

BY-LAWS
OF
COBBLESTONE COMMUNITY HOME OWNER'S ASSOCIATION INCORPORATED

ARTICLE I.
NAME AND REGISTERED OFFICE

The name of the corporation is Cobblestone Community Home Owner's Association, Incorporated. The registered office of the corporation shall be located at 175 North Main Street, Suite 102, Heber City, Utah 84032, but meetings of members and directors may be held at such places within the State of Utah, County of Wasatch, as may be designated by the Board of Directors.

ARTICLE II.
DEFINITIONS

Section 1: "Act" shall mean the Utah Revised Nonprofit Corporation Act, *Utah Code Ann.* § 16-6a-101 *et seq.*

Section 2: "Association" shall mean and refer to Cobblestone Community Home Owner's Association, Incorporated.

Section 3: "Properties" shall mean and refer to the real property described in Exhibit A attached hereto and in the Declaration of Covenants, Conditions and Restrictions, of the Cobblestone Subdivision and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 5: "Lot" shall mean a lot in the Development as reflected on the subdivision plat recorded with the Wasatch County Recorder.

Section 6: "Lots in all Phases" shall mean Lots in all Phases described in the Development Agreement recorded at the Wasatch County Recorder's Office whether or not the County has authorized construction within the Phase. It does not include any portion of the Properties that the Developer withdraws from the Properties pursuant to Article I of the Declaration.

Section 7: “Owner” shall mean the record title owner of a Lot as reflected in the records of the Wasatch County Recorder.

Section 8: “Declaration” shall mean refer to the Declaration of Covenants, Conditions and Restrictions of the Cobblestone Subdivision recorded in the Office of the Wasatch County Recorder.

Section 9: “Developer” shall mean Cobblestone Development, LLC., developer of the Properties.

Section 10: “Member” shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation of the Association.

ARTICLE III. MEETING OF MEMBERS

Section 1 - Annual Meetings: The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the second Monday of June of each calendar year thereafter, at the hour of two o’clock P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2 - Special Meetings: Special meetings of the members may be called at any time by the president or by any two (2) members of the Board of Directors, or upon written request of the members who are entitled to vote one fourth (1/4) of all of the votes.

Section 3 - Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member’s last address appearing on the books of the Association, or supplied in writing by such member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of meeting, and the purpose or agenda of the meeting.

Section 4 - Quorum: A quorum shall consist of the number of votes of members present at the meeting.

Section 5 - Proxies: At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or interest therein.

Section 6: The members may take action without a meeting to the full extent permitted by § 16-6a-707 of the Utah Code.

**ARTICLE IV.
BOARD OF DIRECTORS**

Section 1: The affairs of this Association shall be managed by a Board of three (3) Directors.

Section 2: Developer, its successor or assigns shall have the exclusive right to appoint and remove all Directors until 75% of the Lots in all Phases have been sold. Directors selected may, but need not, be members of the Association.

Section 3: After 75% of the Lots in all Phases have been sold, the members shall elect the Board of Directors as provided in Articles V and VI of these By-Laws. Directors elected by the members must be members of the Association.

**ARTICLE V.
BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE**

Section 1 - Term of Office: At the first annual members' meeting after the sale of 75% of the Lots in all Phases, the members shall elect one (1) Director for a term of two (2) years and two (2) Directors for a term of one (1) year. At each annual meeting thereafter, the members shall elect Directors to fill terms then expiring.

Section 2 - Removal and Vacancy: Any Director elected by the members or appointed by elected Directors may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of a vacancy on the Board for any reason, his successor shall be selected by the remaining elected Directors and shall serve for the un-expired term of his predecessor.

Section 3 - Compensation: Directors shall receive compensation for actual expenses incurred in the performance of their duties.

**ARTICLE VI.
NOMINATION AND ELECTION OF DIRECTORS**

Section 1 - Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members. The

Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2 - Election: Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII. MEETINGS OF DIRECTORS

Section 1 - Regular Meetings: Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2 - Special Meetings: Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 3 - Quorum: A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4 - Action Taken Without a Meeting: The Board of Directors may take action without a meeting to the full extent permitted by § 16-6a-813 of the Utah Code.

ARTICLE VIII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1 - Powers: The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use and maintenance of the common area and facilities, and the personal conduct of the members, their guests thereon, and invitees, and to establish penalties for the infraction thereof; which rules and regulations shall not be inconsistent with any provision of the declaration.

(b) Suspend the voting rights and the rights to use the recreational and other facilities on all or a part of the common area by any member or owner for any period during which such member or owner is delinquent in the payment of any assessment levied by the Association or is in violation of any provisions of the Declaration or of any rule or regulation of the Association.

Furthermore, after ten (10) days written notice specifying the default and the date of a hearing by the Board of Directors, the Board shall have the power on majority vote to suspend all or any part of the delinquent member's rights to vote and use all or any part of the recreational facilities located on common area or controlled by the Association so long as such member or owner continues in such default, and for an additional period not to exceed sixty (60) days after such default is remedied or discontinued.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(f) Exercise all powers and duties necessary to comply with the provisions of the Declaration and Development Agreement.

Section 2 - Rules: It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs.

(b) After 75% of the Lots in all phases have been sold, to present a financial statement to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the (members) who are entitled to vote.

(c) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(d) Make and collect assessments as provided in Article X of the Declaration.

(e) Issue, or to cause an appropriate officer to issue, upon demand by a member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(f) Procure and maintain adequate liability and hazard insurance on property owned by the Association.

(g) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

- (h) Cause the common area to be maintained in a clean, safe, and attractive manner.
- (i) Cause the owners of the Lots to maintain the exterior of the dwellings, and the yards around the dwellings, in a clean, safe and attractive manner, and in compliance with the Declaration.
- (j) To generally enforce all provisions of the Declaration as they may apply to owners of lots and the use and maintenance thereof.

Section 3: The Board of Directors shall bear the right and responsibility to enforce the provisions of the Declaration with respects to the rights and privileges of the Association and each member thereof. The provisions of this paragraph do not impair the rights of any individual member to enforce the provisions of the Declaration with respects to such member to the extent permitted by the Declaration.

ARTICLE IX. OFFICERS AND THEIR DUTIES

Section 1 - Enumeration of Offices: The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time, by resolution, create.

Section 2 - Election of Officers: The election of officers shall take place at the annual meeting of the Board of Directors following each annual meeting of the members.

Section 3 - Term: The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4 - Resignation and Removal: Any officer may be removed from office with or without cause by the Board. 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 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 5 - Vacancies: A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer so replaced.

Section 6 - Multiple Offices: The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

Section 7 - Duties: The duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; except as may otherwise from time to time be provided by the Board of Directors shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X. COMMITTEES

The Association shall appoint an Architectural and Building Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI. BOOKS AND RECORDS

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the registered office of the Association where copies may be purchased at reasonable cost.

ARTICLE XII. ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made.

**ARTICLE XIII.
CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: Cobblestone Community Home Owners Association.

**ARTICLE XIV.
INDEMNIFICATION**

The Association shall and does hereby indemnify and hold harmless (each person and his or her heirs and administrators) who shall serve at any time as a Director and/or employee of the Association to the fullest extent allowable under Utah law from and against any and all claims, judgments, and liabilities to which such persons shall become subject, by reason of his or her having heretofore or hereafter been a Director and/or employee of the Association or by reason of any action alleged to have been heretofore or hereafter taken or omitted to have been taken by him as such Director and/or employee and shall reimburse any such person for all legal and other expenses reasonably incurred by him in connection with any such claim or liability. This indemnification does not apply to intentional, malicious or willful acts or omissions of the Director and/or employee. It is the intent hereof that the Directors or employees be and are hereby indemnified to the fullest extent permitted by the laws of the State of Utah and these By-Laws.

**ARTICLE XV.
AMENDMENTS**

Section 1: Developer, its successor or assigns shall have the exclusive right to amend these By-Laws until 75% of the Lots in all Phases have been sold.

Section 2: After 75% of the Lots in all Phases have been sold, these By-Laws may be amended, at a regular or special meeting of the members, by a majority vote of the quorum of membership present in person or by proxy.

Section 3: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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**ARTICLE XVI.
MISCELLANEOUS**

Section 1 - Fiscal Year: The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year except that the first fiscal year shall begin on the date of incorporation.

Section 2- Notice to Owners: Any notice required to be given to the Owners shall be deemed given upon sending of the notice by first-class mail to the Owner's address shown on the Association's records or provided to the Association in writing by the Owner.

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ACKNOWLEDGMENT OF REGISTERED AGENT

The undersigned hereby acknowledges his appointment as registered agent in the above and foregoing By-Laws of Cobblestone Community Home Owner's Association, Incorporated.

Dated this ____ day of _____, 2004.

REGISTERED AGENT:

Joseph T. Dunbeck, Jr.

Dated this ____ day of _____, 2004.

COBBLESTONE DEVELOPMENT, L.L.C.
390 North Main Street
Heber City, Utah

By: _____
Mike Petersen
Its Manager

STATE OF UTAH)
 :SS
COUNTY OF WASATCH)

The foregoing instrument was acknowledged before me this __ day of _____, 2004, by Mike Petersen, the Manager of Cobblestone, L.L.C. Mike Petersen stated that the foregoing instrument was signed on behalf of Cobblestone, L.L.C. by authority of its By-Laws or Operating Agreements or pursuant to a resolution of its Board of Directors or consent of its members.

Notary Public