

**CERTIFICATE OF APPROVAL
OF AMENDED AND RESTATED BYLAWS
OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION**

The undersigned, being duly authorized Officers of the Terrace Falls Condominium Owners' Association, being duly sworn, certify as follows:

1. Attached to this Certification is the AMENDED AND RESTATED BYLAWS OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION, a Condominium Development situated in Salt Lake City, Salt Lake County, State of Utah (hereinafter "Amended and Restated Bylaws").
2. The prior COMPOSITE COPY OF TERRACE FALLS CONDOMINIUM OWNERS ASSOCIATION'S COVENANTS, CONDITIONS, RESTRICTIONS DECLARATION AND BYLAWS and its other previously recorded amendment(s), composites and restatements were properly amended by the attached Amended and Restated Bylaws and the contemporaneously filed AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION, by the affirmative vote of a majority of the Voting Shares comprising the Association's membership.
3. The Association authorized the recording of the Amended and Restated Bylaws with this Certificate.

Dated: February 23, 2023

Terrace Falls Condominium Owners' Association

By: Jonathan Boxer
Jonathan Boxer, President

By: DeAnna DeBry
DeAnna DeBry, First Vice President

By: Lark Galley
Lark Galley, Second Vice President

By: Kandace Steadman
Kandace Steadman, Secretary

By: Norman Waitzman
Norman Waitzman, Treasurer

STATE OF UTAH)
) ss
COUNTY OF SALT LAKE)

On the 23 day of February, 2023, personally appeared before me Jonathan Boxer, DeAnna DeBry, Lark Galley, Kandace Steadman and Norman Waitzman, each of whom being by me duly sworn did say, for himself or herself or themselves that he or she or they is a duly appointed officer of the Association, and that the foregoing instrument was duly approved in writing by the affirmative vote of more than fifty percent (50%) of the Association's Voting Shares.

Alysha Lucas
NOTARY PUBLIC



14089215 B: 11410 P: 3410 Total Pages: 36
04/03/2023 02:39 PM By: salvarado Fees: \$180.00
Rashelle Hobbs, Recorder, Salt Lake County, Utah
Return To: LARK GALLEY
171 E 3RD AVENUE APT 605 SALT LAKE CITY, UT 84103

**AMENDED AND RESTATED BYLAWS OF
TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION**

THESE AMENDED AND RESTATED BYLAWS OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION (hereinafter "Bylaws") are effective upon recording in the Salt Lake County Recorder's Office pursuant to the Utah Condominium Ownership Act and the Utah Revised Nonprofit Corporation Act.

INDEX

RECITALS	1
ARTICLE 1, DEFINITIONS	1
ARTICLE 2, APPLICATION	1
ARTICLE 3, THE BOARD OF DIRECTORS	1
3.1 NUMBER, TENURE AND QUALIFICATIONS OF BOARD MEMBERS	2
3.2 NOMINATION AND ELECTION OF BOARD MEMBERS	2
3.3 RESIGNATIONS AND REMOVAL	4
3.4 FILLING VACANCIES ON THE BOARD	4
3.5 COMPENSATION OF BOARD MEMBERS	4
3.6 LIMIT ON BOARD MEMBER LIABILITY	4
3.7 LIMITATION ON MANAGEMENT AGREEMENTS	5
3.8 BOARD MEETINGS	5
3.9 QUORUMS AND MANNER OF ACTION	5
3.10 NOTICE TO OWNERS OF BOARD MEETINGS	5
3.11 OPEN MEETINGS AND EXECUTIVE SESSIONS	6
3.12 ACTIONS WITHOUT MEETINGS	6
3.13 ADJOURNMENTS	6
3.14 WAIVER OF IRREGULARITY OR INACCURACIES IN NOTICE	6
3.15 BRINGING MATTERS TO THE BOARD'S ATTENTION	6
3.16 GOVERNMENTAL COMPLIANCE	7
ARTICLE 4, OFFICERS	8
4.1 DESIGNATION AND APPOINTMENT OF OFFICERS	8
4.2 DUTIES OF OFFICERS	8
4.3 ASSISTANT OFFICERS	9
4.4 RETENTION OF RESPONSIBILITY	10
4.5 RESIGNATION, REMOVAL AND VACANCIES OF OFFICERS AND ASSISTANT OFFICERS	10
ARTICLE 5, COMMITTEES	10
5.1 APPOINTMENT OF COMMITTEES	10
5.2 PROCEEDINGS OF COMMITTEES	10
5.3 RESIGNATION AND REMOVAL OF COMMITTEE MEMBERS	10
5.4 VACANCIES ON COMMITTEES	11
5.5 COMPENSATION AND EXPENSE REIMBURSEMENT	11

ARTICLE 6, OWNERS MEETINGS	11
6.1 PLACE, NOTICE AND MINUTES OF OWNERS MEETINGS	11
6.2 OPERATING BUDGET AND RESERVE PROGRAM MEETING	12
6.3 ANNUAL MEETING OF OWNERS	12
6.4 OTHER OWNERS MEETINGS	13
ARTICLE 7, VOTING	13
7.1 TRANSFER OF MEMBERSHIP	14
7.2 QUALIFIED VOTERS	14
7.3 VOTING RIGHTS OF OWNERS	14
7.4 PROXIES	14
7.5 APPROVAL OF OWNERS	14
7.6 VOTING PROCEDURES FOR OWNERS WHEN WRITTEN BALLOTS ARE USED	15
7.7 WAIVER OF INACCURACIES AND IRREGULARITIES	17
ARTICLE 8, FINANCES	17
8.1 ANNUAL OPERATING BUDGET	17
8.2 RESERVE PROGRAM	18
8.3 SHORTFALL ASSESSMENTS	19
8.4 INDIVIDUAL ASSESSMENTS	20
ARTICLE 9, RECORDS, AUDITS AND FISCAL YEAR	21
9.1 IN GENERAL	21
9.2 GENERAL RECORDS	22
9.3 ACCOUNTING AND FINANCIAL RECORDS	22
9.4 INSPECTION AND COPYING OF RECORDS BY OWNERS	22
9.5 AUDITS	23
9.6 FISCAL YEAR	24
ARTICLE 10, LEASES, MOVES AND IMPROVEMENTS	24
10.1 LEASES	24
10.2 MOVES	24
10.3 UNIT IMPROVEMENTS	25
10.4 COMMON AREA IMPROVEMENTS	25
ARTICLE 11, INDEMNIFICATION	27
ARTICLE 12, REPEAL OR AMENDMENT	28
12.1 MANNER OF REPEAL OR AMENDMENT	28
12.2 REPEAL OR AMENDMENT PROCESS	28
EXHIBIT A, CERTIFICATE OF APPROVAL OF AMENDED AND RESTATED BYLAWS OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION	29

RECITALS

Capitalized terms in these Bylaws are defined in Article I of the AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION ("Declaration").

These Bylaws shall amend and completely replace all bylaws, and any amendments thereto or prior versions thereof which were created, used, adopted, or recorded prior to the date of these Bylaws.

These Bylaws are adopted in order to complement the Declaration and to eliminate ambiguity, to further define the rights of the Association and the Unit Owners, to provide for the ability to more easily govern and operate the Association, and, to promote and enhance the value and functionality of the Common Areas and Facilities.

ARTICLE 1 DEFINITIONS

SUMMARY: The purpose of ARTICLE 1 is to define words, titles or phrases that are used in multiple Articles throughout the Bylaws and have a particular meaning when used.

Except as otherwise provided herein or as may be required by the context, all terms defined in the Declaration shall have the same meanings when used in these Bylaws. As in the Declaration, defined terms are denoted by capitalization. Terms that are applicable only to a single Bylaws Article are defined in that Article.

ARTICLE 2 APPLICATION

SUMMARY: The purpose of ARTICLE 2 is to identify the persons to whom, and the situations in which, these Bylaws are applicable.

All present and future Unit Owners, Lessees, Residents and other persons who may use the facilities at Terrace Falls Condominiums in any manner are subject to these Bylaws. The mere acquisition or lease of any of the Units, parking spaces or storage cages, or the mere act of occupancy or use of any of said Units, parking spaces or storage cages or any part thereof or the Common Areas and Facilities will signify that these Bylaws are accepted, ratified, and will be complied with by said persons. These Bylaws govern the management of the business and the conduct of the affairs of the Association except as otherwise provided by statute, the Declaration, the Articles of Incorporation, or Association Rules and Regulations. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall govern. In the event of any conflict between these Bylaws and the Association Rules and Regulations, these Bylaws shall govern.

ARTICLE 3 THE BOARD OF DIRECTORS

SUMMARY: The purpose of ARTICLE 3 is to provide information concerning the Association's Board of Directors. These include details about the Board: the number, tenure and qualifications of Board Members; how they are nominated and elected; how they resign and can be removed; how Board vacancies are filled; that Board Members serve without compensation; that limits are placed on their liability; and that limits are placed on their use of management agreements. The Article

also explains how the Board functions: the frequency and types of Board meetings; the requirement for quorums and Board Member votes; the requirement to give Owners notice of and the opportunity to attend Board meetings; the mechanisms for Owners to bring matters to the Board's attention; and specific items of governmental compliance that the Board must undertake.

3.1 NUMBER, TENURE AND QUALIFICATIONS OF BOARD MEMBERS

The Board of Directors shall consist of five natural persons.

- a. Each of these persons, to be qualified for Board service must meet the Candidate Eligibility Criteria set forth in Bylaws Section 3.2.b.iv below.
- b. Each term of office as a Board Member shall be for two years staggered with three members elected one year and two elected the following year.
- c. Board Members may serve multiple two-year terms, but no Board Member may serve more than three consecutive two-year terms without taking a break in service of at least two years.

3.2 NOMINATION AND ELECTION OF BOARD MEMBERS

- a. Nominating Committee. The Board shall appoint a Nominating Committee of three Resident Owners, each of whom (1) should be known by the Board to be well-respected, (2) preferably should have resided at Terrace Falls for at least five years, (3) should not have a close family, marital or business relationship with a Board Member whose term of office will not expire for another year or with a Board nominee, and (4) preferably should have previously served on the Board. Nominating Committee Members shall serve staggered three-year terms, such that one Nominating Committee Member shall rotate off the Committee and shall be replaced by a new Committee Member before the start of the fourth quarter of each year. Resident Owners may serve multiple three-year terms on the Nominating Committee, but must have a break in service of at least one year between terms. The longest standing member of the Nominating Committee shall serve as its chairman.
- b. Nomination Process.
 - i. Announcement of Upcoming Election. At the outset of the election process, which is to commence between forty-five (45) and sixty (60) days prior to the distribution of Board election ballots, the Board shall announce to the Ownership that an election is to be held, remind Owners of the criteria for Board eligibility, and ask Owners to submit nominations to the Board within the next ten days.
 - ii. Nominations by Owners. Owners may nominate themselves or be nominated by other Owners by submitting to the Board a written petition, signed and dated by the nominator and the nominee, no later than ten days after the date of the Board's announcement. At the close of the ten day period, the Board shall determine which of the nominees meet the Board eligibility criteria set forth in Bylaws Section 3.2.b.iv below, shall provide a list of the eligible nominees to the Nominating Committee, and shall request the Nominating Committee to identify Owners to stand for election, with the goal that the final ballot will contain at least two more candidates than there are open positions.
 - iii. Nominations by the Nominating Committee. Upon receipt of the list of eligible nominees and the request from the Board, the Nominating Committee, within fifteen (15) days, shall present to the Board a list of Owner candidates for Board Membership, having first interviewed the nominees to determine their willingness to serve on the Board. Upon receipt of the list from the Nominating Committee, the Board shall determine the eligibility of those nominees as further set forth in Bylaws Section 3.2.b.iv below. If a Nominating Committee candidate is ineligible, the Board will ask the Nominating Committee to find a replacement candidate, and will repeat that process as needed.

- iv. Candidate Eligibility. An “Eligible Candidate” is an Owner who (1) will be a Resident for at least nine months a year throughout the Owner’s Board service, (2) does not have close family, marital or business relationships with a Board Member whose term of office will continue beyond the upcoming election or with a member of the Nominating Committee or with another nominee, (3) is not a previous Board member who has served three consecutive two-year terms finishing within the previous 24 months, (4) has not been fined by the Board in at least the past 24 months, (5) has not been delinquent in Dues and Assessments for at least the past 12 months, and (6) has expressed a willingness to serve on the Board. The Board promptly shall inform each untimely or otherwise ineligible candidate of his or her or their ineligibility as a candidate. If a potential candidate challenges the Board’s decision to declare him or her or them ineligible to run for election, the potential candidate must make that challenge in writing no later than seven days prior to the day ballots are to be distributed. The Board shall consider this challenge and resolve it, in its sole discretion, no later than five days prior to the scheduled ballot distribution.
- v. Inclusion and Position on Ballot. The Board shall forward to the Ballot Preparation Committee a list of all Eligible Candidates for inclusion on the written or electronic ballot form. No indication shall be given to the Ballot Preparation Committee or on the ballot as to whether the candidate was self-nominated, nominated by another Owner, or nominated through the Nominating Committee. The Ballot Preparation Committee shall prepare the written or electronic ballot form, which shall state the voting deadline and shall list the candidates in an order determined by lot, and shall solicit from each Eligible Candidate a picture, background information and, if desired by the candidate, a courteous statement of no more than two hundred fifty (250) words concerning the candidate’s reasons for running for the Board, to be included with the ballot in the voting materials distributed to the Owners.
- vi. Confidentiality. Other than as set forth above in this Section, the Board and the Nominating Committee shall keep confidential the identities, sources, and eligibility or ineligibility of all nominees.
- vii. Recordkeeping. The Board shall preserve the Nominations List, all nomination petitions, all documentation concerning the eligibility determinations (including any challenges thereto), and the list of eligible candidates until the time for any challenge to the election has passed and/or any challenge has been resolved.
- c. Election Procedure.
 - i. A Quorum of ballots must be cast for an election to proceed. (See Declaration Section 1.28.)
 - ii. An Owner shall cast one ballot for each Unit the Owner owns.
 - iii. Each ballot shall state the number of open positions, shall contain the names of all Eligible Candidates, and shall instruct the Owner to mark the Owner’s choice for up to as many candidates as there are open positions.
 - iv. Each candidate that an Owner chooses, up to the total number of open positions, will receive the full number of Voting Shares assigned to that Owner’s Unit. (See Declaration Exhibit B.) For example, if three positions are open and an Owner with one hundred one (101) Voting Shares marks three candidates, each marked candidate will receive one hundred one (101) Voting Shares from that ballot; if the same Owner had marked only two candidates, each marked candidate still would receive only one hundred one (101) Voting Shares from that ballot – neither would directly benefit from the Owner’s failure

to mark a third candidate; if the same Owner had marked four candidates, however, the entire ballot would be invalid and each marked candidate would receive no Voting Shares at all.

- v. If a Quorum of ballots have been cast, the candidates receiving the most Voting Shares represented by valid ballots will be elected to fill the open positions.
- vi. If there is a tie between or among the candidates receiving the most Voting Shares, the tie shall be resolved in a manner acceptable to the candidates and the Board. If no acceptable method can be agreed upon, the tie may be resolved by a run-off election held in the same manner as before. If there are sufficient open positions available for all tied candidates to serve, all tied candidates will be elected and no additional actions will be needed.

3.3 RESIGNATIONS AND REMOVAL

- a. A Board Member may resign at any time by giving written notice to the Board. Unless otherwise specified in the notice, the resignation shall take effect upon such receipt and the acceptance of the resignation shall not be necessary. If all members of the Board choose to resign at one time, the President shall receive the resignations of the other Board members and notify all of the Association's Committee Chairs of the resignations, including the Board Member's own.
- b. A Board Member may be removed by a majority vote of the other Members of the Board if that majority finds that the Board Member has acted unethically, or is no longer qualified or eligible to serve, or has materially failed to perform the duties and responsibilities of the Board Member's position. A Board Member may also be removed, without cause, through an Owners Vote called by the Board and conducted in accordance with the voting provisions in Bylaws Article 7 in which at least fifty-one percent (51%) of the Association's Voting Shares approve removal.

3.4 FILLING VACANCIES ON THE BOARD

- a. If a vacancy occurs on the Board due to death, resignation or removal of a Board Member, or due to the unavailability of an elected candidate at the time the Board Member is to have filled a vacant position on the Board, the vacancy shall be filled by the Board by appointment from among Owners who do not have close family, marital or business relationships with any of the remaining Board Members and who otherwise would be Eligible Candidates as defined in Bylaws Section 3.2.b.iv above. Any Board Member appointed to fill a vacancy shall serve for the unexpired term of the Board Member's predecessor.
- b. If the entire Board resigns at once, the Association's Committee Chairs shall meet within one week of the resignations to appoint a new Board to complete the terms of the former Board members. Those appointed must meet the same eligibility requirements as outlined above in Bylaws Section 3.2.b.iv. Approval of these appointments shall be by majority vote of the Committee Chairs.

3.5 COMPENSATION OF BOARD MEMBERS

Members of the Board shall serve without compensation or other benefits of a monetary nature and shall not be relieved of their obligations to pay Dues and Assessments. Board Members may be reimbursed for expenses incurred in performance of their duties as Members of the Board. Board Members can serve the Association in other unpaid capacities; they may not provide services for compensation.

3.6 LIMIT ON BOARD MEMBER LIABILITY

Board Members and their delegates shall not be liable to the Owners for their actions, omissions or errors in judgment, whether negligent or otherwise, that occur in the good faith performance of their official

duties, except for their own willful misconduct or gross negligence. Board Members and their delegates shall have no personal contractual liability under any agreement, instrument, or transaction entered into by them on behalf of the Association in their official capacities. Board Members and their delegates shall have no personal liability arising out of the use, misuse, or condition of the Property, which might in any way be assessed against or imputed to them as a result or by virtue of their official capacities, unless their actions or inactions were done willfully and in bad faith.

3.7 LIMITATION ON MANAGEMENT AGREEMENTS

- a. The Board of Directors may not delegate to a manager or managing company the following powers, duties, and responsibilities: the final determination of the Operating Budget; the setting of Dues; the levying of Shortfall Assessments; the issuance of Rules and Regulations; the opening of bank accounts; the purchase, sale or mortgage of Units in the name of the Association; or any expenditures under the Reserve Program.
- b. The term of any such management contract may not exceed one year with the option for the Association to automatically renew the contract thereafter. All management contracts shall be terminable by the Association without cause upon 30-days' written notice, and with cause immediately upon written notice.

3.8 BOARD MEETINGS

- a. Regular Meetings.
 - i. The Board of Directors shall meet at least twice a quarter (eight times a year).
 - ii. Within seven days after the Annual Owners Meeting, a regular meeting of the Board shall be held, at which the Officers of the Association shall be selected and a schedule shall be set for the remaining Regular Board Meetings to be held during the year. The Board may later revise that schedule with proper Notice as set forth in Section 3.10 below.
- b. Special Meetings.
 - i. Special Meetings of the Board of Directors may be called by or at the request of the President or any two Members of the Board, who shall fix the place and time thereof.
 - ii. Notice of any Special Meeting shall be given at least two days previously thereto and shall be sent via email, delivered personally or by telephone to each Board Member, unless waived.

3.9 QUORUMS AND MANNER OF ACTION

At any meeting of the Board of Directors, a majority of Board Members shall constitute a quorum for the transaction of business. The act of a majority of the Board Members present at any Meeting at which a quorum of Board Members is present and for which proper notice was provided to the Board Members, shall be the act of the Board.

3.10 NOTICE TO OWNERS OF BOARD MEETINGS

The Board of Directors shall provide to each Owner written notice of the date, time, and place for all Board Meetings. A written schedule of Board Meetings provided to all Owners at the beginning of a year may be used as the required notice. If an annual schedule is not used, or is used but was not provided to an Owner because that Owner was not an Owner at the time the annual schedule was provided or for some other reason, or the annual schedule is inaccurate as it pertains to the meeting at issue, then written notice shall be delivered to all affected Owners no less than forty-eight (48) hours prior to the Board Meeting except that, when a Board Meeting is called to address an emergency and the full Board receives less than 48-hours' notice of the Board Meeting, Owners shall receive notice equal to that received by the Members of the Board. Notice to Owners under this Section may be delivered in the same manner as

other notices, as further set forth in Declaration Section 9.7. If Board Members may attend the Board Meeting by electronic means, notice to the Owners shall include information necessary to allow an Owner to attend by electronic means.

3.11 OPEN MEETINGS AND EXECUTIVE SESSIONS

- a. All Board Meetings shall be open to each Owner to attend, except that the Association President may close a Board Meeting and go into an Executive Session to: consult with an attorney for the purpose of obtaining legal advice; discuss ongoing or potential litigation, mediation, arbitration, or administrative proceedings; discuss a personnel matter; discuss a matter relating to contract negotiations, including review of a bid or proposal; discuss a matter that involves an individual if the discussion is likely to cause the individual undue embarrassment or violate the individual's reasonable expectation of privacy; or discuss an individual's delinquent Dues, Assessments or Fines. If, for these stated purposes, a Board Meeting is closed or an Executive Session is called, all persons in attendance other than the members of the Board and those whom the Board deems necessary to the discussion shall be excused.
- b. At each open Board Meeting, each Owner shall be provided a reasonable opportunity to offer comments; the Board may limit comments of the Owners to a specific time period during the Meeting.
- c. Minutes shall be kept of each Regular or Special Board Meeting (including of any Executive Session portions of those meetings), and shall be approved by the Board at the next Board Meeting.
- d. Executive Session minutes shall be marked confidential, shall be maintained separately from Regular Board Meeting minutes, and shall be approved during the next Executive Session.

3.12 ACTIONS WITHOUT MEETINGS

Any action that the Board of Directors is required or permitted to take at a Board Meeting may be taken without a Board Meeting, as long as a quorum of Board Members participates in the decision-making process and at least three Board Members approve the action in writing. Action taken without a Board Meeting has the same effect as action taken at a Board Meeting. Such action must be specifically identified in the next regularly scheduled Board Meeting as a Board action taken since the last Board Meeting, and must be reflected in the Meeting minutes.

3.13 ADJOURNMENTS

The Board of Directors may adjourn any Meeting from a day to another day as may be prudent or necessary. Notice of the new date and time must be provided to all Owners and Board Members.

3.14 WAIVER OF IRREGULARITY OR INACCURACIES IN NOTICE

The attendance of a Board Member at a Board Meeting (whether a Regular Meeting, Special Meeting or Executive Session) or at an Owners Meeting of any type, shall constitute that Board Member's waiver of any irregularities or inaccuracies in the notice of such Meeting, except where that Board Member attends the Meeting for the express purpose of objecting to the transaction of any business on the grounds that the Meeting is not lawfully called or convened, and the Board Member makes his or her or their objection known at the outset of the Meeting.

3.15 BRINGING MATTERS TO THE BOARD'S ATTENTION

- a. Questions, Comments, Suggestions and Complaints. Owners and Residents may courteously ask questions of, or make comments, suggestions or complaints to the Board of Directors by:

- i. contacting a Board member and having a verbal interchange; or
 - ii. writing to the Board and delivering information via the U.S. Post Office, via email (terracefallscondos@gmail.com) or by placing it in the Terrace Falls Mail slot located in the 2nd Floor lobby to the right of the Parcel Room door; or
 - iii. attending a Board Meeting and voicing the question, comment, suggestion or complaint.
- Notwithstanding the foregoing*, the Board may request an Owner or Resident to put a question, comment, suggestion or complaint in writing. If asked, the Owner or Resident shall do so.
- b. Reporting Damage and/or Problems.
 - i. Every Owner or Resident who becomes aware of any damage and/or problem at Terrace Falls should immediately report it to the Board.
 - ii. One making a report should include the report maker's name and contact information and describe the damage or problem, state how the report maker learned of it, state who caused or may have caused it (if known or suspected), and who else has or may have information about it (if known or suspected).
 - iii. Reports can be made orally, or in writing.
 - iv. *Notwithstanding the foregoing*, the Board may request an Owner or Resident to put a damage or problem report in writing. If asked, the Owner or Resident shall do so.
 - c. Board Responsibility to Investigate and Respond to Reports of Damage or Problems.
 - i. The Board shall investigate each matter reported to it under Bylaws Section 3.15.b in a fair and unbiased manner, and shall decide upon an appropriate response before the close of the next Board Meeting.
 - 1. The Board's investigation shall include, at a minimum, to the extent practicable, (1) communicating with the person who made the report, in order to get more details about the nature, cause and extent of, and solution to, the damage or problem, (2) communicating with those identified as having or suspected as having caused the damage or problem to get their input about its nature, cause, extent and solution (including facts and witnesses), (3) communicating with all identified witnesses to get their input about the damage or problem's nature, cause and extent, (4) gathering and reviewing objective evidence about the nature, cause and extent of the damage or problem, and (5) making evidence-based findings about the nature, cause and extent of the damage or problem.
 - 2. Based upon the information gathered and the determinations made in its investigation, the Board shall decide, in its discretion, upon a fair and appropriate response. Such a response may vary based upon the specifics of the situation, but shall be designed to resolve the damage or problem and keep it from recurring. The Board shall convey and implement the response promptly.
 - ii. The Board shall inform the reporting party and any accused involved party of the outcome of the investigation and the Board's response. Where appropriate, the Board shall otherwise safeguard the confidentiality of the parties.
 - iii. All reports, investigations and responses shall be documented in writing in Association records and in Board Meeting minutes, and shall be marked and maintained as confidential records to the extent appropriate.

3.16 GOVERNMENTAL COMPLIANCE

Terrace Falls must complete certain tasks each year to maintain its status as a non-profit corporation and a condominium association. The Board of Directors, or others to whom it may delegate the authority and responsibility to act, shall do the following:

- a. Annually.
 1. Update the list of Officers and Directors.
 2. Renew non-profit status and pay the annual fee.
 3. File tax returns.
 4. Pay employment taxes.
 5. Pay Workers Compensation Insurance Premiums.
- b. As Situations Arise.
 1. Stay informed about changes in federal, state and local statutes and ordinances and adjust Governing Documents or practices to comply with the new laws.
 2. Record amendments to Governing Documents with appropriate state and local governmental offices.
 3. File injury reports with appropriate state and federal agencies.

ARTICLE 4 OFFICERS

SUMMARY: The purpose of ARTICLE 4 is to provide information concerning the Association's Officers, all of whom are Board Members, and more specifically: how Officers are designated and appointed; what the duties and responsibilities of each Office are; what Assistant Officers are and how they are appointed; that Officers with Assistants retain responsibility for the performance of duties; how Officers and Assistant Officers resign and are removed; and how vacancies in the Officer and Assistant Officer positions are filled.

4.1 DESIGNATION AND APPOINTMENT OF OFFICERS

The Members of the Board shall serve as the Officers of the Association and shall consist of a President, First Vice President, Second Vice President, Secretary, and Treasurer. No Board Member may hold more than one office at a time, except temporarily during a vacancy on the Board.

- a. The Board shall hold its first regular Meeting of the Board no later than seven days following the Annual Meeting of Owners and shall determine which Board Member will serve in which office, and which office shall be assigned which duties, and shall make those appointments known to the Owners shortly thereafter.
- b. Each appointment shall be for a period of one year.
- c. If a vacancy should occur, the Board shall meet expeditiously to appoint a replacement to fill the office that was vacated. The Board may, as it determines prudent, make new appointments of any or all Officers to their respective positions for the remainder of the current term of service.
- d. An Officer may hold an office for as many terms as the Board may determine.
- e. Officer positions are unpaid positions.

4.2 DUTIES OF OFFICERS

- a. Generally. All Officers have the power to sign on behalf of the Association all Board-approved conveyances, mortgages, and contracts of material importance to its business.
- b. President. The President shall be the chief executive of the Association and shall exercise general supervision over the Property and its affairs. When present, the President shall preside at all Owners Meetings and Board Meetings and may exercise the powers ordinarily assigned to and exercised by the presiding officer over a meeting including but not limited to:
 - i. the right to determine the matters to be discussed during the meeting;
 - ii. the right to impose and enforce reasonable rules and procedures related to the meeting such as those found in "Robert's Rules of Order" or "The Modern Rules of Order";
 - iii. the right to expect and demand courtesy and civility during the meeting;

- iv. the right to demand and enforce the departure of any discourteous, uncivil or otherwise disruptive Owner or person during the meeting; and
- v. the right to recess or adjourn the meeting.

The President also shall perform such other duties which the Board may prescribe to the President's office.

- c. First Vice President. In the absence of the President or in the event of the President's death, inability or refusal to act, the First 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 duties of the President. The First Vice President shall perform such other duties as may be assigned to the First Vice President by the Board.
- d. Second Vice President. In the absence of the First Vice President or in the event of the First Vice President's death, inability or refusal to act, the Second Vice President shall perform the duties of the First Vice President, and when so acting, shall have all the powers of and be subject to all the duties of the First Vice President. The Second Vice President shall perform such other duties as may be assigned to the Second Vice President by the Board.
- e. Secretary. The Secretary is responsible for overseeing the recordkeeping of the Association and in general shall perform all duties incident to that role. The Secretary: shall work alongside the President to develop meeting agendas and provide proper notice of Board Meetings and Owner Meetings; shall keep minutes of all Board Meetings and all Owners Meetings; shall maintain all Association records as may be necessary and appropriate; in the absence or inability of the President and Vice Presidents, shall perform the functions of these Offices; and shall perform such other duties as may be assigned to the Secretary by the Board.
- f. Treasurer. The Treasurer is responsible for overseeing the finances of the Association and in general shall perform all duties incident to that role. The Treasurer shall: have custody and control of Association funds, and make disbursements at the direction of the Board of Directors; shall prepare the Operating Budget and shall monitor and compare actual revenues and expenses incurred against the budget; shall be involved in monitoring and reconciling the Reserve Fund; shall keep accurate and detailed financial records including, without limitation, full and accurate accounts of receipts and disbursements and all deposits made into those accounts; shall prepare or oversee the preparation of financial reports and financial reporting forms; and, when requested by the President, shall report the state of the finances of the Association at Owners Meetings and at Board Meetings. The Treasurer shall also have such other duties as may be assigned to the Treasurer by the Board. If required by the Board, the Treasurer shall give a bond, at the expense of the Association, for the faithful discharge of the Treasurer's duties in such sum and with such surety as the Board shall determine.

4.3 ASSISTANT OFFICERS

The Board of Directors may, from time to time, appoint Resident Owners who are not Board Members to assist Officers in the performance of their duties. Assistant Officers serve without compensation and shall have such titles, authority and duties as the Board may determine. Written position descriptions shall be created for all Assistant Officers. An Assistant Officer shall work under the direction and supervision of the Officer whom the Assistant Officer is assisting. Assistant Officers shall not have authority to vote on the Officer's behalf. All Assistant Officer appointments and their intended and actual durations shall be reflected in Board Meeting minutes or in other written records.

4.4 RETENTION OF RESPONSIBILITY

An Officer's delegation of authority and duties to Assistant Officers and other delegates is not a delegation of responsibility. The Officer who delegates to another retains responsibility for seeing that the Officer's duties to the Association are met.

4.5 RESIGNATION, REMOVAL AND VACANCIES OF OFFICERS AND ASSISTANT OFFICERS

- a. Officers. The provisions for dealing with resignation, removal and vacancies of Board Members contained in Article 3 of these Bylaws shall apply to Association Officers.
- b. Assistant Officers. Assistant Officers may resign at any time by delivering a written resignation to any Board Member, which resignation shall be effective upon delivery. Any Assistant Officer may be removed and replaced upon the affirmative vote of a majority of the Board at any time, with or without cause. If any vacancy shall occur in any Assistant Officer position by reason of death, resignation, removal or any other cause, or if a new Assistant Officer position shall be created, such vacancies or newly created positions may be filled by the Board at any Regular Meeting or Special Meeting of the Board.

ARTICLE 5 COMMITTEES

SUMMARY: The purpose of ARTICLE 5 is to provide information concerning the Association's Committees, and more specifically: how Committees are appointed; what the duties and responsibilities are of the Committee Chair; how Committees conduct business; how Committee members may resign and may be removed; how vacancies are filled; that Committee service is unpaid; and how expense reimbursement is handled.

5.1 APPOINTMENT OF COMMITTEES

The Board may, from time to time, establish Committees and appoint Residents to serve on such Committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. Each Committee shall include as its Chair one Resident Owner, and may have as many additional Resident members as the Board deems necessary to accomplish the assigned duties, responsibilities and functions of the Committee. All Committees may be assisted by volunteers who are not appointed by the Board and therefore are not official Committee Members; such volunteers must be approved by, and act under direction of, the Committee Chair. A Committee shall not have any powers, duties, or responsibilities beyond those assigned by the Board. The Board may discontinue any Committee at any time.

5.2 PROCEEDINGS OF COMMITTEES

Each Committee Chair shall oversee the overall work of the Committee, shall use reasonable efforts to learn of issues within the Committee's area of responsibility that require or may require the Board's attention, and may be called upon to assist the Board in the enforcement of the related Governing Document provisions. The Committee may meet at such places and times and upon such notice as its Chair may from time to time determine. Each Committee Chair shall regularly report the Committee's activities to the Board. Because Committee Meetings are not Board Meetings subject to the Open Meetings rule, volunteers and other individuals who are not members of the Committee may attend Committee meetings only at the invitation of the Committee Chair.

5.3 RESIGNATION AND REMOVAL OF COMMITTEE MEMBERS

Any Board-appointed Committee Member may resign from the Committee at any time by delivering a verbal or written resignation to the Board, or to the Committee Chair. Unless otherwise specified therein,

such resignation shall take effect upon delivery. The Board may at any time, with or without cause, remove any Board-appointed Committee Member. The Committee Chair may at any time, with or without cause, preclude participation by a volunteer.

5.4 VACANCIES ON COMMITTEES

If any vacancy shall occur in any Board-designated Committee due to resignation, removal, disqualification, death, or otherwise, the remaining Committee Members shall, until the filling of such vacancy by the Board, constitute the then-total authorized membership of the Committee and may continue to act as described in Bylaws Section 5.2 above. If the Chair position is vacant, the Committee shall not act unless a Board Member temporarily fills the Chair position. Such vacancy may be filled at any Board Meeting, or by Board action without a meeting pursuant to Bylaws Section 3.12.

5.5 COMPENSATION AND EXPENSE REIMBURSEMENT

No Committee Member or volunteer shall receive compensation for services rendered to the Association as a Committee Member or volunteer; provided, however, that the Committee Member or volunteer will be reimbursed as set forth in Association Rules and Regulations for expenses incurred in performance of such duties as a Committee Member to the extent that such expenses were approved in advance by the Committee Chair and/or the Board. Each Committee Chair shall be aware of the amount of Operating funds budgeted for use in the Committee's area of responsibility and shall not exceed, or authorize the Committee to exceed, that amount without Board approval. Unapproved expenses shall be the responsibility of the Committee Member or volunteer who incurred the expense, or the Committee Chair who authorized it.

ARTICLE 6 OWNERS MEETINGS

SUMMARY: The purpose of ARTICLE 6 is to provide information concerning Owners Meetings. General details concerning the place, notice and minutes of Owners Meetings are given, followed by in-depth information about the Operating Budget and Reserve Program Meeting, the Annual Meeting of Owners, and the purposes for which other Owners Meetings are called.

6.1 PLACE, NOTICE AND MINUTES OF OWNERS MEETINGS

All Owners Meetings shall be called and conducted by the Board of Directors.

- a. Place of Meetings. Meetings will be held at 171 E. 3rd Avenue, Salt Lake City, Utah. If unusual circumstances make it necessary or prudent to meet at another physical location, the Board shall select a reasonable alternative physical location for the meeting. At its discretion, the Board also may hold Owners Meetings electronically.
- b. Notice of Meetings. The Board of Directors shall provide Owners with written notice of every Owners Meeting, to include the date, time and place of the meeting. Such written notice shall be delivered to each Owner of record at least fourteen (14) days prior to the Owners Meeting unless the Board believes that an emergency circumstance warrants a shorter notice period. Such notice shall be delivered in accordance with Declaration Section 9.7.
- c. Minutes of Meetings. Minutes shall be kept of each Owners Meeting. The minutes of any Owners Meeting shall be presented to the Board at the next Board Meeting for Board approval. After Board approval, Owners Meeting minutes shall be distributed to the Owners in the same manner as notices as set forth in Declaration Section 9.7 and shall stand as written and approved unless an Owner submits to the Board in writing within fifteen (15) days after the minutes are distributed, an objection to the minutes that also contains suggested corrections. The Board shall consider the objection and make those amendments, if any, to the Owners Meeting minutes as it,

in its discretion, deems appropriate. Amended Owners Meeting minutes shall be distributed to the Owners in the same manner as notices as set forth in Declaration Section 9.7.

6.2 OPERATING BUDGET AND RESERVE PROGRAM MEETING

The Board of Directors shall schedule and conduct an Owners Meeting regarding the Operating Budget and Reserve Program (hereinafter “Operating Budget and Reserve Program Meeting”) during the last quarter of each year.

- a. In addition to its notice to Owners of the Operating Budget and Reserve Program Meeting, the Board shall include with its notice the following:
 - i. an itemized year-to-date accounting of Income, Operating Expenses and Reserve Program Expenses for the current fiscal year;
 - ii. an itemization of projected Income, Operating Expenses and Reserve Program expenses for the remainder of the fiscal year; and
 - iii. a proposed Operating Budget containing itemized estimates of Operating Expenses, Reserve Program Line Item and the total Income required for the next year.
- b. A majority of the Board’s Members must attend the Operating Budget and Reserve Program Meeting.
- c. During the meeting, the Board shall present:
 - i. details of the current year-end projections of Income, Operating Expenses and Reserve Program Expenses;
 - ii. the proposed Operating Budget included in the notice, along with the percentage change in the Owners Dues;
 - iii. a summary of the most recently prepared Reserve Study, additions to the Reserve Fund from current year Dues, the Reserve Fund’s current year investment results, current year expenditures for replacement, improvement, restoration, or major repair of the components of the Common Areas and facilities, an analysis of the current condition of the Reserve Fund, Reserve Study projects that are planned during the next year and the amount of money, constituting the Reserve Portion of Dues, needed to support the projects in the Reserve Study.
- d. During the meeting, the Board shall take questions, comments and suggestions from the Owners concerning the Board’s presentation.
- e. If no Owners Vote is required on the Operating Budget pursuant to Bylaws Section 8.1.b, then within ten days after the Operating Budget and Reserve Program Meeting, the Board shall deliver to each Owner in the same manner as notices as set forth in Declaration Section 9.7:
 - i. the final Operating Budget for the next fiscal year;
 - ii. an explanation of the differences between the proposed Operating Budget and the final Operating Budget; and
 - iii. a statement of that Owner’s monthly Dues to be paid on the first day of each month during the next fiscal year.

6.3 ANNUAL MEETING OF OWNERS

The Board of Directors shall schedule and conduct an Annual Owners Meeting (hereinafter “Annual Meeting”) during the first quarter of each calendar year.

- a. With its notice to Owners of the Annual Meeting the Board of Directors shall include:
 - i. a meeting agenda;
 - ii. financial statements regarding the Operating Budget and the Reserve Program for the previous fiscal year showing actual receipts and disbursements;
 - iii. a confirmation of, or significant changes to, plans for the use of Reserve Funds with the approximate cost of projects to be completed during the current year; and

- iv. a list of any other topics that the Board plans to discuss during the meeting along with a request for Owners to submit any topics they would like to include in the discussion during the meeting at least seven days prior to the meeting.
- b. A majority of the Board's Members must attend the Annual Meeting.
- c. During the meeting the Board shall present summaries of the previous year-end financial statements, major accomplishments during the previous year, and details regarding current year Reserve Program projects. The Board also shall announce the results of the annual election of Board Members,
- d. Other matters previously scheduled and reasonably announced to or recommended by the Owners in advance of the meeting may be taken up, with any discussion to be conducted in an orderly manner.

6.4 OTHER OWNERS MEETINGS

The Board of Directors must schedule and conduct other Owners Meetings to consider matters which, by the terms of the Declaration, these Bylaws or the Articles of Incorporation, require formal Owner input. These matters include, but are not limited to:

- a. the unavailability of insurance;
- b. a shortfall of property insurance proceeds sufficient to cover repair or reconstruction of the building when seventy-five percent (75%) or more of the building has been destroyed, after which an Owners Vote will be taken on whether to repair or reconstruct, with passage requiring approval of at least seventy-five percent (75%) of the Association's Voting Shares, as further set forth in Declaration Sections 7.12.d and 7.12.e;
- c. eminent domain proceedings;
- d. a challenge to the Reserve Fund Line Item in the Operating Budget, which timely has been raised to the Board in a petition signed by the Owners of at least twenty-seven (27) different Units, after which an Owners Vote will be taken, with at least fifty-one percent (51%) of the Association's Voting Shares disapproving the Line Item to avoid its imposition, as further set forth in Bylaws Section 8.2.d below;
- e. Board-led proposed repeals of or amendments to the Declaration and/or Bylaws, after which an Owners Vote will be taken, with passage requiring approval of at least fifty-one percent (51%) of the Association's Voting Shares, as further set forth in Declaration Section 10.1 and Bylaws Article 12;
- f. Owner-led proposed repeals of or amendments to the Declaration and/or Bylaws, which have been raised to the Board in a signed petition by the Owners of at least twenty-seven (27) different Units and which have not been the topic of an Owners Meeting in the prior twelve (12) months, after which an Owners Vote will be taken, with passage requiring approval of at least fifty-one percent (51%) of the Association's Voting Shares, as further set forth in Declaration Section 10.1 and Bylaws Article 12; and
- g. any other matter which has not been the topic of an Owners Meeting in the prior 12 months and which has been raised to the Board in a signed petition by the Owners of at least twenty-seven (27) different Units.

The Board may call, but is not obligated to call, Owners Meetings for any other reasonable purpose, including, without limitation, further discussion on topics already addressed in prior Owners Meetings. All Owners Meetings must be attended by a majority of the Board's Members.

ARTICLE 7 VOTING

SUMMARY: The purpose of ARTICLE 7 is to provide information concerning Voting by Owners, including details about: the transfer of membership as it pertains to voting; what is required in

order to be qualified to vote; voting rights; the use of proxies; the manner of voting (by written or electronic ballot as determined by the Board); the need for the affirmative vote of a designated percentage of Voting Shares represented by the valid ballots actually cast when a Quorum of Unit Owners has submitted ballots; the voting procedure; and waiver of inaccuracies and irregularities in the voting process.

7.1 TRANSFER OF MEMBERSHIP

Transfer of the Association Membership to a new Unit Owner shall be effective immediately upon the recording of the instrument through which the Unit Ownership is transferred. Once notified of the transfer by the new Unit Owner, the Board of Directors shall provide the new Unit Owner with notice of any matter of Association business that is scheduled to be voted upon and, if voting material has already been distributed to other Owners, provide the new Unit Owner with a ballot and voting instructions including deadlines when ballots must be returned.

7.2 QUALIFIED VOTERS

A Unit shall be deemed to be in “good standing” and its Owner “qualified to vote” in an Owners Vote called by the Board, if the Owner is in full compliance with all of the terms, covenants, conditions of the Declaration and these Bylaws, and shall have fully paid all Dues and Assessments levied against that Unit (together with any interest and/or late fees) no later than seventy-two (72) hours prior to the voting deadline.

7.3 VOTING RIGHTS OF OWNERS

Each Owner who is qualified to vote shall have the right to vote on any proposal or issue that the Board of Directors determines must or should be voted upon.

- a. Each Unit shall be entitled to one Weighted Vote, to be cast by its Owner.
- b. In an election of Board Members, each Unit shall be entitled to one Weighted Vote per open candidate position as further described in Bylaws Section 3.2.c.iv.
- c. Unit Owners which are entities rather than natural persons shall vote only by a natural person appointed in writing by the Unit Owner (hereinafter “Delegate”). Such Unit Owners shall notify the Board in writing of any such delegation, showing the Unit Number and the name, mailing address, email address, business phone number, and cell phone number of the Delegate. A Delegate may not represent more than the Unit or Units of one Owner.

7.4 PROXIES

Neither Unit Owners nor Delegates may vote by proxy.

7.5 APPROVAL OF OWNERS

- a. Manner of Voting. No voting shall take place during Owners Meetings. All voting by Owners shall be by confidential written ballots using the procedure specified in Bylaws Section 7.6 below, or, in the Board’s discretion, shall be by ballot cast electronically using an electronic voting process that provides reasonable safeguards to ensure accuracy, anonymity and confidentiality to the same or an equivalent degree as the voting procedure specified in Bylaws Section 7.6 below. In the event the Board utilizes an electronic voting process, it shall issue Voting Guidelines setting forth the details of that process.
- b. No Quorum and Vote on Measures. Unless otherwise stated in the Articles of Incorporation, the Declaration or these Bylaws, approval of a measure presented to the Owners for voting, other than a Board election, does not require a Quorum, but does require the affirmative vote of at least fifty-one percent (51%) of the Association’s Voting Shares, cast by written confidential ballot or, in the Board’s discretion, by electronic ballot, in a properly called and conducted Owners Vote.

- c. Quorum for Board Elections. Board elections require a Quorum of ballots to be cast by written confidential ballot or, in the Board's discretion, by electronic ballot, in a properly called and conducted Owners Vote. A ballot that is timely submitted and appears, to the Board acting in good faith and with a reasonable basis, on its face to be valid ("facially valid") is counted for Quorum purposes. If, after the substance of the ballot is examined, the same ballot is otherwise invalid, it will not be counted when calculating the Voting Shares received by each Board candidate. Candidates receiving the most Voting Shares will be elected to open positions.

7.6 VOTING PROCEDURES FOR OWNERS WHEN WRITTEN BALLOTS ARE USED

Unless the Board of Directors has adopted and implemented an appropriate electronic voting system, in which case the process shall be as set forth in Voting Guidelines issued by the Board, voting by Owners shall be by confidential written ballots distributed to the Owner or Delegate by the Board of Directors through its delegated Ballot Preparation Committee, returned to the Board by the Owner or Delegate, and counted by the Board through its delegated Vote Tallying Committee.

- a. Voting Spreadsheet. At the commencement of the voting process on a particular matter, the Board shall prepare an electronic Voting Spreadsheet which accurately reflects the matter or Board election candidates under consideration, the voting deadline, the Units and Voting Shares assigned to those Units, and the Owner or Delegate who should receive the ballot. The Voting Spreadsheet also shall assign a unique ballot identification number to each Unit (that corresponds with but is not the same as the Unit's number), shall permit tracking of ballot delivery and return ballot receipt, and shall contain formulas that permit accurate automatic calculation of the number of Voting Shares approving and/or disapproving an issue or candidate, as appropriate.
- b. Ballot Preparation Committee and Voting Material Assembly. The Ballot Preparation Committee shall be appointed by the Board and shall be comprised of at least two Owners, appointed by the Board, who are not Board Members and do not have close family, marital or business relationships with each other or the Board or any candidate then running for a Board position, shall assemble a packet of voting materials for the matter or Board election being considered, and shall place the voting materials in an outer envelope addressed to the Owner or Delegate listed on the Voting Spreadsheet. The outer envelope shall contain instructions for voting (including, without limitation, the voting deadline and a reminder that Owners must be current on their Dues and Assessments to be eligible to vote), an unmarked ballot with the Unit's unique ballot identification number, an unmarked inner sealable envelope (into which the marked ballot will be placed for return), and a larger sealable envelope bearing the Owner's name and Unit number (into which the inner sealable envelope containing the marked ballot will be placed for return).
- c. Voting Material Delivery. At least twenty-one (21) days before the voting deadline on a particular matter, the Ballot Preparation Committee shall deliver the voting materials to the Owners and Delegates. The Ballot Preparation Committee shall track on the Voting Spreadsheet the delivery date, delivery method, Unit and addressee of all voting materials it distributes, and promptly shall return the Voting Spreadsheet to the Board. If additional or alternative Owners and/or Delegates are identified to the Board thereafter, but more than seventy-two (72) hours before the voting deadline, the Board shall update the Voting Spreadsheet with the new information. The Board shall forward the updated electronic Voting Spreadsheet to the Ballot Preparation Committee with the request that voting materials be delivered to the additional or alternative Owners and/or Delegates. The Ballot Preparation Committee shall deliver voting materials to the newly identified individuals at least forty-eight (48) hours before the voting deadline, record the appropriate delivery tracking information on the updated Voting Spreadsheet, and promptly return it to the Board.
- d. Ballot Marking and Return. Before the voting deadline on a particular matter, the Owner or Delegate shall:
 - i. mark his or her or their ballot and place it into the small unmarked envelope;
 - ii. seal the small unmarked envelope and place it into the larger outer envelope;

- iii. seal the larger outer envelope, sign it, and return it to the Board, either by mail, by deposit in the Terrace Falls internal mail slot or by hand-delivery to a Board Member.
- e. Board Examination of Outer Envelopes for Facial Invalidity and Quorum Issues.
 - i. All envelopes returned to the Board shall remain unopened and securely stored by the Board until the end of the voting period.
 - ii. Once the voting period on a particular matter ends, the Board shall:
 - 1) examine the unopened ballot envelopes received before the voting deadline to identify and set aside those ballot envelopes which the Board, acting in good faith and with a reasonable basis, believes are invalid on their face (“facially invalid”) (specifically, ballot envelopes from Units that are not qualified to vote, ballot envelopes with duplicate names or Unit numbers, or ballot envelopes bearing what appear to be invalid or unauthorized signatures);
 - 2) record on the most current Voting Spreadsheet, by Unit, each unopened ballot envelope received and whether it was facially valid or invalid; and
 - 3) count the facially valid ballot envelopes to determine whether enough facially valid ballots have been received to constitute any required Quorum (forty-one (41) facially valid ballots).
 - a. If any required Quorum is present, or if no Quorum is required, the Board shall deliver the facially valid ballot envelopes to the Vote Tallying Committee along with a Tally Sheet that sets forth the ballot numbers, the Voting Shares attributable to each ballot, and provides places for the Committee to record each ballot’s vote, and contains a formula that permits calculation of the same.
 - b. If a Quorum is required but is not present, the Board shall notify all Owners by email, and all Resident Owners also by a notice placed under their Unit door, (i) that a Quorum is lacking, (ii) that anyone who has not submitted his or her or their ballot should do so forthwith, (iii) that anyone who is uncertain of whether he or she or they has submitted a ballot should contact the Board which will advise him or her or them whether the Unit’s ballot was received, (iv) that anyone who has not already submitted a ballot and needs a replacement ballot should contact the Board and a replacement will be provided, and (iv) that the voting period has been reopened and shall remain open until a date 10 days after notice was given, to allow for achievement of a Quorum. The Board shall then follow the ballot-handling process set forth above in Sections 7.6.e.i and 7.6.e.ii with respect to any additional ballot envelopes received. If a Quorum is not reached as a result of this process, the Board shall not further extend the voting deadline, but shall instead suspend the Owners Vote and call an Owners Meeting to explore the cause for the lack of a Quorum and to determine whether the Owners Vote should proceed, be modified, or be abandoned, and under what terms.
 - 4) Any Unit’s ballot envelope received by the Board after the final voting deadline is untimely and shall be held by the Board and shall not be delivered to the Vote Tallying Committee for inclusion in the Owners Vote; the Board shall record the Unit’s untimely ballot status on the Voting Spreadsheet.
- f. The Vote Tallying Committee. The Vote Tallying Committee shall be appointed by the Board and shall be comprised of at least four Resident Owners, appointed by the Board, who are not Board Members and do not have close family, marital or business relationships with each other or the Board or any candidate then running for a Board position. Substitute Committee members meeting the same criteria may be appointed by the Board as necessary, in accordance with Bylaws Article 5.
- g. Tallying the Votes. Once any required Quorum has been achieved and the facially valid ballot envelopes have been forwarded to the Vote Tallying Committee, that Committee, acting in unison

and confidentially, with at least three Committee members present, and without any Board Members or other Owners present, shall:

- i. open the outer envelopes and separate from them the inner envelopes containing the ballots, so that identification of any voter is prevented;
- ii. open each inner envelope and examine each ballot to determine the identification number that is on the ballot;
- iii. determine, and record on the electronic Tally Sheet by ballot identification number, whether the ballot is non-compliant in any material way, and set non-compliant ballots aside so that they will not be counted;
- iv. for each compliant ballot, enter onto the Tally Sheet the vote associated with that ballot identification number; and
- v. when all votes have been entered, print a paper copy of the Tally Sheet, sign and date it, and deliver it, the final electronic Tally Sheet, the non-compliant ballots and the counted ballots to the Board.

In the event the Vote Tallying Committee has a question during the vote tallying process, it shall be submitted in writing to the Board, which shall determine by majority approval how to respond, and which shall respond in writing. Other than in communication with the Board, the Vote Tallying Committee shall keep the voting details and voting results confidential.

- h. Board Confirmation of Vote Results. The Board shall count the number of ballots returned from the Vote Tallying Committee to ensure that all ballots are accounted for. The Board shall review the voting details and voting results to determine who was elected to serve on the Board, or, if the Owners Vote concerned a non-election issue, whether that issue was approved or disapproved in accordance with the requirements of the Association's Governing Documents. The Board shall announce the results of the Owners Vote to the Owners at an appropriate time.
- i. Recordkeeping and Inspection. Owners Vote records will be kept and made available to Owners in accordance with applicable law.

7.7 WAIVER OF INACCURACIES AND IRREGULARITIES

All challenges by an Owner to inaccuracies and/or irregularities in notices of meetings and/or in the manner and process of Owners Votes shall be deemed waived if no objection is made within 30 days of the date of the meeting or announcement of the results of the vote. Objections, other than those made at the meeting, shall be in writing and submitted to the Board of Directors. An Owner's or Delegate's presence in person at a challenged meeting (unless the Owner or Delegate at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice), or the submission of a ballot assigned to that Unit, shall be deemed a waiver of any relevant procedural inaccuracies and/or irregularities.

ARTICLE 8 FINANCES

SUMMARY: The purpose of ARTICLE 8 is to provide information concerning Association finances, including details about: the Annual Operating Budget; the Reserve Program; Shortfall Assessments; and Individual Assessments.

8.1 ANNUAL OPERATING BUDGET

In preparation for the Operating Budget and Reserve Program Meeting, as specified in Bylaws Section 6.2 above, the Board shall collect input from relevant sources, and prepare a proposed annual Operating Budget to provide for the regular, recurring, ordinary and necessary costs projected in accordance with generally accepted accounting principles applied on a consistent basis, but in its sole judgment, of operating, maintaining, repairing, restoring, replacing and/or renovating those components of the Common Areas and Facilities. The proposed Operating Budget shall include anticipated Operating

Expenses, a Reserve Fund Line Item, and the expected Annual Net Income from Dues, Assessments, Impact Fees and other sources, and shall identify and the percentage change, if any, in Dues for the coming year. Calculation of the Proposed Operating Budget shall be the result of an informed, thoughtful and detailed process and shall not be the result of an automatic percentage increase over the prior year's budget.

a. Proposed Operating Budget Content.

- i. The proposed Operating Budget shall include all reasonable expenses that the Board anticipates in the performance of its responsibilities and functions, whether actual performance is done in whole or in part by the Board, its employees or by independent contractors.
- ii. The proposed Operating Budget shall include a Reserve Fund Line Item which represents the portion of the Dues to be charged to Owners and deposited into the Reserve Fund to prudently fund the Reserve Program ("Reserve Fund Portion of the Dues"). The Reserve Fund Line Item shall be based on calculations in the Reserve Study.
- iii. The proposed Operating Budget may include a reasonable contingency amount for other miscellaneous costs and expenses relating to the Common Areas and Facilities.
- iv. The proposed Operating Budget may include any deficits or unpaid liabilities which accrued or became payable in the previous year.
- v. Prepaid expenses shall be allocated to the fiscal period in which the prepaid expenses are applied.

b. Adoption of Proposed Operating Budget.

- i. If the proposed Operating Budget is less than, equal to, or not more than ten percent (10%) greater than, the previous year's Operating Budget, and any increase in Dues does not exceed ten percent (10%), the proposed Operating Budget will become final at a time within the Board's discretion but no more than ten days after the conclusion of the Operating Budget and Reserve Program Meeting.
- ii. If, however, the proposed Operating Budget is more than ten percent (10%) higher than the previous year's Operating Budget, or any increase in Dues exceeds 10%, the Board must submit the proposed Operating Budget and Dues increase to an Owners Vote within 21 days after the Operating Budget and Reserve Program Meeting.
- iii. If in the Owners Vote pursuant to Section 8.1.b.ii above, at least fifty-one percent (51%) of the Association's Voting Shares approve the proposed Operating Budget and Dues increase, they will become final when the Votes are tallied. If, however, the Owners reject the proposed Operating Budget and Dues increase, the proposed Operating Budget will be reduced to limit the Operating Budget and Dues increase to ten percent (10%) over the previous year's Operating Budget, and newly reduced proposed Operating Budget will become final when the Votes are tallied.

- c. Within ten days after the Operating Budget is final, the Board shall assign Dues to the Owners in proportion to the Fractional Undivided Ownership Interests ("FUOIs") assigned to their Units (as specified in Declaration Exhibit B), for monthly payment during the next fiscal year and shall distribute to the Owners the materials set forth in Bylaws Section 6.2.e.i through iii.
- d. If the Board fails to prepare an Operating Budget for the coming fiscal year, the most recent annual Operating Budget shall be used in the coming fiscal year and Dues shall be paid on that basis.
- e. The Board may invest on a short-term basis, money in the Operating Fund that is, in the Board's opinion, not currently needed.

8.2 RESERVE PROGRAM

The Board of Directors shall analyze, review and update the Reserve Study in compliance with Utah Code Section 57-8-7.5, as amended, and the Association's Declaration. The purpose of the Reserve Fund is to provide funds to pay for the maintaining, repairing, replacing, restoring or renovating of components

identified in the Reserve Study that have expected useful lives in excess of three years and remaining useful lives of less than thirty (30) years, and which could not reasonably be funded from Operating Expenses.

- a. Reserve Study and Reserve Fund Analysis. A Reserve Study and Reserve Fund analysis shall be conducted every three years, and reviewed and updated annually, in accordance with Declaration Section 3.1.f.iii. Each analysis shall include a review, determination or re-determination of:
 - i. the current value of the Reserve Fund;
 - ii. a list of the components identified in the Reserve Analysis that will reasonably require reserve funds;
 - iii. the probable remaining useful life of each such component;
 - iv. the estimated cost to maintain, repair, replace, restore or renovate each such component during its useful life and at the end of its useful life;
 - v. the estimated total annual contribution to the Reserve Fund necessary to meet the cost to maintain, repair, replace, restore or renovate each component identified in the Reserve analysis during its useful life and at the end of its useful life; and
 - vi. a Reserve Fund funding plan that recommends how the Association may fund the annual contribution set forth in Section 8.2.a.v above.

In such analyses and reviews, or more frequently if the Board deems it necessary, the Board shall gather appropriate information to make the determinations above.

- b. Reserve Program Portion of the Dues. Based on the Reserve Study and Reserve Fund analyses, the Board shall calculate the proper amount to be collected through the Reserve Program Portion of the Dues in the coming year in order to prudently fund the Reserve Program. The amount to be collected shall be included in the Operating Budget as the Reserve Fund Line Item.
- c. Reserve Shortfall Assessments. If, in the course of the year, the Board determines that the balance available in the Reserve Fund is not, or will not be, sufficient to complete the projects included in the Reserve Study in a timely manner, the Board must not delay or forego maintaining, repairing, restoring, replacing and/or renovating the Reserve Study components but must instead seek Owner input on Options as set forth in Bylaws Section 8.3.b, implement the appropriate Option, and supplement the Reserve Fund balance with a Reserve Shortfall Assessment and/or a bank loan if the Option to be implemented will result, or likely will result, in a funding shortfall.
- d. Owner Veto of Designated Reserve Fund Contributions. If, within forty-five (45) days after the day on which the annual Operating Budget becomes final, the Owners of at least twenty-seven (27) different Units submit to the Board a signed petition expressing dissatisfaction with the Reserve Fund Line Item (which represents the Reserve Fund Portion of the Dues) in the final Operating Budget, the Board must call an Owners Meeting, followed by an Owners Vote, for the purpose of discussing and then voting on whether to veto the designated Reserve Fund Line Item. If at least fifty-one percent (51%) of the Association's Voting Shares disapproves the Reserve Fund Line Item in an Owners Vote, it will not be imposed; instead, the Reserve Program Portion of the Dues will be adjusted to fund the Reserve Fund in accordance with the Reserve Fund Line Item found in the most recent previously adopted annual Operating Budget.
- e. The Reserve Fund. The Reserve Fund shall be maintained separately from other financial accounts, deposits and investments of the Association. The Board, or a professional investment manager employed by the Board, shall prudently invest the Reserve Fund pending its use.

8.3 SHORTFALL ASSESSMENTS

When shortfalls occur in the Operating Fund or the Reserve Fund, or they occur with Insurance matters, the Board may determine that Assessments are necessary and levy them against the Owners in proportion to their Fractional Undivided Ownership Interests, to be payable at such time and in such manner as the Board deems appropriate.

- a. Operating Shortfall Assessments. The total amount of Operating Shortfall Assessments levied against a Unit in a fiscal year may not exceed one-twelfth (1/12) of the annual Dues payable by that Unit in that fiscal year without the approval of a majority of the Voting Shares represented by valid ballots actually cast in an Owners Vote when a Quorum is present. If the Owners do not approve an Operating Shortfall Assessment the Board must secure a bank loan to meet operational needs.
- b. Reserve Shortfall Assessments. If, in connection with its Reserve Study analyses or otherwise, the Board determines that it is likely to have a shortfall of Reserve funds necessary to complete the scheduled or emergency maintenance, repair, restoration, replacement or renovation of a particular component of the Common Areas and Facilities, the Board shall include the likely shortfall as an agenda item for an upcoming Board Meeting. Within a reasonable time thereafter when sufficient details are available, the Board shall call an Owners Meeting at which the Board shall present to the Owners one or more of the following Options: (1) that the necessary work be completed to preserve the particular component at a higher price than planned (“Increased Cost Option”), (2) that an alternative but similarly desirable component be created and substituted for the particular component (“Alternative Component Option”), and (3) that the particular component be entirely abandoned without any substitute (“Abandonment Option”), as well as the Board’s recommendation as to the Board’s preferred Option, if any, and shall solicit Owner input. The Board may call additional Owners Meetings and present further information on these Options at its discretion.
 - i. If the Board is recommending either the Increased Cost Option or the Alternative Component Option, then after obtaining Owner input, the Board, being well-informed and acting in good faith as a fiduciary of the Association and consistently with the legal doctrine known as the Business Judgment Rule, shall select either the Increased Cost Option or an Alternative Component Option, at its discretion, and shall cause the work related to that Option to occur, financed through the Reserve Fund, Reserve Shortfall Assessments and/or bank loans.
 - ii. If the Board is recommending the Abandonment Option, the Board shall hold an Owners Vote on that option, and if at least seventy-five percent (75%) of the Association’s Voting Shares approves that Option in that Owners Vote, the Board shall cause abandonment of the particular component to occur; if the Abandonment Option is not approved by the Owners, the Board shall act in the same manner as if it had not sought an Owners Vote, set forth in Bylaws Section 8.3.b.i above.
 - iii. Abandonment of a component may not occur other than through this process, except as set forth in Declaration Sections 7.12.d and 7.12.e pertaining to Insurance.
 - iv. In causing the work related to any Option to occur, the Board shall ensure that all necessary steps are taken to address structural and aesthetic issues, and that any necessary amendments or notices concerning the change are filed with the Salt Lake County Recorder.
- c. Insurance Shortfall Assessments. Insurance Shortfall Assessments may be levied in accordance with Declaration Sections 5.6.c, 5.7 and 7.12.

8.4 INDIVIDUAL ASSESSMENTS

When an Owner transfers his, her or their Unit to another, when an Owner or Resident moves his, her or their household into or out of a Unit or between Units, and when an Owner or the Owner’s Family, Invitee or Lessee causes damage to the Common Areas and Facilities or does not comply with the provisions in the Association’s Governing Documents, the Board may levy Individual Assessments against the Owner in the form of fees to benefit, reimburse and/or compensate Terrace Falls and/or the Association, and/or reimbursements to cover Association costs and expenses, and/or in the form of fines to penalize the Owner, as set forth further below.

- a. Reinvestment Fees. Upon transfer of a Unit, unless precluded by law, a Reinvestment Fee will be imposed upon the new Owner in the amount set forth in the Association Rules and Regulations. Reinvestment Fees must be paid and collected for the Association at closing.
- b. Impact Fees. Upon (1) a household move into or out of a Unit, or between Units or (2) the commencement of certain Improvements to a Unit as further set forth in the Unit Improvements Guidelines, an Impact Fee will be charged to the Owner in the amount set forth in the Association Rules and Regulations. Impact Fees will be set forth in a written statement, with payment due upon receipt of the statement, delinquent thirty (30) days thereafter, with late fees imposed and interest accruing from the delinquency date at the rate of twelve percent (12%) per annum until paid in full.
- c. Reimbursement Demands.
 - i. Reimbursement Demands will be based on the actual cost and expenses, including attorney's fees, incurred by the Association, as relevant:
 1. to make necessary repair of damage to the Common Areas and Facilities; and/or
 2. to bring an Owner and/or the Owner's Family, Invitee or Lessee and/or the Owner's Unit into compliance with the provisions of the Governing Documents, after notice of the violation and a reasonable opportunity to cure have been given and the Owner has not responded in a satisfactory manner.
 - ii. Reimbursement Demands shall include (i) a written statement and supporting documentation, if available, of the Owner's action necessitating the Association's expenditure of funds, and (ii) an itemized summary, with supporting documentation, of the costs and expenses incurred by the Association as a result of the Owner's action.
 - iii. Reimbursement payments are due upon receipt of the Reimbursement Demand and become delinquent thirty (30) days thereafter, with late fees imposed and interest accruing from the delinquency date at the rate of twelve percent (12%) per annum until paid in full.
 - iv. An Owner who does not believe an assessed Reimbursement Demand is warranted may request, at any time before payment of the Reimbursement Demand is due, an informal hearing with the Board.
- d. Non-Compliance Fines. The Board may assess a Non-Compliance Fine against a Unit Owner if the Owner and/or the Owner's Family, Invitee or Lessee takes any action in violation of the Association's Governing Documents. The process for assessment of Fines is set forth in the Association Rules and Regulations.

ARTICLE 9 RECORDS, AUDITS AND FISCAL YEAR

SUMMARY: The purpose of ARTICLE 9 is to provide information concerning the Association's records, audits and fiscal year, including details about: the general duty to keep records on-site in an organized fashion; the specific records that must be kept; what constitutes accounting and financial records; inspection and copying of records by Owners; audits; and that the Association's fiscal year is a calendar year.

9.1 IN GENERAL

The Association shall keep and maintain within the State of Utah all documents and records required by its Governing Documents, the Utah Revised Nonprofit Corporation Act, the Utah Condominium Ownership Act, and such other laws as may be applicable, and may keep such other records as the Board of Directors deems appropriate. Such documents and records shall be organized in a reasonable fashion that promotes transparency of Association business and accessibility of documents and records to its Members, and shall be maintained in a designated location at the Property.

9.2 GENERAL RECORDS

The Association, acting through the Board of Directors or its delegates, shall keep the records and documents of the Association. Such records and documents shall include, without limitation:

- a. its Governing Documents, including all amendments thereto;
- b. minutes of all Board Meetings and Owner Meetings;
- c. a record of all actions taken by the Owners or Board without a Meeting, including without limitation, the results of all Owners Votes;
- d. a record of all actions taken by a Committee of the Board in place of the Board on behalf of the nonprofit corporation;
- e. a record of all waivers of notices of Owner Meetings, Board Meetings and Committee Meetings;
- f. Board resolutions relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners;
- g. appropriate accounting and financial records;
- h. annual reports delivered to governmental agencies;
- i. all written communications to Owners generally as Owners; and
- j. an alphabetical record of Owners showing their Units and the number of Voting Shares each Unit is entitled to vote.

Physical copies of the Articles of Incorporation, the Declaration, the Bylaws, the most recent approved minutes of Board Meetings and Owner Meetings, the most recent Operating Budget and financial statements, the most recent annual report delivered to the Utah Division of Corporations under Utah Code Section 16-6a-1607, and a current list of the names and addresses of the Board Members and Officers, shall be kept on-site.

9.3 ACCOUNTING AND FINANCIAL RECORDS

Appropriate accounting and financial records shall include, without limitation, Association records which reflect: Dues and Assessments levied, collected and owed; all other income to or receipts by the Association; Association requests for bids and bids received; expenditures affecting the Common Areas and Facilities; Operating Budgets; Operational Fund and Reserve Fund statements; Balance Sheets and Income Statements; and Audits and other financial reviews.

9.4 INSPECTION AND COPYING OF RECORDS BY OWNERS

- a. General Records. An Owner is entitled to inspect and copy any of the Association records listed above in Bylaws Section 9.2 during regular business hours in the Terrace Falls Property Board Room at 171 E 3rd Avenue, Salt Lake City, Utah if the Owner has given the Board of Directors, at least five business days before the date on which the Owner wishes to inspect and copy the records, a written demand to do so, and that demand describes with reasonable particularity the records the Owner desires to inspect.
- b. Financial Statements. Within fifteen (15) days after it receives an Owner's written request for the same, the Association shall deliver to the Owner the Association's most recent monthly and annual financial statements, if any, that show in reasonable detail the assets and liabilities and results of the Association's operations. All other accounting and financial records are subject to Bylaws Section 9.4.a above.
- c. Other Records. An Owner is entitled to inspect and copy any of the other records of the Association during regular business hours at a reasonable location specified by the Association if the Owner has given the Board, at least five business days before the date on which the Owner wishes to inspect and copy the records, a written demand to do so, and the Owner's demand meets, in the Board's judgment, the following criteria:
 - i. it is made in good faith and for a purpose reasonably related to the Owner's interest as an Owner;
 - ii. it describes with reasonable particularity the purpose and the records the Owner desires to inspect; and

- iii. the records demanded are directly connected with the described purpose.
- d. Contents of Written Demand. In addition to the applicable details mentioned directly above in Bylaws Sections 9.4.a, 9.4.b and/or 9.4.c, the Owner shall include in the Owner's written demand:
 - i. the notation "Terrace Falls Condominium Owners' Association";
 - ii. the Owner's name;
 - iii. the Owner's address;
 - iv. the Owner's email address;
 - v. whether the Owner will inspect or will copy or scan the documents; and
 - vi. if the Owner elects to copy or scan the documents, the Owner should also state:
 - 1. who will make the copies or scans – the Owner, the Association, or a recognized third party duplicating service; and
 - 2. whether the copies will be hard copies or electronic scans; and
 - 3. if the Owner will make the copies or scans himself or herself or themselves, the Owner should identify and request permission to bring to the place of inspection any necessary imaging equipment (so that the Association can provide the necessary space, light and power for the imaging equipment); and
 - 4. if the Association will make the copies or scans, and the Owner desires delivery of the copies or scans by email, the Owner should request the Association to email the requested documents to the email address provided in the demand; and
 - 5. if a recognized third-party duplicating service will make the copies or scans, the Owner should identify the service and the appropriate contact person (so that the Association can arrange for the delivery and pick up of the original documents).
- e. Document Production Costs. If the Association makes the copies or scans, the Owner shall pay the Association the reasonable cost of the copies or electronic scans and for time spent making the copies or scans and meeting with the Owner, which may not exceed ten cents per page and fifteen dollars (\$15) per hour for the Association's time, or such other amounts as provided by law. If a third-party duplicating service makes the copies or scans, the Owner shall pay the duplicating service directly.
- f. Limitations on Document Inspection and Disclosure. Documents of a sensitive nature, including but not limited to documents related to topics discussed during Board Executive Sessions, may be marked "CONFIDENTIAL." Owners who inspect and/or copy and/or otherwise receive CONFIDENTIAL documents have an obligation to the Association, and to others, to maintain the confidentiality of the information contained in those documents, and to refrain from sharing those documents or the information contained therein with those who do not have a legitimate need to know it. Violation of this provision may lead to the levy of Individual Assessments as well as the imposition of other remedies as provided by law.
- g. Redactions. The Association may redact the following information from any document the Association produces for inspection or copying: Social Security numbers; bank account numbers; any communications subject to attorney-client privilege or other privileges; and such other information permitted by law to be redacted.

9.5 AUDITS

When the Board in its discretion deems it appropriate, the Board may appoint a Committee of Owners or hire a certified public accounting firm to audit the general and/or financial records of the Association. A written report of the findings of any such audit shall be submitted to the Board within 15 days after the conclusion of the audit, shall be reviewed as a matter of business at the next Board Meeting, and shall be distributed to the Owners with the Board Meeting minutes. In the absence of Board-directed audit, Owners who believe an audit is desirable may petition the Board pursuant to Bylaws Section 6.4.g for an Owners Meeting to discuss that topic.

9.6 FISCAL YEAR

The Association's Fiscal Year shall be the calendar year beginning on January 1 and ending on December 31 each year.

ARTICLE 10 LEASES, MOVES AND IMPROVEMENTS

SUMMARY: The purpose of ARTICLE 10 is to provide information concerning Leases, Moves and Improvements at Terrace Falls, including details about: the Sample Lease; Guidelines for Moves; Unit Improvements, including Construction Guidelines and Impact Plans; and Common Area Improvements, including preparation for Common Area projects, identification and selection of Contractors, and Common Area renovations.

10.1 LEASES

All Owners must ensure they fully comply, and that their Leases also comply, with all of the provisions in Declaration Section 4.4.

- a. The Board of Directors shall prepare a Sample Lease and shall provide a copy of it to any Owner to whom the Board has granted an opportunity to lease that Owner's Unit. The Sample Lease shall identify mandatory provisions that Owners must use, as well as optional provisions that Owners may use, in leasing their Units at Terrace Falls.
- b. The Owner may use the Sample Lease as written, or may use an alternative or supplemental lease document as long as the lease document used is lawful, contains all of the provisions identified as mandatory in the Sample Lease, does not undermine the Association's desired compliance with the Federal Fair Housing Act, and does not contain any provisions that violate the Association's Governing Documents.
- c. To ensure that the requirements of Bylaws Section 10.1.b are met, the Owner who has been granted the opportunity to lease the Owner's Unit must submit to the Board for its approval the lease documents that the Owner intends to use BEFORE those documents are executed by the Owner and Lessee, and also must provide a fully executed copy of the approved lease to the Board BEFORE the Owner takes any actions that provide the Lessee with access to the Unit or to the Terrace Falls complex.
- d. In supplying the Sample Lease and in approving the Owner's lease, the Association and the Board make no representations, warranties or guarantees as to the legality of the Sample Lease provisions identified as optional or any other provisions in the Owner's Lease. Owners are encouraged to seek independent legal advice concerning any lease document they may use.

10.2 MOVES

The Board of Directors shall prepare Guidelines for Moves and provide a copy to the Owner when the Owner purchases a Unit or plans to move into or out of Terrace Falls. The Board shall also provide a copy to an Owner when the Board receives a copy of any fully executed Lease referred to in Section 10.1 above. The Owner shall be responsible to pay the Impact Fee associated with each household move into and out of the Unit, and to provide a copy of the Guidelines for Moves to the Owner's Lessee and ensure that the Lessee understands and agrees to follow its provisions. If an Owner or the Owner's Lessee fails to comply with any provisions of the Guidelines, the Owner shall be subject to fines for non-compliance as outlined in the Association Rules and Regulations.

10.3 UNIT IMPROVEMENTS

- a. Construction Guidelines. In accordance with Declaration Article 6, an Owner undertaking work to maintain, repair, restore, replace or renovate the Owner's Unit and any Contractor the Owner may engage for that work shall strictly comply with the provisions of the Terrace Falls Condominium Owners' Association Unit Improvements Construction Guidelines, which set forth the procedural, construction and contractual requirements applicable to Unit Improvements, including among other things, the approvals, if any, that the Owner must obtain from the Architectural Review Committee and the Board of Directors and the Impact Fee, if any, that the Owner must pay prior to undertaking Unit Improvement Work.
- b. Impact Plans. If, in accordance with Declaration Section 6.6, an Owner must enter an Adjacent Owner's Unit to make Improvements on the Owner's own Unit, the Owner making Improvements and the Adjacent Owner shall work together to establish a written plan ("Plan") for entering into the Adjacent Owner's Unit to do the Impacting Work and for doing the Restoration Work. The Plan must be signed by both parties and contain, at a minimum, the following six items:
 1. A detailed description of the Impacting Work;
 2. A detailed description of the Restoration Work;
 3. The anticipated duration and schedule for the work;
 4. The identity of all individuals who will perform the work;
 5. The steps that will be taken to safeguard the Adjacent Owner's Unit, personal property, and person; and
 6. The notices to be given by and to each party.

10.4 COMMON AREA IMPROVEMENTS

In accordance with Declaration Section 3.1.d, the Board of Directors shall maintain, repair, restore, replace and renovate the Common Areas and Facilities in the manner and the timeframes set forth in the Reserve Study. When accomplishing this work, the Board and all Contractors it may engage for the work shall strictly comply with the provisions of the Terrace Falls Condominium Owners' Association Common Areas Construction Guidelines. The Board is responsible to provide these Construction Guidelines to the Contractor prior to the start of any Improvement Work on the Common Areas.

- a. Preparation for Common Area Projects.
 - i. Common Area Improvements Projects will normally be planned to use Annual Operating Budget or Reserve Funds. Reserve Projects should be included in the most recent Reserve Study's list of Projects that the Association plans to accomplish during the year. Other Common Area Improvements Projects may be approved outside the Operating Budget or the Reserve Study if an emergency occurs where a component must be repaired, restored, or replaced immediately.
 - ii. The Board of Directors, prior to sending a project out to bid, shall engage individuals or firms with appropriate expertise ("Industry Experts") to assist in defining the nature and scope of any repair, restoration, or replacement Improvements Project when the anticipated cost is one hundred thousand dollars (\$100,000) or more. The Board may also engage the help of such Industry Experts for projects anticipated to cost less than one hundred thousand dollars (\$100,000). Among other things, these Industry Experts should provide estimates of the Project's duration and cost, and an assessment of the nature and extent of impact the Project work will have on Owners and Residents. The Industry Experts may also assist in identifying qualified contractors for the Project, and in assembling an appropriate Request for Proposal packet.

- iii. The cost and duration estimates provided by the Industry Experts should be used to update the Annual Operating Budget and/or Reserve Study.
- iv. All proposed Improvements Work should be reviewed by the Board, the Architectural Review Committee, Physical Facilities Committee, and the Aesthetics Committee to coordinate the work.
- b. Identification and Selection of Contractors.
 - i. In the case of projects anticipated to cost ten thousand dollars (\$10,000) or more, the Board shall identify at least three contractors with the needed qualifications to accomplish the work (hereinafter “Qualified Contractors”). These Qualified Contractors must have experience doing the type of work that will be performed and possess the required licenses as well as workers compensation and liability insurance. If structural work will be performed, the contractor cannot be a Qualified Contractor unless the Owner has a professional engineering license or has an existing relationship with and is prepared to hire another contractor with a professional engineering license to provide that expertise.
 - ii. The Board shall document its Qualified Contractor identification process, to include, without limitation: the identity of each candidate considered; a description of the contractor’s experience, licenses and insurances; the identity of the contractor’s referral source; the nature of contractor’s relationship and the contractor’s referral source’s relationship with Terrace Falls and/or its Owners and/or Residents; and, the reasons the contractor is or is not considered a Qualified Contractor.
 - iii. The Board shall create a written Request for Proposal packet and provide it to each Qualified Contractor.
 - iv. A written bid from a Qualified Contractor must include detailed plans and specifications as well as estimated costs and timing for the Project, in order to be considered for the project (hereinafter, a “Qualified Bid”). The Board shall preserve each bid received, shall determine whether it is a Qualified Bid, and shall document its reasoning and its decision.
 - v. If fewer than three Qualified Bids are received, the Board shall identify additional Qualified Contractors and shall solicit bids from them using the same Request for Proposal packet. The Board shall repeat this contractor identification and bid request process as necessary until at least three Qualified Bids responsive to the same Request for Proposal packet are received, or until the Board determines that, despite its best efforts, it is unlikely that three Qualified Bids can be obtained.
 - vi. After the Board has the requisite number of Qualified Bids, the Board, Physical Facilities Committee, the Architectural Review Committee, the Aesthetics Committee and any others the Board may include, will review the Qualified Bids received from the Qualified Contractors, and discuss the pros and cons of each and how they compare and differ. The Board shall then select the contractor who, in its estimation, is best able to deliver the desired results (hereinafter “Final Contractor”).
 - vii. The Board shall document its Final Contractor selection process, to include, without limitation: the identity of the Qualified Contractors and Qualified Bids under consideration; the pros and cons of each Qualified Bid and each Qualified Contractor under consideration; the identity of the Final Contractor; and the Board’s detailed rationale for the selection of the Final Contractor over the others.
- c. Major Common Area Renovations. If a Common Area Improvements Project is anticipated to exceed five hundred thousand dollars (\$500,000) and involves renovations to part or all the

Common Areas (hereinafter “Renovation Project”), the following steps must be taken in addition to those in Bylaws Section 10.4.b above:

- i. The Board must identify at least three interior design or architectural firms (hereinafter “Design Firms”) that are not Terrace Falls Owners or Residents, and invite them to come to Terrace Falls to see the Property and to make written design proposals to include a general style of the renovation, along with estimated costs and the time required to complete the work (hereinafter “Renovation Project Design Proposals”). The Board shall preserve each Renovation Project Design Proposal received.
 - ii. The Board, in consultation with a Board-appointed committee comprised of three or more Owners (“Renovation Committee”), will chose two Renovation Project Design Proposals for further consideration. The Board shall document its choices and its rationale for them.
 - iii. The Board and/or Renovation Committee will present the two Renovation Project Design Proposals to the Owners during an Owners Meeting, after which an Owners Vote will be taken, by written ballot, to determine which Renovation Project Design Proposal should be used.
 - iv. Once the Renovation Project Design Proposal has been selected by the Owners, the Board shall seek bids from the Qualified Contractors using the process set forth in Bylaws Sections 10.4.b.i through 10.4.b.v above. When the Board has received the requisite number of Qualified Bids, the Board and the Renovation Committee shall discuss the Qualified Bids and the Qualified Contractors, the pros and cons of each, and how they compare and differ. The Board shall then select as semi-finalists two Contractors from those who submitted Qualified Bids, documenting its selection and its rationale.
 - v. The Board, acting alone or in consultation with other Owners, shall select from those two Contractor semi-finalists the Final Contractor it feels can best accomplish the work, and shall contract with him to perform the Renovation Project.
 - vi. The Board shall document its Final Contractor selection process, to include, without limitation: the identity of the two semi-finalist contractors and Qualified Bids under consideration; the pros and cons of each Qualified Bid and each semi-finalist Contractor; the identity of the Final Contractor; and the Board’s detailed rationale for the selection of the Final Contractor over the other semi-finalist.
 - vii. The Board shall create a team of Board members and Owners to share the responsibilities for managing the Renovation Project including: budgeting and accounting, scheduling, selection of and negotiation for major components of the Renovation Project, purchasing, and interface with the designer and Contractor. A Board member shall chair the Committee.
- d. All Common Area Renovation Projects.
The Board should work with the Architectural Review Committee, the Physical Facilities Committee, the Aesthetics Committee and, as appropriate, one or more previously engaged Design Firms, to ensure that the design of all renovation work, regardless of its nature, size or scope, complements and/or improves the overall design of Terrace Falls.

ARTICLE 11 INDEMNIFICATION

SUMMARY: The purpose of ARTICLE 11 is to provide information concerning the Association’s

commitment to indemnify and hold harmless those Owners, Residents and employees who provide services on behalf of the Association.

The Association shall indemnify and hold harmless any current or former Board Member, Officer, Assistant Officer, Committee Chair, Committee Member, Committee Volunteer or employee of the Association, and his or her or their heirs or personal representatives (hereinafter "Indemnitees"), from and against all personal liability and expenses including counsel fees, arising out of or in settlement of any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, instituted by the Association, by any one or more Owners, or by any other persons or entities, to which the Indemnatee shall be made or shall be threatened to be made a party by reason of the fact that the Indemnatee acted or failed to act in such position, unless, as determined by the Board pursuant to its sole discretion, such liability or expense is attributable to the Indemnatee's bad faith, gross negligence, recklessness or willful misconduct.

ARTICLE 12 REPEAL OR AMENDMENT

SUMMARY: The purpose of ARTICLE 12 is to provide information concerning repeal or amendment of these Bylaws.

12.1 MANNER OF REPEAL OR AMENDMENT

The Bylaws may be repealed or amended by the affirmative vote of at least fifty-one percent (51%) of the Association's Voting Shares, cast pursuant to an Owners Vote called by the Board of Directors. The fact of any such repeal or amendment shall be reflected in a written instrument signed by three Officers and filed, along with a copy of any pertinent amendment, with the Salt Lake County Recorder. The repeal or amendment shall be effective upon recordation.

12.2 REPEAL OR AMENDMENT PROCESS

- a. Board-led Repeal or Amendment. The Board of Directors, whether acting on its own or acting pursuant to a suggestion from an Owner or Resident, may propose the repeal or amendment of the Bylaws. If the Board believes that the Association will or may benefit from such a repeal or amendment, the Board shall call an Owners Meeting at which the proposed repeal or amendment shall be discussed. Thereafter, the Board shall call an Owners Vote.
- b. Owner-led Repeal or Amendment. A group of Owners may compel the Board to call an Owners Meeting to discuss a proposed repeal or amendment to the Bylaws by submitting to the Board a written petition, signed by the Owners of at least twenty-seven (27) different Units, that describes in detail the repeal or amendment sought, as long as the repeal or amendment sought, or one materially similar to it, has not been the topic of an Owners Meeting in the prior twelve (12) months. After the Owners Meeting is held, the Board shall call an Owners Vote on the proposed repeal or amendment raised by the petition.

EXHIBIT A

CERTIFICATE OF APPROVAL
OF AMENDED AND RESTATED BYLAWS
OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION

The undersigned, being duly authorized Officers of the Terrace Falls Condominium Owners' Association, being duly sworn, certify as follows:

1. Attached to this Certification is the AMENDED AND RESTATED BYLAWS OF TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION, a Condominium Development situated in Salt Lake City, Salt Lake County, State of Utah (hereinafter "Amended and Restated Bylaws").
2. The Prior Bylaws and its other previously recorded amendment(s), composites and restatements were properly amended by the affirmative vote of a majority of the Voting Shares comprising the Association's membership.
3. The Association authorized the recording of the Amended and Restated Bylaws with this Certificate.

Dated: February 23, 2023

Terrace Falls Condominium Owners' Association

By: Jonathan Boxer President
Officer Name, Title

By: DeAnna DeBry, 1st vice president
Officer Name, Title

By: Lark Galley, 2nd vice president
Officer Name, Title

By: Kandace Steadman, Secretary
Officer Name, Title

By: Norman Waitzman Treasurer
Officer Name, Title

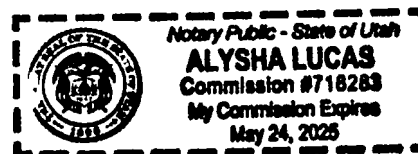
STATE OF UTAH

) ss

COUNTY OF SALT LAKE)

On the 23 day of February, 2023, personally appeared before me Alysha Lucas
Jonathan Boxer, Kandace Steadman,
DeAnna DeBry, Norman Waitzman and
Lark Galley, each of whom being by me duly sworn did say, for
himself or herself or themselves that he or she or they is a duly appointed officer of the Association, and
that the foregoing instrument was duly approved in writing by the affirmative vote of more than fifty
percent (50%) of the Association's Voting Shares.

Alysha Lucas
NOTARY PUBLIC



**EXHIBIT A
LEGAL DESCRIPTION**

Terrace Falls Condominiums

Beginning at the southwest corner of Lot 2, Block 43, Plat "D", Salt Lake City Survey, and running thence south 89° 26' 45" east 221.00 feet along the south line of said Block 43; thence north 00° 02' 00" east 82.50 feet; thence north 89° 26' 45" west 56.00 feet to the east line of said Lot 2; thence north 00° 02' 00" east 247.50 feet to the northeast corner of Lot 3, said Block 43; thence north 89° 26' 45" west 165.00 feet to the northwest corner of said Lot 3; thence south 00° 02' 00" west 165.00 feet to the southwest corner of said Lot 3; thence north 89° 26' 45" west 165.00 feet to the northwest corner of Lot 1, Block 4, Plat "I", Salt Lake City Survey; thence south 00° 02' 00" west 165.00 feet to the southwest corner of said Lot 1; thence south 89° 26' 45" east 165.00 feet to the point of beginning.

Contains: 1.981 Acres

EXHIBIT B

**TERRACE FALLS CONDOMINIUM OWNERS' ASSOCIATION
FRACTIONAL UNDIVIDED OWNERSHIP INTERESTS
IN COMMON AREAS AND FACILITIES
("FUOI") (BASED UPON "PAR VALUES")
(As of November 1, 2022)**

UNIT	VOTING SHARES	LIVING AREA (SQ. FT.)	BALCONY, DECKS, PATIOS (SQ. FT.)	TOTAL SQUARE FEET	FUOI (WEIGHTED 90% FOR SPACE AND 10% FOR LOCATION AS SET IN 1985)
101	103	1,830.00	171.00	2,001.00	0.010273
102	126	2,080.00	372.00	2,452.00	0.012589
103	113	2,005.00	190.50	2,195.50	0.011271
104	130	2,140.00	391.50	2,531.50	0.012996
201	97	1,800.00	85.50	1,885.50	0.009680
202	115	2,145.00	85.50	2,230.50	0.011451
203	108	2,005.00	93.00	2,098.00	0.010771
204	115	2,140.00	93.00	2,233.00	0.011464
205	103	1,920.00	93.00	2,013.00	0.010335
206	108	2,020.00	93.00	2,113.00	0.010848
301	101	1,800.00	85.50	1,885.50	0.010143
302	119	2,145.00	85.50	2,230.50	0.011914
303	112	2,005.00	93.00	2,098.00	0.011234
304	119	2,140.00	93.00	2,233.00	0.011927
305	112	2,005.00	93.00	2,098.00	0.011234
306	113	2,020.00	93.00	2,113.00	0.011311
307	113	2,000.00	111.00	2,111.00	0.011300
308	114	2,040.00	97.50	2,137.50	0.011437
309	124	2,235.00	95.00	2,330.00	0.012425
310	141	2,440.00	210.00	2,650.00	0.014067
401	107	1,800.00	85.50	1,885.50	0.010606
402	124	2,145.00	85.50	2,230.50	0.012377
403	117	2,005.00	93.00	2,098.00	0.011697
404	124	2,140.00	93.00	2,233.00	0.012390
405	117	2,005.00	93.00	2,098.00	0.011697
406	118	2,020.00	93.00	2,113.00	0.011774
407	132	2,290.00	96.00	2,386.00	0.013175
408	103	1,730.00	88.50	1,818.50	0.010262
409	121	2,005.00	172.50	2,177.50	0.012105

UNIT	VOTING SHARES	LIVING AREA (SQ. FT.)	BALCONY, DECKS, PATIOS (SQ. FT.)	TOTAL SQUARE FEET	FUOI (WEIGHTED 90% FOR SPACE AND 10% FOR LOCATION)
410	121	2,080.00	87.00	2,167.00	0.012051
411	119	1,865.00	274.00	2,139.00	0.011908
412	89	1,465.00	84.00	1,549.00	0.008879
413	145	2,440.00	210.00	2,650.00	0.014530
501	111	1,800.00	85.50	1,885.50	0.011069
502	128	2,145.00	85.50	2,230.50	0.012840
503	122	2,005.00	93.00	2,098.00	0.012160
504	129	2,140.00	93.00	2,233.00	0.012853
505	122	2,005.00	93.00	2,098.00	0.012160
506	122	2,020.00	93.00	2,113.00	0.012237
507	136	2,290.00	96.00	2,386.00	0.013638
508	107	1,730.00	88.50	1,818.50	0.010725
509	116	1,865.00	126.00	1,991.00	0.011610
510	125	2,080.00	87.00	2,167.00	0.012514
511	109	1,775.00	72.00	1,847.00	0.010871
512	112	1,840.00	75.00	1,915.00	0.011220
513	129	2,000.00	248.00	2,248.00	0.012930
514	142	2,100.00	389.50	2,489.50	0.014170
515	137	2,310.00	89.00	2,399.00	0.013705
601	107	1,385.00	335.00	1,720.00	0.010682
602	127	1,720.00	397.00	2,117.00	0.012721
603	126	2,005.00	93.00	2,098.00	0.012623
604	133	2,140.00	93.00	2,233.00	0.013316
605	126	2,005.00	93.00	2,098.00	0.012623
606	127	2,020.00	93.00	2,113.00	0.012700
607	141	2,290.00	96.00	2,386.00	0.014101
608	112	1,730.00	88.50	1,818.50	0.011188
609	156	2,435.00	236.00	2,671.00	0.015565
610	130	2,080.00	87.00	2,167.00	0.012977
611	153	2,455.00	120.00	2,575.00	0.015323
612	117	1,840.00	75.00	1,915.00	0.011683
613	114	1,675.00	188.00	1,863.00	0.011417
614	130	2,100.00	78.00	2,178.00	0.013034
615	142	2,310.00	89.00	2,399.00	0.014168
701	138	1,985.00	253.00	2,238.00	0.013805
702	150	2,180.00	284.50	2,464.50	0.014967
703	134	2,080.00	87.00	2,167.00	0.013440
704	121	1,840.00	75.00	1,915.00	0.012146
705	135	2,100.00	78.00	2,178.00	0.013497
706	132	2,115.00	192.00	2,307.00	0.013233
707	106	1,705.00	93.00	1,798.00	0.010619
708	130	2,060.00	198.00	2,258.00	0.012982
709	139	2,230.00	198.00	2,428.00	0.013854

UNIT	VOTING SHARES	LIVING AREA (SQ. FT.)	BALCONY, DECKS, PATIOS (SQ. FT.)	TOTAL SQUARE FEET	FUOI (WEIGHTED 90% FOR SPACE AND 10% FOR LOCATION)
710	114	1,820.00	122.00	1,942.00	0.011359
711	159	1,995.00	654.00	2,649.00	0.015914
712	134	2,145.00	198.00	2,343.00	0.013417
713	184	2,845.00	285.00	3,130.00	0.018384
714	145	2,180.00	200.00	2,380.00	0.014533
715	146	2,310.00	89.00	2,399.00	0.014631
801	142	1,945.00	305.00	2,250.00	0.014229
802	180	2,915.00	88.50	3,003.50	0.018046