopted by the Board of the SUNCREST OWNERS ASSOCIATION, INC., dated APRIL 20, 2000.

  
\_\_\_\_\_  
Secretary