

**AMENDED AND RESTATED BYLAWS
OF THE
STONE CLIFF OWNERS ASSOCIATION, INC.**

(A Utah Non-Profit Corporation)

**ARTICLE I
OFFICES**

Section 1. Principal Office. The Stone Cliff Owners Association, Inc. (the “Association”) may have such other offices within the State of Utah, as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 2. Registered Office and Agent. The Act requires that the Association have and continuously maintain in the State of Utah a registered office and a registered agent. The registered agent must be an individual who resides in the State of Utah and whose business office is identical with the registered office. The initial registered office and the initial registered agent are specified in the Articles of Incorporation and may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law with the Division.

**ARTICLE II
DEFINITIONS AND CONTROLLING LAWS**

Section 1. Definitions. Except as otherwise provided herein or as otherwise required by the context, all terms defined in the Declaration of Covenants, Conditions and Restrictions of Stone Cliff, a planned unit development (hereinafter referred to as the “Declaration”) shall have such defined meanings when used in these Amended and Restated Bylaws.

Section 2. Controlling Laws and Instruments. These Amended and Restated Bylaws are controlled by and shall always be consistent with the provisions of the Utah Revised Nonprofit Corporation Act (the “Act”), the Declaration, and the Articles of Incorporation of the Association filed with the Division of Corporations and Commercial Code of the Utah Department of Commerce (the “Division”), as any of the foregoing may be amended from time to time.

**ARTICLE III
MEMBERS**

Section 1. Members. A “Member,” as provided in the Declaration, is the person or, if more than one, all persons collectively, who constitute the Owner of a Lot within the Development.

Section 2. Memberships Appurtenant to Lots. Each Membership shall be appurtenant to the fee simple title to a Lot. The person or persons who constitute the owner of fee simple title to a Lot shall automatically be the holder of the Membership appurtenant to that Lot and the Membership shall automatically pass with fee simple title to the Lot.

Section 3. Members' Voting Rights. Subject to the provisions in the Declaration and the Articles of Incorporation, a Class A Member shall be entitled to one (1) vote for each Lot which he or it owns within the Development, and a Class B Member, if any, shall be entitled to the number of votes accorded to such Member as provided in the Declaration.

Section 4. Voting by Joint Owners. In the event there is more than one (1) Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy or through ballot, shall be conclusively presumed to be the vote attributable to the Lot concerned, unless an objection is immediately made by another Owner of the same Lot. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever, other than to determine whether a quorum exists.

Section 5. Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members at a meeting, the Board of Directors of the Association shall act as arbitrators and the decision of a disinterested majority of the Board of Directors shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with Utah law.

Section 6. Suspension of Voting Rights. The Board of Directors may suspend the voting rights of a Member for any period during which an assessment remains unpaid. Unless provided otherwise in the Declaration, the Board of Directors may also, after Notice and Hearing, suspend the right of the Member to use the Common Area and Facilities during and for up to sixty (60) days following any breach by such Member or Occupant of any provision of the Declaration or of any Rule or Regulation adopted by the Association unless such breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues and up to sixty (60) days thereafter.

Section 7. Transfer of Memberships on Association Books. Transfer of Membership shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the right to vote and to receive notice.

Section 8. Assignment of Voting Rights to Tenants and Mortgagees. A Member may assign his right to vote to a tenant occupying his Unit or to a mortgagee of his Unit for the term of the lease or the mortgage and any sale, transfer or conveyance of the Unit and the Lot upon which it is situated shall, unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

Section 9. Annual Meetings. The annual meeting of the Association shall be held at any time during the month of February of each year at such time as the Board may determine, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient. The Board of Directors may, from time to time, by resolution change the date and time for the annual meeting of the members.

Section 10. Special Meetings. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called from time to time by the Board of Directors or by the president, and shall be immediately called by the president upon the written request of members holding not less than ten percent (10%) of the total votes of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Board of Directors or the president. In case of failure to call such meeting within twenty (20) days after such request, such members may call the same. No business shall be transacted at Special Meeting except as stated in the notice thereof.

Section 11. Place of Meetings. The Board of Directors may designate a place in the City of St. George, State of Utah, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all of the members may designate any place, within the State of Utah, as the place for holding such meeting.

Section 12. Notice of Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by first class or registered mail, by or at the direction of any of the Officers of the Association, or the Officers or persons calling the meeting, to each Member entitled to vote at such meeting. Notwithstanding the foregoing, notice given by other means shall be deemed fair and reasonable if given in accordance with the Act. The notice of an Annual, Regular or Special Meeting shall include:

- (a) the names of any known candidate for Director and shall identify any other matter which it is known may come before the meeting;
- (b) potential conflicting interest transactions of a Director, party related to a Director, or an entity in which the Director is a director or has a financial interest, if any;
- (c) notice of any indemnification or advance of expenses to a director in connection with a legal “proceeding” as defined in the Act;
- (d) notice of any amendment to these Amended and Restated Bylaws proposed by the Members and a copy, summary or general statement of the proposed amendment;
- (e) notice of a proposed plan of merger;
- (f) notice of a proposed sale of the properties by the Association other than in the regular course of activities;
- (g) notice of a proposed dissolution of the Association; and
- (h) any matter a Member intends to raise at the meeting if requested in writing to do so by a person entitled to call a Special Meeting and the request is received by the Secretary or President at least ten (10) days before the Association gives notice of the meeting.

The notice of a Special Meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail addressed to the member at his registered address, with first class postage thereon prepaid. Each member shall register with the Association such member’s current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, the member’s Lot address shall be deemed to be his registered address for purposes of notice hereunder.

Section 13. Fixing of Record Date. Upon purchasing a Lot in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Lot has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board of Directors may designate a record date, which

shall not be more than fifty (50) nor less than ten (10) days prior to the meeting. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the Owners of record of Lots in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members and any adjournments thereof.

Section 14. Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to vote, more than fifty percent (50%) of the total votes of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice thereof shall be delivered to the members as provided above. At the reconvened meeting, the members and proxy holders present shall constitute a quorum for the transaction of business.

Section 15. Proxies and Ballots Used at Meetings. A Member entitled to vote at a meeting may vote in person or ballot, or by proxy executed in writing by the Member or his duly authorized attorney-in-fact and filed with the Secretary of the meeting prior to the time the proxy is exercised. Any proxy or ballot may be revoked, prior to the time the proxy is exercised or the ballot counted, by

- (a) the Member attending the meeting and voting in person, or
- (b) the Member signing and delivering to the Secretary or other person authorized to tabulate proxy or ballot votes
 - (i) a writing stating that the appointment of proxy or ballot is revoked, or
 - (ii) a subsequent proxy form or ballot. A proxy or ballot shall automatically cease upon the conveyance by a Member of the Lot of the Member and the transfer of the Membership on the books of the Association.

No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. The death or incapacity of the Member appointing a proxy or issuing a ballot does not affect the right of the Association to accept the proxy's authority or count the ballot unless notice of the death or incapacity is received by the Secretary or other Officer or agent authorized to tabulate votes before the proxy exercises the proxy's authority or the ballot is counted.

In addition to utilizing a ballot in connection with a meeting, the Association may utilize ballots without a meeting to take any action that may be taken at any annual, regular or special meeting of the Members provided the Association delivers a written ballot to every member entitled to vote. Any ballot utilized without a meeting shall be valid only when (1) the time by which all ballots must be received has passed so that a quorum can be determined and (2) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

All solicitations for votes by written ballot shall:

- (a) set forth each proposed action,
 - (b) provide for an opportunity to vote for or against each proposed action,
 - (c) indicate the number of responses needed to meet the quorum requirements;
 - (d) state the percentage of approvals necessary to approve each matter other than election of Directors;
 - (e) specify the time by which a ballot must be received by the Association in order to be counted;
- and

(f) be accompanied by written information sufficient to permit each person casting the ballot to reach an informed decision on the matter.

Any written ballot shall comply with the requirements in this Section and shall be counted equally with the votes of Members in attendance (by person or proxy) at any meeting for every purpose, including satisfaction of a quorum requirement.

Section 16. Votes. With respect to each matter, other than the election of Directors, submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast in person or by proxy, the number of votes appertaining to the Lot of such member as shown in the Declaration. The affirmative vote a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting which a quorum was initially present shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Article of Incorporation, these Amended and Restated Bylaws, the Declaration, or Utah law.

Section 17. Telecommunications. Any or all of the Members may participate in an Annual, Regular, or Special Meeting of the Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A member participating in a meeting by a means permitted under this Section is considered to be present in person at the meeting.

Section 18. Adjournment of Members' Meetings. Members present in person or by proxy at any meeting at which a quorum or reduced quorum, as the case may be, was present may adjourn the meeting from time to time, without notice other than announcement at the meeting, for a total period or periods not to exceed forty-five (45) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall be the same as the quorum requirement of the meeting so adjourned, and any business may be transacted which might have been transacted at the adjourned meeting.

Section 19. Cumulative Voting Not Permitted. Cumulative voting by Members in the election of Directors shall not be permitted.

Section 20. Order of Business. The order of business at any meeting of Members shall be as follows:

- (a) roll call to determine the voting power represented at the meeting;
- (b) proof of notice of meeting or waiver of notice;
- (c) election of Directors, if applicable;
- (d) report of finances; and
- (e) any other Association business.

Section 21. Expenses of Meetings. The Association shall bear the expenses of all Regular and Annual Meetings of Members and of Special Meetings of Members.

Section 22. Waiver of Notice. A Member may waive any notice required by the Act or by these Amended and Restated Bylaws, whether before or after the date or time stated in the notice as the date or time when any action will occur or has occurred. A waiver shall be in writing, signed by the Member entitled to the notice, and delivered to the Association for inclusion in the minutes; or filing with the corporate records. The delivery and filing required above may not be conditions of the effectiveness of the waiver.

A Member's attendance at a meeting:

(a) waives objection to lack of notice or defective notice of the meeting, unless the Member 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, and

(b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 23. Action of Members Without a Meeting. Except as may otherwise be required in the Declaration, any action that may be taken at an annual or special meeting of the Members may be taken without a meeting and without prior notice if a consent, in writing, setting forth the action so taken, shall be signed by the members having not less than the minimum voting power that would be necessary to authorize or take the action at a meeting at which all of the Members entitled to vote with respect to the subject matter thereof were present and voted. Directors may not be elected by written consent except by unanimous written consent of all Members entitled to vote for the election of Directors. Any action taken under this Section must comply with the Act and is not effective unless all necessary written consents are received within a sixty (60) day period and have not been revoked. A written consent may be given by electronically transmitted facsimile or other form of communication providing the Association with a complete copy of the written consent, including a copy of the signature to the written consent.

Section 24. Acceptance of Signatures and Votes of Members. The Association shall comply with Section 16-6a-713 of the Act in accepting signatures and votes of the Members, particularly in circumstances where the name signed does not correspond with the name of the Member.

ARTICLE IV BOARD OF DIRECTORS

Section 1. General Powers. The property, affairs, and business of the Association shall be managed by the Board of Directors. The Board of Directors may exercise all of the powers of the Association, whether derived from law, the Article of Incorporation, these Amended and Restated Bylaws, or the Declaration, except those powers which are by law or by the foregoing documents vested solely in the members. The Board of Directors shall among other things, prepare or cause to be prepared, plan and adopt an estimated annual budget for the estimated annual common expenses, provided the manner of assessing and collecting assessments, and keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the Project and its administration, and specifying the maintenance and repair expenses of the Common Areas. The books and records shall be available for examination by all members at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and shall be audited or reviewed at least once a year by an auditor outside of the organization, as required by the Declaration. The Board of Directors may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions, and powers as are properly delegable.

Section 2. Board of Directors.

(1) Number. The Board of Directors shall be composed of five (5) Directors who shall manage the affairs of the Association. The Directors appointed by the Declarant are required to be

members of the Association or residents of the state of Utah, and the Directors elected by the members must be members of the Association.

(2) Expansion of Board of Directors. The Board of Directors may be expanded from a five (5) member Board of Directors to a seven (7) member Board of Directors at any time the affirmative vote of a majority of the Members of the Association at a Special Meeting of the members called for that purpose.

(3) Declarant to Appoint Two Directors to the Board. The Declarant shall have the right to appoint two of the Directors to the Board of Directors as the Declarant deems appropriate for a period of time terminating on the sooner to occur of April 3, 2015, or the date on which all three of the following exist:

- (a) the date is April 3, 2005 or later;
- (b) Declarant has less than ten (1) Lots for sale in the project; and
- (c) no plat is then submitted and pending before the City of St. George for approval of additional phases of the project involving the Additional Land as defined in the Declaration.

(4) Term of Office-Directors Appointed by Declarant. Directors appointed by the Declarant shall serve until successor Directors are appointed by the Declarant or until the next annual meeting following expiration of the Declarant's ability to appoint Directors as set forth in paragraph 3 above.

(5) Term of the Office-Directors Elected by Members. The Directors serving at the time of adoption of this Amended and Restated Bylaws, and the term for which they are serving, is set forth below:

<u>Name</u>	<u>Term Ending</u>
Kay H. Traveller	Annual Meeting February 2015*
Lon E. Henderson	Annual Meeting February 2015*
John Anderson	Annual Meeting February 2008
Rick Snyder	Annual Meeting February 2009
Ray Ganowsky	Annual Meeting February 2007

*The terms for these Declarant appointed Board members may be terminated earlier as provided in subsections (3) and (4) above. At each annual meeting, the members shall elect a Director(s) for a term of three (3) years to fill the directorship of the expired term(s).

Section 3. Nomination and Election of Directors

(1) Nomination. Subject to Declarant's right to appoint the Board of Directors, nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or nonmembers.

(2) Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

Section 4. Regular Meetings. The regular annual meeting of the Board of Directors shall be held without other notice than this bylaw, and at the same place as, the annual meeting of the members. The Board of Directors may provide by resolution the time and place, within Washington County, State of Utah, for the holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any of the Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, within St. George, State of Utah, as the place for holding any special meeting of the Board of Directors called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally, or mailed to each Director at his registered address, or by telegram. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail so addressed, with first class postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to have been delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of a meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. Quorum and Manner of Acting. A majority of the then authorized number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Except as otherwise required in these Amended and Restated Bylaws, the Articles of Incorporation, or the Declaration, the act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. The Directors shall act only as a Board, and individual Directors shall have no powers as such.

Section 7. Compensation. No Director shall receive compensation for any services that he may render to the Association as a Director: provided, however, that a Director may be reimbursed for expenses incurred in performance of his duties as a Director to the extent such expenses are approved by the Board of Directors and (except as otherwise provided in these Amended and Restated Bylaws) may be compensated for services rendered to the Association other than in his capacity as a Director.

Section 8. Resignation and Removal. Any Director may resign at any time by giving written notice to the President, to the Secretary, or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective. A Director who resigns may deliver to the Utah Department of Commerce, Division of Corporations and Commercial Code a statement setting forth:

- (a) that person's name;
 - (b) the name of this Association;
 - (c) information sufficient to identify the report or other document in which the person is named as a Director or Officer; and
 - (d) the date on which the person ceased to be a Director or Officer or a statement that the person did not hold the position for which the person was named in the corporate report or other document.
- Unless otherwise specified therein, such resignation shall take effect upon delivery.

Any Director (other than a Director appointed by the Declarant) may be removed at any time, for or without cause, by the affirmative vote of the Owners holding more than fifty percent (50%) of the total number of votes appurtenant to all Lots in the Project, at a special meeting of the members duly called for such purpose.

Section 9. Vacancies. If vacancies shall occur in the Board of Directors by reason of the death, resignation, or disqualification of a Director (other than a Director appointed by the Declarant), the Directors then in office shall continue to act, and such vacancies or newly created directorships shall be filled by a vote of the Directors then in office, though less than a quorum, in any way approved by such Directors at the meeting. Any vacancy in the Board of Directors occurring by reason of removal of a Director by the members may be filled by election at the meeting at which such Director is removed. If vacancies shall occur in relation to Directors appointed by the Declarant by reason of death, resignation, or removal of a Director, such vacancies shall be filled by appointments to be made by the Declarant. Any Director elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created directorship, as the case may be.

Section 10. Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 11. Telecommunications. The Board of Directors may permit any Director to participate in a Regular or Special Meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other during the meeting. A Director so participating in such a meeting is considered to be present in person at the meeting.

Section 12. Proxies. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director may be considered to be present at a meeting and to vote if the Director has granted a signed written proxy:

- (a) to another Director who is present at the meeting; and
- (b) authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy.

Except as provided in this Section 6.6 and as permitted by Section 6.13, Directors may not vote or otherwise act by proxy.

Section 13. Waiver of Notice. A waiver of notice of any meeting of the Board of Directors, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Attendance of a Director at a meeting in person shall constitute waiver of notice of such meeting unless:

- (a) at the beginning of the meeting or promptly upon the Director's later arrival the Director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and, after objecting, the Director does not vote for or assent to action taken at the meeting, or
- (b) the Director contemporaneously requests that the Director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or
- (c) the Director causes written notice of the Director's dissent or abstention as to any specific action to be received by
 - (i) the presiding officer of the meeting before adjournment of the meeting; or

(ii) the Association promptly after adjournment of the meeting.

The right of dissent or abstention pursuant to Section 6.12 is not available to a Director who votes in favor of the action taken.

Section 14. Amendments. The provisions of this Article may not be amended, modified, or repealed, unless such amendment, modification, or repeal is approved by the affirmative vote of Owners holding more than fifty percent (50%) of the total number of votes appurtenant to all Lots in the Project.

ARTICLE V OFFICERS

Section 1. Officers. The officers of the Association shall be a president and a secretary, and such other officers as may from time to time be appointed by the Board of Directors.

Section 2. Election, Tenure, and Qualifications. The officers of the Association shall be chosen by the Board of Directors annually at the regular annual meeting of the Board of Directors. In the event of failure to choose officers at such regular annual meeting of the Board of Directors, officers may be chosen at any regular or special meeting of the Board of Directors. Each such officer (whether chosen at a regular annual meeting of the Board of Directors or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board of Directors and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification, or removal in the manner provided in these Amended and Restated Bylaws, whichever first occurs. Any one person may hold any two or more of such offices, provided, however, that the president may not also be the secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office.

Section 3. Subordinate Officers. The Board of Directors may, from time to time, appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. Subordinate officers need not be Directors or members of the Association

Section 4. Removal. Any officer may resign at any time by delivering a written resignation to the president or to the Board of Directors. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of any officer or agent shall not of itself create contract rights.

Section 5. Vacancies. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Directors at any regular or special meeting.

Section 6. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall, in general, supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the members and of the Board of Directors. He may sign, with the secretary or any other proper officer of the

Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Amended and Restated Bylaws to some other officer or agent of the Association or shall be required by law to be otherwise signed or executed; and in general, shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Secretary. The secretary shall:

- (a) keep the minutes of the Association and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with the provisions of these Amended and Restated Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association which may be affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized; and
- (d) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 8. Treasurer. The treasurer, if appointed, shall:

- (a) have charge and custody of and be responsible for all funds of the Association;
- (b) receive and give receipt for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be determined by the Board of Directors; and
- (c) in general perform all of the duties incident to the office of the treasurer and such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 9. Assistant Secretaries and Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board of Directors.

Section 10. Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his duties as an officer to the extent such expenses are approved by the Board of Directors and (except as otherwise provided in these Amended and Restated Bylaws) may be compensated for services rendered to the Association other than in his capacity as an officer.

Section 11. Bonds. The Association shall require and pay for fidelity bonds covering Officers or other persons handling funds of the Association as required in the Declaration. The Association shall pay the premiums for such bonds.

ARTICLE VI COMMITTEES

Section 1. Designation of Committees. The Board of Directors may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, function, and powers. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his duties as a committee member to

the extent that such expenses are approved by the Board of Directors and (except as otherwise provided in these Amended and Restated Bylaws) may be compensated for services rendered to the Association other than in his capacity as a committee member.

Section 2. Proceedings of Committees. Each committee designated hereunder by the Board of Directors may appoint in its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Directors.

Section 3. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Directors, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Directors hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

Section 4. Resignation and Removal. Any member of any committee designated hereunder by the Board of Directors may resign at any time by delivering a written resignation to the president, the Board of Directors, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Directors may at any time, for or without cause, remove any member of any committee.

Section 5. Vacancies. If any vacancy shall occur in any committee designated by the Board of Directors hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Directors.

ARTICLE VII INDEMNIFICATION

Section 1. Indemnification—Third-Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director or officer of the Association, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 2. Indemnification—Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association by reason of the fact that he is or was a Director or Officer of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner be reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or intentional misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. Determination. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 or 2 of Article VII hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Sections 1 or 2 of Article VII hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Sections 1 or 2 hereof. Such determination shall be made either:

- (a) by the Board of Directors by a majority vote of disinterested Directors or
- (b) by independent legal counsel in a written opinion, or
- (c) by the members of the affirmative vote of more than fifty percent (50%) of the total votes of the Association at a meeting duly called for such purpose.

Section 4. Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a quorum of the Board of Directors and upon receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article or otherwise.

Section 5. Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Articles of Incorporation, Amended and Restated Bylaws, agreements, votes of disinterested members or Directors, or otherwise, both as to action in his official capacity as to action in another capacity while holding such office. The indemnification authorized by this article shall apply to all present and future Directors, officers, employees, and agents of the Association and shall continue as to such persons who cease to be Directors officers, employees, or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

Section 6. Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a Director officer, employee, or agent of the Association, or who was or is serving at the requests of the Association as a director, officer, employee, or agent of the Association, or who was or is serving at the request of the Association as a director, officer, employee, or agent of another

corporation, entity or enterprise (whether for profit or not for profit) against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the laws of the State of Utah, as the same may hereafter be amended or modified.

Section 7. Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute expenses of the Association and shall be paid with funds from the assessments collected from the members, as referred to in the Declaration.

ARTICLE VIII FISCAL YEAR

This fiscal year of the Association shall begin on the 1st day of January of each year and shall end on the 31st day of December next following; provided, however, that the first fiscal year shall begin on the date of incorporation.

ARTICLE IX RULES AND REGULATIONS

The Board of Directors may from time to time, adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Project; provided, however, that such rules and regulations shall not be inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these Amended and Restated Bylaws. The members shall be provided with copies of all rules and regulations adopted by the Board of Directors, and with copies of all amendments and revisions thereof.

ARTICLE X BOOKS AND RECORDS

Section 1. Books and Records.

1. The Association shall keep as permanent records:
 - (a) minutes of all meetings of its Members and Board of Directors;
 - (b) a record of all actions taken by the Members or Board of Directors without a meeting;
 - (c) a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Association;
 - (d) a record of all waivers of notices of meetings of Members and of the Board of Directors or any committee of the Board of Directors; and
 - (e) a copy of the Declaration, as the same may be amended.
2. The Association shall maintain appropriate accounting records.
3. The Association or its agent shall maintain a record of its Members in a form that permits preparation of a list of the name and address of all Members:
 - (a) in alphabetical order, by class, and
 - (b) showing the number of votes each Member is entitled to vote.

4. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

5. The Association shall keep a copy of each of the following records at its principal office:

- (a) its Articles of Incorporation;
- (b) its Amended and Restated Bylaws;
- (c) resolutions adopted by its Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of Members or any class or category of Members;
- (d) the minutes of all Members' meetings;
- (e) records of all actions taken by Members without a meeting;
- (f) all written communications to Members generally as Members for a period of three years;
- (g) a list of the names and business or home addresses of its current Directors and Officers;
- (h) a copy of its most recent annual report; and
- (i) all financial statements prepared for periods ending during the last three (3) years.

Section 2. Inspection of Records.

1. A Director or Member is entitled to inspect and copy any of the records of the nonprofit corporation described in Section 1.5 above:

- (a) during regular business hours;
- (b) at the Association's principal office; and
- (c) if the Director or Member gives the Association written demand, at least five (5) business days before the date on which the Member wishes to inspect and copy the records.

2. In addition to the rights set forth in Section 2.1, a Director or Member is entitled to inspect and copy any of the other records of the Association:

- (a) during regular business hours;
- (b) at a reasonable location specified by the Association; and
- (c) at least five (5) business days before the date on which the Member wishes to inspect and copy the records, if the Director or Member:
 - (i) meets the requirements of Section 2.3 below; and
 - (ii) gives the Association written demand.

3. A Director or Member may inspect and copy the records described in Section 2.2 above only if:

- (a) the demand is made:
 - (i) in good faith; and
 - (ii) for a proper purpose;
- (b) the Director or Member describes with reasonable particularity the purpose and the records the Director or Member desires to inspect; and
- (c) the records are directly connected with the described purpose.

4. Notwithstanding any other provision in these Amended and Restated Bylaws, for purposes of this Section:

- (a) "Member" includes:
 - (i) a beneficial owner whose membership interest is held in a voting trust; and
 - (ii) any other beneficial owner of a membership interest who establishes beneficial ownership; and

(b) “proper purpose” means a purpose reasonably related to the demanding Member’s or Director’s interest as a Member or Director.

5. The right of inspection granted by this Section may not be abolished or limited by the Articles of Incorporation or these Amended and Restated Bylaws.

6. This Section 2 of Article X does not affect:

- (a) the right of a Director or Member to inspect records relating to ballots;
- (b) the right of a Member to inspect records to the same extent as any other litigant if the Member is in litigation with the Association; or
- (c) the power of a court, independent of this Article X, to compel the production of corporate records for examination.

7. A Director or Member may not use any information obtained through the inspection or copying of records permitted by Section 2.2 for any purposes other than those set forth in the demand made under Section 2.3.

Section 3. Scope of Inspection Right. A Director or Member’s agent or attorney has the same inspection and copying rights as the Director or Member. The right to copy records under Section 2.2 includes, if reasonable, the right to receive copies made by photographic, xerographic, electronic, or other means. *Except for requests for financial statements, the Association may impose a reasonable charge covering the costs of labor and material for copies of any documents provided to the Director or Member.* The charge may not exceed the estimated cost of production and reproduction of the records.

The nonprofit corporation may comply with a Director’s or Member’s demand to inspect the record of Members under Section 1.3 above by furnishing to the Director or Member a list of Directors or Members that:

- (a) complies with Section 1.3; and
- (b) is compiled no earlier than the date of the Director’s or Member’s demand. Concerning financial statements, by no later than fifteen (15) days after the day on which the Association receives a written request of any Member, the Association shall mail to the Member the following that show in reasonable detail the assets and liabilities and results of the operations of the Association:
 - (i) the Association's most recent annual financial statements, if any; and
 - (ii) the Association's most recently published financial statements, if any. Without consent of the Board of Directors, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to a Member’s interest as a Member.

Section 4. Annual Report. The Board of Directors shall cause to be prepared and distributed to each Member and any First Mortgagee of a Member who has filed a written request therefor, not later than ninety (90) days after the close of each fiscal year of the Association, an annual report containing:

- (a) an income statement reflecting income and expenditures of the Association for such fiscal year;
- (b) a balance sheet as of the end of such fiscal year,
- (c) a statement of changes in financial position for such fiscal year, and
- (d) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found.

Section 5. Statement of Account. Upon payment of a reasonable fee to be determined by the Association and upon written request of an Owner of a Lot or any person with any right, title or interest in a Lot or intending to acquire any right, title or interest in a Lot, the Association shall furnish, within

ten (10) days after the receipt of such request, a written statement of account setting forth the amount of unpaid assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Lot and the Unit thereon, and the amount of the assessments for the current fiscal period of the Association payable with respect to the Lot and the Unit thereon. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have been levied.

Section 6. Annual Corporation Reports. The Association shall file with the Division of Corporations and Commercial Code for the Utah Department of Commerce, within the time prescribed by law, annual corporate reports in such form and containing the information required by law and shall pay the fee for such filing as prescribed by law.

ARTICLE XI ENFORCEMENT

In the event of an alleged violation by a Member or Occupant (“Respondent”) of the Declaration, these Bylaws, or the Rules and Regulations of the Association, the Board of Directors shall have the right, upon an affirmative vote of a majority of all Directors on the Board of Directors, to take any one or more of the actions and to pursue one or more of the remedies permitted under the provisions of the Declaration, these Bylaws, or the Rules and Regulations of the Association. If, under the provisions of the Declaration, these Bylaws, or the Rules and Regulations, a Notice of Noncompliance and Right to Hearing is required prior to taking action or pursuing remedies, the Board shall give the Member notice and an opportunity to be heard. The remedies set forth and provided in the Declaration, the Rules and Regulations of the Association or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by the Declaration, these Bylaws, and the Architectural Control Committee Rules and Regulations, and other Rules and Regulations of the Association before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Declaration, these Bylaws, or the Rules and Regulations of the Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply:

- (a) to the Board of Directors or to any Member where the complaint alleges nonpayment of assessments, special assessments or other assessments, or
- (b) to matters the Board of Directors determines in its discretion will
 - (i) affect the safety of the Common Area or Facilities or the Owners or their property or
 - (ii) will result in irreparable harm to the Association if not quickly remedied.

In such cases, the Board of Directors may immediately file suit.

ARTICLE XII AMENDMENTS

Except as otherwise provided by law, the Articles of Incorporation, the Declaration, or these Amended and Restated Bylaws, these Amended and Restated Bylaws may be amended, modified, or repealed and new bylaws may be made and adopted by the members upon the affirmative vote of more than fifty percent (50%) of the total votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth:

- (a) the amended, modified, repealed, or new bylaws,

(b) the number of votes cast in favor of such action, and
(c) the total votes of the Association, shall have been executed and verified by the current president of the Association.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of Stone Cliff Owners Association, Inc., a Utah nonprofit corporation (“Association”); and

2. The foregoing Bylaws, comprising 18 pages, including this page, constitute the Bylaws of the Association duly adopted at the meeting of the members of the Association duly held on _____, 200__.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this _____ day of _____, 200__.

Secretary