

**BYLAWS  
OF  
THE PROVIDENCE HIGHLANDS COMMUNITY  
COMMUNITY ASSOCIATION**

A Utah Nonprofit Corporation

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act of Utah Code Ann. § 16-6a-101 et seq., as amended (the "Act"), the undersigned Declarant, on behalf of The Providence Highlands Community Association, a Utah nonprofit corporation, hereby adopts the following Bylaws for such nonprofit corporation.

**ARTICLE I  
NAME AND PRINCIPAL OFFICE**

1.01 Name. The name of the nonprofit corporation is The Providence Highlands Community Association, hereinafter referred to as the "Association."

1.02 Offices. During the Period of Declarant Control, the principal office of the Association shall be 2975 W. Executive Parkway, Suite 515, Lehi, Utah 84043, attention Imagine Development, LC. Following expiration of the Period of Declarant Control, the office of the Association shall be located at one of the homes in the Providence Highlands development project area, hereinafter referred to as the "Project," located in Providence City, Cache County, State of Utah, as such home or other location is selected and designated by the Board.

**ARTICLE II  
DEFINITIONS**

2.01 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in the Declaration of Covenants, Conditions, and Restrictions, hereinafter referred to as the "Declaration," shall have such defined meanings when used in these Bylaws.

**ARTICLE III  
MEMBERS**

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3.01 Annual Meetings. The annual meeting of Members shall be held on the second Saturday in February of each year at the hour of 10:00 o'clock a.m., beginning with the year following the year in which the Articles of Incorporation are filed, 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.

3.02 Special Meetings. Special meetings of the Members may be called by the Board of Directors, the President, or upon the written request of Members holding not less than twenty-five percent (25%) 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.

3.03 Place of Meetings. The Board of Directors may designate any place Cache County, State of Utah as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all of the Members of the Board of Directors may designate any place, within the Continental United States, as the place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be at the principal office of the Association.

3.04 Notice of Meetings. The Board of Directors shall cause written or printed notice of the time, place, and purposes of all meetings of the Members (whether annual or special) to be delivered, not more than fifty (50) nor less than twenty-five (25) days prior to the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be 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, a Member's Unit address shall be deemed to be his registered address for purpose of notice hereunder.

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3.05 Members of Record. Upon purchasing a home in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such home 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 twenty-five (25) days prior to the meeting, for determining Members entitled to notice of or to vote at any meeting of the Members. 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 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.

3.06 Quorum. At any meeting of the Members, the presence of Members holding, or holders of proxies entitled to cast, at least fifty percent (50%) of the Total Votes of the Association shall constitute a quorum for the transaction of business.

3.07 Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member himself or by his attorney thereunto duly authorized in writing. If a Membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such Membership or their attorneys thereunto duly authorized in writing. Such instrument

authorizing a proxy to act shall, set forth the specific matters or issues upon which the proxy is authorized to act. Such instrument shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

3.08 Votes. With respect to each matter 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 vote appertaining to the home of such Member, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at 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 Articles of Incorporation, these Bylaws, the Declaration, or Utah law. The election of Directors shall be by secret ballot. If a Membership is jointly held, all or any holders thereof may attend each meeting of the Members, but such holders must act unanimously to cast the votes relating to their joint Membership.

3.09 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting, form of proxies, and method of ascertaining Members present shall be deemed waived if no objection thereto is made either at the meeting or within 30 days of the date thereof.

3.10 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

#### ARTICLE IV BOARD OF DIRECTORS

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4.01 General Powers. The property, affairs, and business of the Association shall be managed by its Board of Directors. The Board of Directors may exercise all of the powers of the Association, whether derived from law or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation, by these Bylaws, or by the Declaration vested solely in the Members. 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.

4.02 Number, Tenure and Qualifications. Following expiration of the Period of Declarant Control, the initial Board of Directors shall consist of five (5) Directors. At the first annual meeting of the Members held after the Declarant turns over to the Members responsibility for electing Directors, the Members shall elect five (5) Directors to serve for the following respective terms: two (2) Directors to serve for a term of three (3) years; two (2) Directors to serve for a term of two (2) years; and one (1) Director to serve for a term of one (1) year. At each annual meeting thereafter, the Members shall elect for terms of three (3) years the appropriate number of Directors to fill all vacancies created by expiring terms of Directors. All

Directors, except any Directors appointed by the Declarant during the Period of Declarant Control, shall be Members of the Association.

4.03 Regular Meetings. The regular annual meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, 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 the United States, for the holding of additional regular meetings without other notice than such resolution.

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4.04 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any Director. The person or persons authorized to call special meetings of the Board of Directors may fix any place, within the United States, 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 be 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 Trustee may waive notice of a meeting.

4.05 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. The act of a majority of the Director 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.

4.06 Compensation. No Director shall receive compensation for any services that he or she 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 Bylaws) may be compensated for services rendered to the Association other than in his capacity as a Director.

4.07 Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director, except a Director appointed by the Declarant, may be removed at any time, for or without cause, by the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association at a special meeting of the Members duly called for such purpose.

4.08 Vacancies and Newly Created Directorships. 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 Declarant), or if the authorized number of Directors shall be increased, 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 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 the Board of Directors by reason of death, resignation or removal of a Director appointed by the Declarant, 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.

4.09 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.

## ARTICLE V OFFICERS

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5.01 Officers. The officers of the Association shall be a President, Vice President, and Secretary, and such other officers as may from time to time be appointed by the Board of Directors.

5.02 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 Bylaws, whichever first occurs. Any one person may hold any two or more of such offices, except 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. The President, Vice President, and Secretary shall be and remain Directors of the Association during the entire term of their respective offices. No other officer need be a Director.

5.03 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 determine. 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 Members or Directors of the Association.

5.04 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the President or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board of Directors at any time, for or without cause.

5.05 Vacancies and Newly Created Offices. 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.

5.06 The President. The President shall preside at meetings of the Board of Directors and at meetings of the Members. He shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things that the Board of Directors may require of him.

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5.07 The Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence or inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

5.08 The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Declaration, or any resolution of the Board of Directors may require him to keep. In addition, the Secretary shall have the custody and control of the funds of the Association, subject to the action of the Board of Directors, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the Members and at any meeting of the Board of Directors. The Secretary shall also act in the place and stead of the President in the event of the President's absence or inability or refusal to act. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board of Directors may require of him.

5.09 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 Bylaws) may be compensated for services rendered to the Association other than in his capacity as an officer.

## ARTICLE VI COMMITTEES

6.01 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, functions, and powers. The membership of each such committee designated hereunder shall include at least one (1) Director. 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 bylaws) may be compensated for services rendered to the Association other than in his capacity as a committee member.

6.02 Proceedings of Committees. Each committee designated hereunder by the Board of Directors may appoint 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.

6.03 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 an act of the 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.

6.04 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 designated by it hereunder.

6.05 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

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7.01 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, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, 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 and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.02 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 to procure a judgment in its favor by reason of the fact that he is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorney's 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 he reasonably believed to be in or not opposed to the best interests of the Association and except 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 negligence or 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 but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

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7.03 Determinations. 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 7.01 or 7.02 hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Sections 7.01 or 7.02 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 7.01 or 7.02 hereof. Such determination shall be made either (i) by the Board of Directors by a majority vote of disinterested Directors or (ii) by independent legal counsel in a written opinion, or (iii) by the Members by the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association at any meeting duly called for such purpose.

7.04 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.

7.05 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, Bylaws, agreements, vote of disinterested Members or Directors, or otherwise, both as to action in his official capacity and 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.



7.06 Insurance. The Association shall 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 request of the Association as a trustee, director, officer, employee, or agent of another corporation, entity, or enterprise (whether for profit or not for profit), as may be required by Article X of the Declaration.

7.07 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 Common Expense Fund referred to in the Declaration.

#### ARTICLE VIII FISCAL YEAR

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8.01 Fiscal Year. The fiscal year of the Association shall begin on the first day of January each year and end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

#### ARTICLE IX RULES AND REGULATIONS

9.01 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, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these 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 AMENDMENTS


10.01 Amendments. Except as otherwise provided by law, by the Articles of Incorporation, by the Declaration, or by these Bylaws, these Bylaws may be amended, altered, or repealed and new bylaws may be made and adopted by the Members upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (i) the amended, altered, repealed, or new bylaw, (ii) the number of votes cast in favor of such action, and (iii) the Total Votes of the Association, shall have been executed and verified by the current President of the Association and recorded in the office of the County Recorder of Cache County, State of Utah.

IN WITNESS WHEREOF, the undersigned, as Declarant and owner of the land upon which the Project is located, does hereby execute these Bylaws on the 9<sup>th</sup> day of ~~March~~ April, 2005.

Imagine Development, LC, a Utah limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

  
Attorney-in-Fact

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