

BY-LAWS

OF

ROSEWOOD LANE TOWNHOUSE CONDOMINIUM ASSOCIATION, INC.

I. IDENTITY. These are the By-Laws of the Rosewood Lane Townhouse Condominium Association, Inc., and the same are incorporated by reference into the Declaration of Condominium of Rosewood Lane Townhouse Condominium Association.

II. APPLICATION. All persons who use the facilities or the property in any manner are subject to this Declaration and to the rules and regulations.

III. GOVERNING FUNCTION BY MANAGEMENT COMMITTEE. The affairs of the Association shall be governed by a Management Committee, the nature, powers and responsibilities of which are hereinafter defines.

The Declaration shall exercise the functions of the Management Committee until a Management Committee has been duly established.

IV. MEETINGS OF THE ASSOCIATION. The first annual meeting of the Owners shall be held twenty (20) days after Declarant gives notice thereof to all Owners. Declarant may give such notice at any time but Declarant shall give notice on or before one year from the date the first unit has been conveyed to an Owner.

Annual meetings of the owners shall be held. After the first annual meeting, each subsequent annual meeting shall be held at 7:00 p.m. on the 30th day of April of each year at such reasonable place or at such other reasonable time (not more than 60 days before or after such date) as may be designated by the Management Committee.

Special meetings shall be held whenever called by notice of the Management Committee and signed by a majority thereof, and the Management Committee shall call by notice

a special meeting upon receipt of a written request from owners having one-half of the total vote, which request shall specify the matters to be considered. No matters shall be considered at a special meeting except as stated in the notice.

Notices of all meetings may be served personally or by mail at least ten (10) days but not more than twenty (20) days prior to such meeting. Any notice of meeting permitted or required shall be in writing, stating the purpose thereof and the time and place, and shall be served on each Owner of record at his residence, or at such address as the Owner shall have designated by notice in writing to the management Committee or Manager. Mailing of a notice shall be considered service of notice.

A Quorum at Association meetings shall consist of persons entitled to cast a majority of the total votes. In the event that a quorum is not present at any meeting, the Owners present, though less than a quorum, may adjourn the meeting to a later date and give notice thereof to all the Owners, and at that meeting the present of Owners holding in excess of twenty-five percent (25%) of the total votes shall constitute a quorum for the transaction of business; but in the event a quorum is not present at that meeting, the Owners present, though less than a quorum, may adjourn the meeting to a later date and give notice thereof to all the Owners; and, at that meeting, whatever Owners are present shall constitute a quorum.

Except where a greater percentage is required by this Declaration, the acts approved by a majority vote of the voting power present at a meeting at which a quorum is present shall be the acts of the Owners.

VOTES MAY BE CAST IN PERSON ONLY.

Where there is more than one record Owner of a unit. All record Owners of the same unit must attend the meeting and must act unanimously in order to cast the votes to which they are entitled. However, any record Owner may designate another joint Owner of the same unit as proxy or agent in a writing signed by such record Owner and filed with the Management Committee, or Manager before the time appointed for each meeting.

Declarant shall be entitled to vote with respect to any completed unit owned by Declarant.

In the event that a notice of default is recorded by any mortgagee who holds a mortgage which is a first lien on a condominium against the Owner of the condominium covered by the mortgage, then and in that event and until the default is cured, the right of the Owner of such condominium to vote shall be deemed transferred to the mortgagee recording the notice of default.

The order of business at all annual association meetings as far as practicable shall be:

- (a) Calling of the roll;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes;
- (d) Reports of Management Committee, etc.;
- (e) The presentation by the management Committee of an accounting of the income and expenses, including common expenses, itemizing receipts and disbursements for the preceding fiscal year, the allocation thereof to each owner, and the estimated common expenses for the coming calendar year (within nineteen

(19) days after the annual meeting, said statement shall be delivered to the Owners not present at said meeting);

(f) Election of Management Committee members for the forthcoming years;

(g) Unfinished business; and

(h) New business

THE FISCAL YEAR shall be December 31.

V. WAIVERS OF NOTICE. Any unit owner may at any time waive any notice required to be given under these By-Laws, or by statute or otherwise. The presence of a unit owner in person at any meeting of the unit owners shall be deemed such waiver.

VI. MANAGEMENT COMMITTEE. The Declarant shall act as the first Management Committee until 75% of the units have been sold or three (3) years have expired from the recordation of the Declaration of Condominium of Rosewood Lane Townhouse Condominiums Phase I, whichever first occurs. The first management committee elected by the owners (when twenty-five percent (25%) of the units have been sold or expiration of three (3) years, whichever first occurs) shall consist of five (5) members. Two shall serve for one year, two for two years and one for three years. Thereafter each member's term shall be for three (3) years. Any vacancy occurring prior to an election shall be filled by the remaining committee members.

Declarant shall act as the Management Committee until the first Management Committee has been selected by Declarant as set out above.

Thereafter, the Management Committee members shall be elected as set out hereinafter.

Subject to the provisions of the next preceding paragraphs, the election of members of the Management Committee shall be conducted at the annual Association meeting. The number elected shall depend upon the number of vacancies. A nominating committee of three (3) members shall be appointed by the present Management Committee not less than thirty (30) days prior to the annual members' meeting. The Committee shall nominate one person for each vacancy on the Management Committee, then serving. Additional nomination for vacancy may be made from the floor. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his vote for as many nominees as there are vacancies to be filled.

Voting for management Committee shall be noncumulative. The term of each member's service shall be for a period of three (3) years (subject to the provisions herein relating to the first Management Committee) and each member shall serve until his successor is elected, or until his death, resignation or removal; provided that if any member ceases to be an Owner, his membership on the Management Committee shall thereupon terminate.

Vacancies, Resignation and Removal.

(a) Except as to vacancies provided by the removal of members by Owners, and subject to the provisions for removal by Declarant, vacancies in the Management Committee occurring between annual meetings of the Association shall be filled by the remaining members.

(b) Any member may resign by giving written notice to the Management Committee.

(c) Any member may be removed by the Owners by concurrence of two-thirds of the voting power present at a special meeting of the Association called for that purpose. The vacancy in the Management Committee so created shall be filled by the owners at the same meeting.

A Quorum at Management Committee meetings shall consist of three (3) members. The acts approved by a majority of those present at a meeting at which a quorum is present shall be the acts of the management Committee except where approval of a greater number of members is required by this declaration.

Meetings of the Management Committee may be called, held and conducted in accordance with such regulations as the Management Committee may adopt.

Compensation. Management Committee members shall serve without compensation.

A Chairman shall be elected by the management Committee, which chairman shall preside over the Committee.

Waiver of Notice. Before any meeting of the Management Committee, any member thereof may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance of a member of the Management Committee at any meeting thereof shall be a waiver of notice by him of the time and place thereof.

Adjournments. The Management Committee may adjourn any meeting from day to day or for such other time as may be prudent or necessary, providing that no meeting may be adjourned for longer than thirty (30) days.

VII. OFFICERS. The executive officers of the association shall be a President, who shall be a member of the Committee, a Vice President, who shall be a member of the Committee, a Treasurer, a Secretary and all of whom shall be elected by and from the Management Committee. A person may hold two or more offices except that the President shall not also be the Secretary.

(a) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of an Association, including but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

(b) The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the management Committee.

(c) The Secretary shall keep the minutes of all proceedings of the Management Committee. He shall attend to the giving and serving of all notices to the members and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of the Association as may be required by the Directors or the President.

(d) The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the books of the

Association in accordance with good accounting practices, and shall perform all other duties incident to the office of Treasurer.

VIII. ACCOUNTING. The funds and expenditures of the Association shall be credited and charged to accounts of the Management Committee, which shall be established by the Committee, and kept under the direction of the Treasurer, and in accordance with a reasonable and acceptable standard of accounting procedures.

IX. REVIEW OF ACCOUNTS. At the conclusion of each accounting year, books and records of the Management Committee shall be reviewed by an individual or firm, approved by a majority of the Management Committee.

X. BOOKS. The books and records of the Management Committee shall be available at the principal office of the Management Committee, and any owner shall have the right to inspect said records and books at reasonable hours, and by providing the management Committee with reasonable notice.

XI. OPERATION AND MAINTENANCE OF CONDOMINIUM PROJECT. The Management Committee shall be responsible for the maintenance, control, operation and management of this condominium project in accordance with the provisions of the Utah Condominium Ownership Act, the Declaration under which the condominium project was established and submitted to the provisions of said act, these By-Laws and such other rules and regulations as the Association of unit owners may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the Owners.

XII. POWERS AND RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE. The Management Committee shall have all power and duties of the Association

existing under the Condominium Act, the Declaration, the By-Laws and Articles of Incorporation which are necessary for the administration of the affairs of the Association and may do all such acts and things except as by law or by this declaration may not be delegated to or performed by the Management Committee. Said powers and duties shall be exercised exclusively by the management Committee, its agents, contractors or employees, subject only to approval by Owners when such is specifically required. Such powers and responsibilities shall include, but not be limited to the following, subject to the provisions of this Declaration:

(a) To make and collect assessments against the Owners and use the proceeds in the exercise of its powers and duties.

(b) Budget. To adopt an annual budget, determine the amount of common expenses payable by Owners and allocate and assess the charges against the Owners pursuant to the percentages set forth in the Declaration.

If said Budget proves inadequate for any reason, including nonpayment of any Owner's assessment, the Management Committee may at any time levy a further assessment, which shall be assessed to the Owners in like proportions, unless otherwise provided herein.

Each Owner shall be obligated to pay assessments made pursuant to this paragraph and the declarations to the Management Committee as set forth in the Declarations under the paragraph termed "Assessments" or in such other reasonable manner as the Management Committee shall designate.

(c) Assessments against Owners pursuant to the annual budget shall be made for the calendar year annually on or before the second Monday in December preceding the year for which the assessments are made.

(d) Audits of books and records shall be made as provided in these By-Laws.

(e) All maintenance, repair, replacement, structural alterations, reconstruction and the operation of the Common Areas and facilities, whether located inside or outside of the units shall be paid as a common expense (unless necessitated by the negligence, misuse or neglect of an owner in which case such expense shall be charged to such Owner.)

Maintenance and repair of any unit should be accomplished as expeditiously as possible, if such maintenance or repair is reasonably necessary in the discretion of the Management Committee or its authorized representative to protect the property or preserve the appearance and value of the project.

However, the Management Committee shall have no authority to acquire and pay for out of the common expense fund, any capital additions and improvements having a cost in excess of \$1,000.00 except as expressly provided herein.

The acquiring of all materials, supplies, personal property, labor, services, insurance, bonds, taxes or assessments which the Management Committee is required to secure or pay for pursuant to the terms of this Declaration or By-Laws or which in its opinion shall be necessary or proper for the operation of the Common Areas and Facilities or for the enforcement of this declaration, provided that if any such are provided for a particular unit and not for the Common Areas and Facilities, the cost thereof shall be specially assessed to the Owners of such unit.

(f) To make reasonable rules and regulations respecting the use, operation and maintenance of the property.

(g) To enforce by legal means the act, Declaration, By-Laws and the reasonable rules and regulations covering the use, operation and maintenance of the Property.

XIV. LIMITATION OF MANAGEMENT COMMITTEE'S LIABILITY:

INDEMNIFICATION. The Management Committee shall not be liable for any failure of the water supply or other service to be obtained and paid for by the management Committee, hereunder, or for injury or damage to person or property caused by the elements or by another Owner or person on the property, or resulting from electricity, water, rain, dust, sand or mud which may leak or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances or equipment, or from any other place unless caused by gross negligence of the Management Committee.

No diminution or abatement of common expense or assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Areas and Facilities or from any action taken to comply with any law, ordinance or orders of a governmental authority.

Each member of the Management Committee shall be indemnified by the Owners against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a member of the Management Committee, or any settlement thereof, whether or not he is a member of the management Committee at the time such expenses are incurred, except in such cases wherein the members of the Management Committee is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the

Management Committee approves such settlement and reimbursement as being for the best interest of the Management Committee.

XV: OWNER OBLIGATIONS AND DEFAULTS. Each Owner shall be obligated for annual and special assessments levied by the Management Committee for the common expenses, payable in such reasonable manner as outlined in the Declarations in the paragraph term "Assessments."

If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior annual assessment.

(a) Separate Defaults. Each monthly or other periodic installment of any assessment and each special assessment shall be separate, distinct and personal debts and obligations of the Owner against whom the same are assessed at the time the assessment is made and shall be collectible as such together with any reasonable late charges which have been provided for by the Management Committee and reasonable attorney's fees.

(b) Lien for Nonpayment. The amount of any assessment, whether regular or special, assessed to an Owner plus interest at the highest legal rate and costs, including reasonable attorney's fees, shall become a lien upon such condominium upon recordation of a notice of assessment as provided in Section 57-8-20 of the Act.

XVI. PROHIBITION AGAINST STRUCTURAL CHANGES BY OWNER. The Owner shall not, without first obtaining written consent of the Management Committee, or its duly authorized representative, make or permit to be made any structural alteration, improvement or addition in or to his unit or the Limited Common Areas, Common Areas and Facilities. The Owner shall do no act nor any work that will impair the structural soundness or integrity of the

buildings or safety of the property or impair any easement or hereditament without the written consent of all owners. The Owner shall not paint or decorate any portion of the exterior of the buildings or other Common Areas and Facilities.

XVII. LIMITATION ON USE OF UNITS AND COMMON AREAS. Nothing shall be done or kept in any unit or in the Common Areas and Facilities which will increase the rate of insurance on the Common Areas and Facilities without the prior written consent of the Management Committee. No Owner shall permit anything to be done or kept in his unit or in the Common Areas and Facilities which will result in the cancellation of insurance on any unit or any part of the Common Areas and Facilities or which would be in violation of any law. No waste will be committed in the Common Areas and Facilities.

XVIII. RIGHTS OF ACCESS. The Management Committee and its agents shall have right of access to any unit for the purpose of making inspections or performing maintenance or other work pertinent to lawful duties of the Management Committee or for the purpose of correcting any conditions originating in a unit and threatening another unit or the Common Areas and Facilities, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of emergency, such right or entry shall be immediate, whether the owner is present or not.

XIX. NO PARTITION. There shall be no judicial partition of the project or any part thereof, nor shall Declarant or any person acquiring any interest in the project or any part thereof seek any such judicial partition, until the happening of the conditions set forth in Section 57-8-31 of the Act in the case of damage or destruction, or unless the property has been removed from the provisions of the Act as provided in Section 57-8-22 thereof, provided, however, that if

any condominium shall be owned by two or more co-tenants as tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition as between such co-tenants. But such partition shall not affect any other condominium.

XX. ALTERATIONS, ADDITIONS AND IMPROVEMENTS OF COMMON AREAS AND FACILITIES. There shall be no structural alterations, capital additions to, or capital improvements of the common Areas and Facilities requiring an expenditure in excess of \$2,000.00 without the prior approval of Owners holding fifty-one percent (51%) of the total votes.

XXI. MORTGAGE PROTECTION. Notwithstanding all other provisions hereof:

(a) The liens created hereunder upon any condominium shall be subject and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage (meaning a mortgage with first priority over other mortgages) upon such interest made in good faith and for value, provided that after the foreclosure of any such mortgage there may be a lien created pursuant to the paragraph entitled "Lien for Nonpayment" hereof on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as an Owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein;

(b) No amendment to this paragraph shall affect the rights of the holder of any such mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

(c) By subordination agreement executed by a majority of the Management Committee, the benefits of the next preceding paragraphs above may be extended to mortgages not otherwise entitled thereto.

XXII. FAILURE OF MANAGEMENT COMMITTEE TO INSIST ON STRICT PERFORMANCE NO WAIVER. The failure of the Management Committee to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, these By-Laws or the rules and regulations, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future, of such term, covenant, condition or restriction but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the management Committee of any assessment from an Owner, with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Management Committee or Manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Management Committee.

XXIII. ENFORCEMENT. In any action of enforcement pursuant to Section 57-8-8 of the Act, the Plaintiff shall be entitled to recover reasonable attorney's fees.

XXIV. AUDIT. Any Owner may at any time at his own expense cause an audit to be made of the books and records of the Management Committee. The Management Committee, at the expense of the common expenses, shall have the books and records pertaining to the project reviewed annually and furnish copies thereof to the Owners.

XXV. INTERPRETATION. The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the operation of a condominium

project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

XXVI. AMENDMENT. These By-Laws may be amended in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting in which a proposed amendment is considered.

(b) A resolution adopting the proposed amendment may be proposed by either the Management Committee, or by the members of the Association. Members of the Management Committee not present in person or by proxy at the meetings considering the amendments may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approval must be by at least sixty-six and two-thirds percent (66 2/3%) of the votes of the entire membership of the Association.

No amendment shall discriminate against any owner or against any unit or class or group of units unless the owner so affected shall consent. No amendment shall change any unit nor the share in the common areas and facilities appurtenant to it, nor increase the owner's share of the common expenses nor change the voting rights of members, unless the record owner of the unit concerned and all record owners of liens thereon shall join in the execution of the amendment.

XXVII. INSURANCE. The Management Committee shall obtain and maintain adequate insurance coverage at all times. Such coverage shall be for the type and kind as provided herein and include insurance for such other risks, of a similar or dissimilar nature, as are

or shall hereafter customarily be covered with respect to other properties similar to the property in construction, design and use. The Management Committee shall make every reasonable effort to obtain insurance with the following provisions or endorsements:

(a) Exclusive authority to adjust losses shall be vested in the Management Committee as insurance trustee.

(b) The insurance coverage shall not be brought into contribution with insurance purchased by individual unit owners or their respective mortgagees;

(c) Each unit owner may obtain additional insurance coverage his real property interest at his own expense;

(d) The insurer waived its right of subrogation as to any claims against each unit owners;

(e) The insurance coverage cannot be canceled, invalidated or suspended because of the conduct of any one or more individual unit owners or their respective lessees, employees, agents, contractors and guests;

(f) The insurance coverage cannot be canceled, invalidated or suspended because of the conduct of any officer or employee of the association or Management Committee or their employees, agents or contractors, without prior demand in writing that the Management Committee cure the defect and then only if the defect is not cured within thirty (30) days.

(g) The Management Committee, for the benefit of the property and the unit owners, shall maintain a policy or policies of casualty and multi-risk, "all peril" insurance on the property, with the provisions and endorsements as set forth in paragraph "f" above, if obtainable, also with extended coverage endorsements, for the full insurable replacement value of

the units, common areas and facilities, items of common personal property and fixtures, payable to the Management Committee as insurance trustee to be disbursed in accordance with the terms of the Declaration. The limits and coverage of said insurance shall be reviewed at least annually by the Management committee and shall include an appraisal of the property. Said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each unit.

(h) The Management Committee shall obtain a policy or policies of insurance insuring the Management Committee and its employees, including the manager, the unit owners and their respective lessees, servants, agents or guests against any liability to the public or to the owners of units, members of the households of unit owners and their respective invitees or tenants, incident to the ownership and/or use of the property. Limits of liability under such insurance shall not be less than THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) for any one person injured, ONE MILLION DOLLARS (\$1,000,000.00) for all persons injured in any one occurrence. The limits in coverage of said liability policy or policies shall be reviewed at least annually by the Management Committee and increased at its discretion. Said policy or policies shall be issued on a comprehensive liability basis and, if possible, shall provide cross-liability endorsements for possible claims of any one or more or group of insureds against any one or more or group of insureds, without prejudice to the right of a named insured under the policies to maintain an action against another named insured.

(i) Each unit owner shall be required to notify the Management Committee of, and shall be liable for any increased insurance premium for insurance maintained by the Management Committee occasioned by, all improvements made by the unit owner to his unit, the

value of which is in excess of ONE THOUSAND DOLLARS (\$1,000.00). Each unit owner shall bear the risk of loss for all improvements made to his unit that were not the subject of notice to the Management Committee.

(j) Any unit owner who obtains individual insurance coverage covering any portion of the property, other than personal property belonging to such unit owner, shall be required to file a copy of such individual policy or policies with the Management Committee within thirty (30) days after obtaining such insurance coverage.

(k) No unit owners shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount that the Management Committee, on behalf of all unit owners, may realize under any insurance policy that the Management Committee may have in force covering the property or any part thereof at any time.

IN WITNESS WHEREOF, this documents is executed this 2nd day of

February, 1996.

ROSEWOOD LANE TOWNHOUSE CONDOMINIUM ASSOCIATION, INC.

Deborah Boothe

William B. Chateau

Jordan Boothe

Jay Park

SUBSCRIBED AND SWORN to before me this 2nd day of

February, 1996.

Christina Jacobs
NOTARY PUBLIC