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Salt Lake City, UT 84111

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RICHARD T. MAUGHAN
DAVIS COUNTY, UTAH RECORDER
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**FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND RESERVATION OF EASEMENTS
OF THE
QUAIL LANE CONDOMINIUMS**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTCIONS, AND RESERVATION OF EASEMENTS OF THE QUAIL LANE CONDOMINIUMS ("Amendment") is made as of the 14th day of April, 2010, by QUAIL LANE CONDOMINIUMS ASSOCIATION, a Utah non-profit corporation ("Declarant").

RECITALS:

A. On or about April 24, 2007, Declarant entered into a Declaration of Covenants, Conditions Restrictions, and Reservation of Easements (the "Declaration"). The Declaration was recorded on May 29, 2007, as Entry No. 2274473, in Book 4292, at page 726 in the office of the Davis County Recorder.

B. The Declaration affects certain real property commonly known as the Quail Lane Condominiums (the "Condominium Project"), located in Davis County, Utah. The Condominium Project is located upon real property more particularly described on Exhibit A attached hereto and incorporated by reference herein.

C. The Owners of condominium units within the condominium project desire to amend the Declaration to incorporate the Bylaws of the Quail Lane Condominium Association (the "Association") as part of the Declaration.

D. The vote of the Owners of the Association has been taken pursuant to the Declaration and the actions contemplated in this Amendment have been approved by the Association.

Terms and Conditions:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant hereby amends the Declaration as follows:

1. Bylaws. The Bylaws of the Association (the "Bylaws") attached hereto as Exhibit B, are hereby incorporated by reference and shall be the Bylaws that govern the Association, as defined in the Declaration.

2. Consent. The appropriate consent of the required Owners has been obtained pursuant to Section 12.3 of the Declaration, in that 75% of the Owners have approved either in writing or by affirmative vote to amend the Declaration as set forth in this Amendment.

3. Certification of Vote. The officer whose name is ascribed to this Amendment hereby certifies that the appropriate vote has been taken, pursuant to the Declaration, as set forth in Paragraph 2 hereof.

4. Miscellaneous. All capitalized terms used in this Amendment and not defined herein shall have the meanings attributed to such terms in the Declaration. To the extent that the provisions of this Amendment are inconsistent with the provisions of the Declaration, the provisions of this Amendment shall control and the Declaration is modified accordingly. Except as amended herein, the terms and conditions of the Declaration shall remain the same and in full force and effect. All exhibits attached to this Amendment are incorporated herein by reference. This Amendment shall become effective upon recording at the office of the Davis County Recorder.

IN WITNESS WHEREOF, the Association has caused this First Amendment to Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements of the Quail Lane Condominiums to be executed as of the day and year first above written.

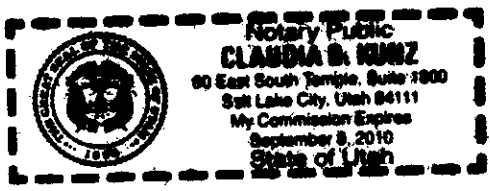
ASSOCIATION:

QUAIL LANE CONDOMINIUMS
ASSOCIATION

By *Cody Tak*
Cody Tak
Its: President

STATE OF UTAH)
 : ss.
COUNTY OF Salt Lake

On this 14th day of April, 2010, personally appeared before me CODY TAK, who being by me duly sworn, did say that he is the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in his authorized capacity as President of QUAIL LANE CONDOMINIUMS ASSOCIATION, a Utah nonprofit corporation.



Claudia B. Kunz
NOTARY PUBLIC

EXHIBIT A

To

**First Amendment to Declaration of Covenants, Conditions, Restrictions and
Reservation of Easements of the Quail Lane Condominiums**

Legal Description

PARCEL 1:

Beginning at a point 1073.74 feet South and 772.25 feet East from the Northwest Corner of Section 31, Township 2 North, Range 1 East, Salt Lake Meridian, and running thence West 234.21 feet; thence South 126.35 feet, thence West 114.40 feet; thence South 6°30' West 100.65 feet; thence East 360 feet; thence North 226.35 feet to the place of beginning.

PARCEL 2:

Together with and subject to a right of way for use in common with adjoining owners on the West over the following described tract, to-wit:

Beginning at the Southwest Corner of the above described tract, and running thence West 294.15 feet to the East line of highway, thence North 31°25' East along East line of Highway 23.44 feet; thence East 284.31 feet; thence South 6°30' West 20.13 feet to the place of beginning.

Parcel 1 & Parcel 2 Boundary Description described by survey as follows:

Beginning at a point which lies North 89°53'15" East 770.79 feet along the Section Line and South 00°04'29" West 1073.75 feet from the Northwest Corner of Section 31, Township 2 North, Range 1 East, Salt Lake Base and Meridian; and running thence South 00°04'29" West 226.35

The foregoing real property is also described as:

ALL OF UNITS 1-29, inclusive, of QUAIL LANE CONDOMINIUMS, as shown on the Record of Survey Map for such condominium project as recorded in the official records of Davis County, State of Utah.

EXHIBIT B
To
First Amendment to Declaration of Covenants, Conditions, Restrictions and
Reservation of Easements of the Quail Lane Condominiums

Bylaws of Quail Land Condominiums Association

[See attached]

**Bylaws
of
Quail Lane Condominiums Association**

**Bylaws of
Quail Lane Condominiums Association**

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**Bylaws of
Quail Lane Condominiums Association**

ARTICLE I – PURPOSES

Section 1.01 Purpose. This corporation is organized for any and all lawful purposes for which a nonprofit corporation may be organized under the Utah Revised Nonprofit Corporation Act, as amended, as set forth in the corporation's Articles of Incorporation, including, without limitation, (i) to provide for the management, operation, maintenance, preservation, and control (including architectural control) of the condominium units (the "Units") and any common areas (hereafter, the "Properties") within the Quail Lane Condominiums, a planned condominium unit development, located Davis County, Utah, as the same may be constituted from time to time; (ii) to promote the health, safety and welfare of the Members and other residents and occupants within the Properties; and (iii) for other purposes not for profit.

ARTICLE II – OFFICES

Section 2.01 Offices. The principal office of the corporation may be located at any place, either in or outside the State of Utah, as designated in the corporation's most current Annual Report filed with the Utah Division of Corporations and Commercial Code. The corporation may have such other offices, either in or outside the State of Utah, as the Management Committee may designate or as the business of the corporation may require from time to time. The corporation shall maintain at its principal office a copy of certain records, as specified in Section 16-6a-1601 of the Utah Revised Nonprofit Corporation Act. The initial address of the corporation's principal office shall be 6440 South Wasatch Blvd. #200, Salt Lake City, Utah, 84121.

Section 2.02 Registered Office. The registered office of the corporation, required by Section 16-6a-501 of the Utah Revised Nonprofit Corporation Act, shall be located in the State of Utah and may be, but need not be, identical with the corporation's principal office (if located in the State of Utah). The address of the registered office may be changed from time to time.

Section 2.03 Definitions. Any capitalized terms used in these Bylaws which are not defined shall have the same meaning as set forth in the Declaration of Covenants,

Conditions, Restrictions, and Reservation of Easements of the Quail Lane Condominiums, recorded in the official records of the Davis County Recorder on May 29, 2007, as instrument no. 2274473, in Book 4292, Page 726 (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "**Declaration**"), unless the context indicates otherwise.

ARTICLE III – MEMBERS

Section 3.01 Membership. The qualifications, privileges and obligations of membership in the Association shall be as set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 3.02 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Management Committee either within the Project or as convenient thereto as possible and practical.

Section 3.03 Annual Meetings. Annual meetings of the Association shall be held during the month of January or February in each year on a date and at a time set by the Management Committee.

Section 3.04 Special Meetings of Membership. The President (as defined below) may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Management Committee or upon a petition signed by Members representing at least twenty percent (20%) of the total Voting Rights of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as expressly stated in the notice.

Section 3.05 Notice of Meetings. Written or printed notice stating the place, day, and hour of any meetings of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than twenty (20) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary (as defined below) or the officers or persons calling the meeting. In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for

which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as expressly stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the Member's then-current address as it appears on the records of the Association, with postage thereon prepaid.

Section 3.06 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member or its proxy shall be deemed a waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 3.07 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are represented at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than sixty (60) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members represented 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 Members to leave less than a quorum.

Section 3.08 Voting. The Voting Rights of the Members shall be as set forth in the Declaration, and such Voting Rights provisions are specifically incorporated herein.

Section 3.09 Proxies. At all meetings of the Members, Members may vote in person or by proxy and, in the case of a Member which is a corporation, partnership or other legal entity, such Member shall vote by proxy. Every proxy shall be in writing, dated, signed and filed with the Secretary prior to the meeting for which it is to be effective. Except as otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two (2) or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. No proxy shall be valid more than six (6) months after its execution unless otherwise expressly provided in the proxy. Regardless of the language set forth in any written proxy, every proxy shall be revocable at any time and shall automatically cease upon conveyance of the Member's Unit. Proxies shall be valid even if presented in facsimile form.

Section 3.10 Majority. As used in these Bylaws, the term "majority" shall mean those Voting Rights, owners, Members, or other group as the context may indicate totaling more than fifty percent (50%) of the total number.

Section 3.11 Quorum. Except as otherwise expressly provided in these Bylaws, the requirements or provisions for a quorum with respect to any meeting or any vote of the Association or its Members shall be as set forth in the Declaration. If the required quorum is not present, additional meetings may be called pursuant to the terms of the Declaration. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 3.12 Conduct of Meetings. The President shall preside at all meetings of the Association, and the Secretary or designated managing agent 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.

Section 3.13 Action Without a Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by Members with the requisite amount of Voting Rights with respect to the subject matter thereof, and any such consent shall have the same force and effect if a meeting had occurred and a vote by an appropriate quorum had been properly taken.

ARTICLE IV – MANAGEMENT COMMITTEE

Section 4.01 General Powers. The business and affairs of the corporation shall be managed under the direction of its Management Committee, each member of which shall have one (1) vote.

Section 4.02 Declarant Control. The Declarant shall have the sole and exclusive right to appoint and remove all Management Committee members (and their respective offices) consistent with the Declaration, the Articles, and these Bylaws, until the first to occur of: (i) three (3) years from the date on which the first Unit in the Project is conveyed by Declarant to a person(s) or entity(ies) not affiliated with Declarant; or (ii) the date on which the twentieth (20th) Unit is conveyed by Declarant to a person(s) or entity(ies) not affiliated with Declarant. Thereafter, the responsibility for electing the Management Committee of the Association shall be turned over to the Members of the Association.

Section 4.03 Number and Election of Members. The Management Committee shall consist of three (3) members. After Declarant's right to appoint the members of the Management Committee terminates as set forth above, the Owners of the Units shall elect the members of such committee. Only Owners that are current in the payment of all assessments (or agents or officers of such Owners) at the time of such Owners' election may serve as members of the Management Committee. Commencing at the first annual meeting after the Declarant's right to appoint the members of the Management Committee terminates, the Owner's shall elect successors to the Management Committee members appointed by Declarant. At such annual meeting in which the Owners elect successors to Declarant's appointed Management Committee members, two (2) of the Management Committee members shall be elected to serve two (2) year terms (the President and Vice President) and one (1) of the Management Committee member shall be elected to serve a one (1) year term (the Secretary). Thereafter, all members of the Management Committee will each serve as a member for a term of two (2) years; provided, however, such members shall continue to hold office until a replacement or successor to such member is elected. Subject to the terms and conditions of set forth below, each member of the Management Committee shall be elected at succeeding annual meetings at the expiration of such member's term.

Section 4.04 Removal or Termination of Members of the Management Committee. Members of the Management Committee may be removed or terminated as members of such committee under any of the following circumstances:

(i) A member shall automatically be terminated as a member of the Management Committee if such member resigns, dies or ceases to be an Owner of any portion of any Unit (whether through (a) a sale, transfer, or conveyance of such member's right, title and interest, all of such member's ownership interest, (b) a foreclosure, or sale in lieu of foreclosure, by any Mortgagee, or (c) or any other means);

(ii) A member may be removed as a member of the Management Committee: (a) upon the vote of a majority of the other members of the Management Committee if such member fails to pay any assessment due from such Owner within the time periods set forth in the Declaration for payment of same; (b) upon the vote of a majority of the other members of the Management Committee if such member misses more than three (3) consecutive regularly scheduled meetings of the Management Committee (of which meetings such member received proper notice); (c) at any time upon a vote by the Owners holding a majority of the Voting Rights within the Association.

Section 4.05 Replacement of Members of the Management Committee. A vacancy on the Management Committee created by the termination, removal, resignation or death of a member of such committee shall be filled by an Owner that otherwise meets the requirements set forth in Section 4.03 above that is appointed by a majority vote of the other members of the Management Committee; provided, however, that such new member of the Management Committee shall only serve until the next annual meeting of the Owners at which time there shall be an election for a new member of the Management Committee.

Section 4.06 Resignation. Any member of the Management Committee may resign at any time by giving written notice to the corporation. A resignation is effective when the notice is received by the corporation unless the notice specifies a later effective date.

Section 4.07 Regular Meetings. Regular Meetings of the Management Committee may be held at such time and place as shall be determined from time to time by a majority of the members of the Management Committee, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Management Committee members not less than fifteen (15) days prior to the meeting; provided, however, notice of a meeting need not be given to

any member of the Management Committee who has signed a waiver of notice or a written consent to holding of the meeting.

Section 4.08 Special Meetings. Special meetings of the Management Committee shall be held when called by written notice signed by either (i) the President of the Association, or (ii) the Vice President (as defined below) and Secretary (as defined below) acting together. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Management Committee member by one of the following methods: (a) by personal delivery, (b) written notice by first class mail, postage prepaid, (c) by telegram, charges prepaid, or (d) by telephone communication, either directly to the Management Committee member or to a person at the Management Committee member's office or home who would reasonably be expected to communicate such notice promptly to the Management Committee member (provide such telephone communication is followed up immediately with one of the other methods of communicating notice as set forth in (a), (b) or (c)). All such notices shall be given at the Management Committee member's telephone number or sent to the Management Committee member's address as shown on the records of the Association. Notices shall be deemed delivered either (i) at the time of personal delivery of any notice (if personally delivered), (ii) at the time any notice is dropped in the mail (if sent by first class mail), (iii) at the time any telegram is sent (if sent via telegram), or (iv) at the time any telephone communication is made (or at the time any message is left), provided, as set forth above, another method of notice is immediately provided.

Section 4.09 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Management Committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Management Committee. Such consent has the same force and effect as a unanimous vote of the members of the Management Committee. Action taken under this provision is effective at the time the last Management Committee member signs a writing describing the action taken, unless, prior to that time, any Management Committee member has revoked a consent by a writing signed by the Management Committee member and received by the Secretary or any other person authorized by these Bylaws or the Management Committee to receive the revocation, or unless the consent specifies a different effective time.

Section 4.10 Waiver of Notice.

(a) **Written Waiver.** Any member of the Management Committee may waive notice of any meeting before or after the date and time of the meeting stated in the notice. Except as provided in subsection (b), below, the waiver must be in writing and signed by the member of the Management Committee entitled to notice. The waiver shall be delivered to the corporation for filing with the corporate records, but delivery and filing are not conditions to its effectiveness.

(b) **Waiver by Attendance.** The attendance of a member of the Management Committee at or participation in a meeting waives any required notice to such Management Committee member of the meeting unless such member at the beginning of the meeting, or promptly upon such member's arrival, objects to the holding of the meeting or the transacting of business at the meeting because of lack of notice or defective notice, and does not thereafter vote for or assent to action taken at the meeting.

Section 4.11 Quorum. At all meetings of the Management Committee, a majority of the members of the Management Committee shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Management Committee (whether or not all such members are present) shall be necessary to pass any action or to constitute any decision of the Management Committee. If any meeting of the Management Committee cannot be held because a quorum is not present, any member or members of the Management Committee who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 4.12 Manner of Acting. The act of a majority of the members of the Management Committee is the act of the Management Committee. Voting by proxy in connection with any Management Committee vote is not permitted.

Section 4.13 Meetings by Telecommunication. The Management Committee may permit any or all members of the Management Committee to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all members of the Management Committee participating may hear each other during the meeting. A member of the Management Committee participating in a meeting by this means is considered present in person at the meeting.

Section 4.14 Powers and Duties. The Management Committee shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are provided by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the Members.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Management Committee, to the extent not expressly contrary to the Declaration, shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, by way of explanation, but not limitation:

- (a) preparation and adoption, in accordance with the Declaration, of annual budgets;
- (b) making assessments to defray the Association's expenses as more fully set forth in the Declaration;
- (c) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its property and any other property for which it has responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (d) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the Management Committee members' best business judgment, in depositories other than banks;
- (e) making and amending rules and regulations;
- (f) opening of bank accounts on behalf of the Association and designating the signatories required;

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the property of the Association in accordance with the provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(h) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners or Members concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(k) keeping books with detailed amounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred,

(l) making available to any prospective purchaser of a Unit, any Owner of a Unit, and the holders, insurers, and guarantors of mortgages or deeds of trust on any Unit, current copies of the Declaration, the Articles, the Bylaws, rules and all other books, records, and financial statements of the Association, to the extent reasonable;

(m) permitting utility suppliers to use portions of the Association's property, if any, as reasonably necessary to the ongoing development or operation of the Properties;

(n) indemnifying a member of the Management Committee, officer or other committee member, or former member of the Management Committee, officer or other committee member of the Association to the extent such indemnity is required by Utah law, the Articles or the Declaration; and

(o) employing a professional property manager to carry out its duties under the Declaration, these Bylaws and any rules and regulations.

Notwithstanding the foregoing, as set forth in the Declaration, the Management Committee may not act on behalf of the Association to: (a) amend the Declaration; (b) terminate the Association, the Declaration or the Project; (c) elect members to the Management Committee (except the Management Committee may appoint members as specifically provided in Section 4.05 above); or (d) determine the qualifications, powers and duties, or terms of office, of members of the Management Committee.

Section 4.15 Management. The Management Committee may, at its option, retain for the Association a professional property manager at a compensation established by the Management Committee to perform such duties and services as the Management Committee shall authorize. The Management Committee may delegate to the property manager, subject to the Management Committee's supervision, all of the powers granted to the Management Committee by these Bylaws, other than the powers set forth in subparagraphs (b), (e), (f), (h), (m), (n) and (o) of Section 4.14 above.

Section 4.16 Accounts and Reports. The following management standards of performance shall be followed unless (i) otherwise required under applicable law, (ii) otherwise set forth in the Declaration, or (iii) otherwise specifically determined by a resolution of the Management Committee.

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Management Committee;

(f) financial reports shall be prepared for the Association at intervals as established by the Management Committee (but not less than annually) containing:

- (i) an Income Statement reflecting all income and expense activity for the preceding period on an accrual basis;
- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
- (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent; and

(g) an audit consisting of at least the following shall be made available to all Members within one hundred twenty (120) days after the close of the fiscal year, (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The audit referred to above shall be prepared by an independent certified public accountant.

Section 4.17 Borrowing. The Management Committee shall have the power to borrow for any legal purpose, provided, the approval of the Members of the Association holding at least fifty-one (51%) percent of the Voting Rights represented in person or by proxy at a duly constituted meeting shall be required in the event that the proposed borrowing, together with all other debt incurred within the previous twelve (12) month period, exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these Bylaws, or the Articles, no mortgage lien shall be placed on any portion of

the Association's property without the affirmative vote or written consent, or any combination thereof, of Members representing at least fifty-one percent (51%) of the total Association Voting Rights.

Section 4.18 Rights of the Association. The Association shall have the right to contract with any person or entity for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other property owners' agreements with trusts, condominiums, and cooperatives, of other property owners or similar associations, both within and without the Properties. Such agreements shall require the consent of a majority of the Management Committee members.

Section 4.19 Enforcement. The Management Committee shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote and the Voting Rights for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder. In addition, the Association shall be entitled to suspend any services provided by the Association to the Owner or the Owner's Unit in the event that the Owner is more than thirty (30) days delinquent in paying any assessment. In the event that any occupant, guest or invitee of a Unit violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Management Committee, the Owner shall pay the fine upon notice from the Association. The failure of the Management Committee to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Management Committee to do so thereafter.

(a) Notice. Except as provided in subsection (c) below, prior to imposition of any sanction hereunder or under the Declaration, the Management Committee 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 or its representative may present a written request to the Management Committee for a hearing; 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 Management 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 rules by any Person.

(b) Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Management Committee in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, 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, Management Committee member, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative 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.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Management Committee, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association 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 procedures set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE V – OFFICERS

Section 5.01 Number. The three members of the Management Committee shall be the officers of the Association. At the time of any election of any member of the Management Committee, such Management Committee members shall be elected to specific offices. The three (3) officers of the Association shall be (i) President (the “President”), (ii) Vice President (the Vice President”), and (iii) Secretary – Treasurer (the “Secretary”).

Section 5.02 Compensation. Except to the extent approved by a vote of the requisite amount of Voting Rights by members of the Association, no compensation shall be

provided to the officers or Management Committee members for their work or services; provided, however, such officers or Management Committee members may be reimbursed for actual, reasonable out-of-pocket expenses and costs incurred in the performance of their respective duties.

Section 5.03 The President. The President shall be the chief executive officer of the corporation and, under the direction of the Management Committee, shall in general supervise and control all the business and affairs of the corporation. The President shall, when present, preside at meetings of the Management Committee. The President may hire, prescribe the duties of, and fire employees, and may delegate such authority in whole or in part to any other officer or employee. The President may sign, with the Vice President or Secretary, certificates for shares of the corporation, and any deeds, mortgages, bonds, contracts, or other instruments which the Management Committee has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Management Committee or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of a president and such other duties as may be prescribed by the Management Committee from time to time.

Section 5.04 The Vice President. In the absence of the President, or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may sign, with the President or Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him or her by the President or by the Management Committee.

Section 5.05 The Secretary - Treasurer. The Secretary shall (a) keep the minutes of the Management Committee's meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and affix such seal to documents when authorized; (d) maintain the records required under Section 16-6a-1601 of the Utah Revised Nonprofit Corporation Act, (e) have charge and custody of and be responsible for all funds and securities of the corporation; (f) receive and give receipts for moneys due and payable to the corporation from any source whatsoever,

and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the other provisions of these Bylaws; (g) in general perform all duties incident to the office of a secretary and/or the office of a treasurer; and (h) such other duties as from time to time may be assigned to him or her by the President or by the Management Committee. In the absence of the Secretary, the President shall perform these duties.

Section 5.06 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Management Committee.

Article VI – Committees

Section 6.01 General. The Management Committee, in its sole discretion, may create committees to perform or oversee certain tasks. Such committees and their individual members may be established and serve for any periods designated by a resolution adopted by a majority of the Management Committee members. Each committee shall operate in accordance with the terms of the resolution of the Management Committee designating the committee or with rules adopted by the Management Committee. Only Owners of Units within the Association who meet the eligibility requirements for Management Committee members set forth in Section 4.03 above may be members of other committees.

ARTICLE VII – INDEMNIFICATION

Section 7.01 Indemnification. The corporation shall indemnify each person who is or was a Management Committee member, officer, employee, or agent of the corporation or an individual who, while serving the indicated relationship to the corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, fiduciary, or agent of another corporation or other person or of an employee benefit plan, to the fullest extent permitted by the Utah Revised Nonprofit Corporation Act.

Section 7.02 Authorization of Indemnification. The corporation shall be deemed to have authorized such indemnification whenever as determination has been made under Section 16-6a-906 of the Utah Revised Nonprofit Corporation Act that indemnification of an

individual is permissible in the circumstances because the person has met the applicable standard of conduct.

Section 7.03 Advance of Expenses. The corporation shall accept the undertaking required by Subsection 16-6a-904(1)(b) of the Utah Revised Nonprofit Corporation Act without reference to financial ability to make repayment.

Section 7.04 Insurance. The corporation may purchase and maintain liability insurance on behalf of a person who is or was a Management Committee member, officer, employee, fiduciary, or agent of the corporation, or who, while serving as a Management Committee member, officer, employee, fiduciary, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary, or agent of another foreign or domestic corporation or other person, or of an employee benefit plan, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as a Management Committee member, officer, employee, fiduciary, or agent, whether or not the corporation would have power to indemnify him or her against the same liability.

Section 7.05 Savings Clause. If this Article or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each officer and Management Committee member as to expenses, including attorneys' fees, judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether internal or external, including without limitation a grand jury proceeding and an action or suit brought by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

**ARTICLE VIII – COVENANTS, CONDITIONS, RESTRICTIONS,
RULES AND REGULATIONS FOR THE PROPERTIES**

Section 8.01 Covenants, Conditions and Restrictions. Use and maintenance of the Properties are governed and restricted by those certain covenants, conditions, restrictions and other provisions set forth in the Declaration.

Section 8.02 Rules and Regulations. In addition to the use and maintenance restrictions described in Section 8.01 above, the Management Committee may, in its sole discretion, at any time and from time to time, implement and enforce any other restrictions, rules and regulations for all or any portion of the Properties, including without limitation, restrictions, rules and regulations relating to (i) the swimming pool, (ii) the common areas, (iii) smoking (inside any Units or outside in common areas), (iv) parking and parking areas, and (v) noise levels.

ARTICLE IX – MISCELLANEOUS

Section 9.01 Fiscal Year. The fiscal year of the Association shall be set by resolution of the Management Committee. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 9.02 Parliamentary Rules. Except as may be modified by Management Committee resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Utah law, the Articles, the Declaration, or these Bylaws.

Section 9.03 Conflicts. If there are conflicts between the provisions of Utah law, the Articles, the Declaration, and these Bylaws, the provisions of Utah law, the Declaration, the Articles, and the Bylaws (in that order) shall prevail.

Section 9.04 Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and Bylaws, membership register books of account, and minutes of meetings of the Members, the Management Committee, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by the duly appointed representative of any Member at any reasonable time and for a purpose reasonably related to his or her interest in a Unit at the office of the Association or at such other place within the Properties as the Management Committee shall prescribe.

(b) Rules for Inspection. The Management Committee shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Management Committee Members. Every Management Committee member shall have the absolute right at any time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Management Committee member shall include the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 9.05 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;


(a) If to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no street address has been designated, at the address of the Unit of such Member; or

(b) If to the Association, the Management Committee, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 9.06 Amendment. These Bylaws may be amended in accordance with the same procedures and manner as an amendment to the Declaration, including any and all unilateral rights of Declarant to amend the Declaration (and, in the same manner, these Bylaws).

CERTIFICATION OF BYLAWS

I, THE UNDERSIGNED, being the President of Quail Lane Condominiums Association, do hereby certify the foregoing to be the bylaws of such corporation.



Cody Tak, President