

BYLAWS

SUNDIAL LODGE CONDOMINIUM OWNERS ASSOCIATION, INC.

The administration of Sundial Lodge Condominium Owners Association, Inc. ("Condominium Association") shall be governed by the Act, the Declaration, the Condominium Articles and these Condominium Bylaws. Terms that are capitalized in these Condominium Bylaws and which are not otherwise defined herein shall have the meaning set forth in the Declaration of Condominium for Sundial Lodge at The Canyons recorded in the Official Records of Summit County, Utah.

1. Application of Condominium Bylaws. All present and future Owners, Mortgagees, lessees and occupants of Commercial Units and Residential Units and their employees and guests, and any other persons who may use the facilities of the Project in any manner are subject to the Declaration, these Condominium Bylaws and all rules made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance of a Commercial Unit or Residential Unit, or the occupancy of any Unit, shall constitute an agreement that the provisions of the Declaration and these Condominium Bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with.

2. Condominium Management Committee.

2.1 The management and maintenance of the Project and the administration of the affairs of the Condominium Association shall be conducted by the Condominium Management Committee consisting of five (5) natural persons. The Condominium Management Committee shall be the Condominium Association's governing board. The first Condominium Management Committee shall be appointed by the Declarant, and shall serve until the first meeting of the Condominium Association, at which time an election of all the members of the Condominium Management Committee shall be conducted.

2.2 The Declaration establishes a period of Declarant control of the Condominium Association, during which period the Declarant or persons designated by it have authority to appoint and remove the officers and members of the Condominium Management Committee. The period of Declarant control shall terminate on the earlier of: (i) six years from and after the recording of the Declaration; or (ii) the last to occur of the conveyance of Units to which three-fourths of the undivided interest in the Common Areas and Facilities appertain or after all Additional Land has been added to the Project.

Not later than the termination of the period of Declarant control, the Owners shall elect a Condominium Management Committee of five (5) members, including at least one (1) from among the Commercial Owners. The members and officers of the Condominium Management Committee shall take office upon election. Thereafter, at every annual meeting, the Condominium Association shall elect the members of the Condominium Management Committee to fill those positions becoming vacant at such meeting. The Condominium Management Committee may, but shall not be obligated to, inquire of the Owners to identify

those having an interest in serving on the Condominium Management Committee. Nominations for positions on the Condominium Management Committee may be made by petition filed with the Secretary of the Condominium Association at least seven (7) days prior to the annual meeting of the Condominium Association, which petition shall be signed by ten (10) or more Owners and signed by the nominee named therein indicating his or her willingness to serve as a member of the Condominium Management Committee, if elected.

2.3 Voting for the Condominium Management Committee shall be by secret written ballot. At any meeting of the Condominium Association, each Owner, either in person or by proxy, shall be entitled to the number of votes set forth in Exhibit A to the Declaration for each Unit owned multiplied by the number of Condominium Management Committee seats to be filled. Each Owner may cumulate his or her votes with respect to the Units for which he or she is voting and cast all of them in favor of a single candidate, or distribute his or her votes among as many candidates as the Owner sees fit. The initial members of the Condominium Management Committee shall be the following persons and each shall hold the office indicated:

| | |
|---------------|-----------------------|
| Blaise Carrig | President/Member |
| Bob Mceleney | Vice President/Member |
| Cory Williams | Secretary/Member |
| Glen Crowell | Treasurer/Member |
| Jeff Zogg | Member |

2.4 Members of the Condominium Management Committee shall serve for terms of two (2) years beginning immediately upon their election by the Condominium Association; provided, however, that a majority of the members of the Condominium Management Committee elected at the first annual meeting following the termination of Declarant control shall serve for initial terms of one (1) year and the balance shall serve for initial terms of two (2) years. Thereafter, all members of the Condominium Management Committee elected shall serve for two-year terms. The members of the Condominium Management Committee shall serve until their respective successors are elected, or until their death, resignation or removal. Any member of the Condominium Management Committee who fails to attend three consecutive Condominium Management Committee meetings or fails to attend at least 25% of the Condominium Management Committee meetings held during any fiscal year shall be deemed to have tendered his resignation, and upon acceptance by the Condominium Management Committee his position shall be vacant.

2.5 Any member of the Condominium Management Committee may resign at any time by giving written notice to the President of the Condominium Association or to the remaining Condominium Management Committee members. The sale of any such member's Unit or Units resulting in that member no longer owning a Unit in the Project shall constitute a resignation from the Condominium Management Committee. The Owners, by a two-thirds vote of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Condominium Management Committee with or without

cause, other than a member appointed by Declarant during the period of Declarant control. However, a Condominium Management Committee member elected solely by the votes of the Owners may only be removed prior to the expiration of his or her term of office by a vote of two-thirds of the voting power residing in the Owners.

2.6 If vacancies shall occur in the Condominium Management Committee by reason of the death or resignation of a Condominium Management Committee member, the Condominium Management Committee members then in office shall continue to act, and such vacancies shall be filled by a vote of the Condominium Management Committee members then in office, though less than a quorum. Any vacancy in the Condominium Management Committee occurring by reason of removal of a Condominium Management Committee member by the Owners may be filled by election at the meeting at which such Condominium Management Committee member is removed or any subsequent regular or special meeting of the Condominium Association.

2.7 The members of the Condominium Management Committee shall receive no compensation for their services unless expressly approved by the vote or written assent of a majority of the voting power residing in Owners; provided, however, that members of the Condominium Management Committee shall be reimbursed by the Condominium Association for transportation expenses (including without limitation coach airfare and mid-sized car rental) actually incurred by the member and a reasonable per diem payment for attendance at regular and special meetings of the Condominium Management Committee. Any member of the Condominium Management Committee may be employed by the Condominium Association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all members of the Condominium Management Committee not including the member to be employed.

2.8 The Condominium Management Committee, for the benefit of the Project and the Condominium Association, shall manage the business, property and affairs of the Project and the Condominium Association and enforce the provisions of the Declaration, these Condominium Bylaws and the rules and regulations governing the Project. The Condominium Management Committee is authorized to adopt rules and regulations governing the use and operation of the Project, which shall become effective 30 days after adoption by the Condominium Management Committee. The Condominium Management Committee shall have the powers, duties and responsibilities with respect to the Project as contained in the Act, the Utah Nonprofit Corporation and Co-operative Association Act, the Declaration, the Condominium Articles and these Condominium Bylaws.

2.9 The meetings of the Condominium Management Committee shall be held at least once each calendar quarter at such times and places within the Project, or some other reasonable and suitable location in Summit County, unless a meeting at another location would significantly reduce the cost to the Condominium Association and/or the inconvenience to Condominium Management Committee members, as the Condominium Management Committee shall determine. A majority of the Condominium Management Committee shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Condominium Management Committee. The Condominium Management Committee shall annually elect all of the officers of the Condominium Association. The election of officers shall

be conducted at the first meeting of the Condominium Management Committee held subsequent to the annual meeting of the Condominium Association.

2.10 Written notice of the time and place of Condominium Management Committee meetings shall be posted at a prominent place or places within the Project not less than four (4) days prior to the meeting.

2.11 Special meetings of the Condominium Management Committee may be called by written notice signed by any two members of the Condominium Management Committee. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Special meetings shall be held within the Project or some other reasonable location in Summit County unless a meeting at another location would significantly reduce the cost to the Condominium Association and/or inconvenience to the members of the Condominium Management Committee. Written notice of any special meeting shall be posted in a manner prescribed for notice of regular meetings of the Condominium Management Committee and shall be sent to all members of the Condominium Management Committee not less than 48 hours prior to the scheduled time of the meeting; provided, however, that notice of such meeting need not be given to any member signing a waiver of notice or a written consent to the holding of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail, with first-class postage thereon prepaid. If an agenda is prepared for a special meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

2.12 Notices of all regular Condominium Management Committee meetings shall be given in writing to each member of the Condominium Management Committee not less than 30 days prior to the meeting, provided that this requirement shall not apply to any member of the Condominium Management Committee who has signed a waiver of notice or a written consent to the holding of a meeting.

2.13 Regular and special meetings of the Condominium Management Committee shall be open to all members of the Condominium Association; provided, however, that the Condominium Association members who are not on the Condominium Management Committee may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Condominium Management Committee. The Condominium Management Committee may, with the approval of a majority of a quorum of its members, adjourn the meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Condominium Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

2.14 Any action that is required or permitted to be taken at a meeting of the Condominium Management Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Condominium Management Committee members, and an explanation of the action so taken is posted at a prominent place or places within the Project within three (3) days after the written consent of all Condominium Management Committee members has been obtained.

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2.15 After the election of the members of the first Condominium Management Committee following termination of Declarant control of the Condominium Association, Declarant shall execute, acknowledge and record an affidavit stating the names of the members of the newly elected Condominium Management Committee. Thereafter, any two (2) persons who are designated of record as being members of the most recent Condominium Management Committee, whether or not they shall still be members, may execute, acknowledge and record an affidavit stating the names of all of the members of the then current Condominium Management Committee. The most recently recorded of such affidavits shall be prima facie evidence that the persons named therein are all of the incumbent members of the Condominium Management Committee and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

2.16 The Condominium Association's fiscal year shall be determined by the Condominium Management Committee.

2.17 Minutes of each Condominium Management Committee meeting shall be distributed or otherwise made available to all Owners.

2.18 When a member of the Condominium Management Committee is sued for liability for actions undertaken in his role as a member of the Condominium Management Committee, the Condominium Association shall indemnify him for his losses or claims, and undertake all costs of defense, until and unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Condominium Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Condominium Management Committee who so acted. Members of the Condominium Management Committee are not personally liable to the victim of crimes occurring at the Project. Punitive damages may not be recovered against the Condominium Association.

2.19 An officer, employee, agent or director of a corporate Owner of a Unit, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, and a fiduciary of an estate that owns a Unit may be considered an Owner for the purpose of determining eligibility for membership of the Condominium Management Committee. In all events where the person serving or offering to serve as an officer or member of the Condominium Management Committee is not the record Owner, they shall file proof of authority in the records of the Condominium Association.

2.20 The Condominium Management Committee or the officers appointed thereby may delegate to the Manager, or such other persons as it so determines, all of the duties and obligations of the Condominium Management Committee set forth herein and in the Declaration to the extent such duties and obligations are properly delegable.

3. Meetings of the Condominium Association.

3.1 The first meeting of the Condominium Association members shall be held within (6) six months after the closing of the sale of the first Residential Unit sold in the Project. Thereafter, there shall be an annual meeting of the Condominium Association at a reasonable place in the Project or at a meeting place as close thereto as reasonably possible, and at a

reasonable time as may be designated by written notice by the Condominium Management Committee. Notice of the annual meeting shall be delivered to the Owners by first-class mail not less than ten (10) days prior to the date set for said meeting and shall specify the place, day and hour of the meeting and a brief statement of the matters on the agenda which the Condominium Management Committee intends to present or believes others will present for action by the members. The statement shall include the name, address and a brief biographical sketch, if available, of each person who will stand for election to the Condominium Management Committee.

3.2 Special meetings of the Condominium Association members may be called by the Declarant, the President, a majority of the Condominium Management Committee, or Owners representing at least twenty five percent (25%) or more of the Total Votes of the Condominium Association and may be held at a reasonable place in the Project or at a meeting place as close thereto as reasonably possible, to consider matters which, by the terms of the Declaration, require the approval of all or some of the Owners or for any other reasonable purpose. Special meetings shall be called by written notice signed by the Declarant, the President, a majority of the Condominium Management Committee or by Owners representing at least twenty five percent (25%) or more of the Total Votes of the Condominium Association, which shall be hand delivered or sent prepaid by United States mail, not less than thirty (30) nor more than ninety (90) days prior to the date fixed for said meeting, to each Owner at such Owner's address as shown in the records of the Condominium Association or to any other mailing address designated in writing by the Owner. Such notice shall specify the place, day and hour of the meeting and a brief statement of the items on the agenda, including the general nature of any proposed amendment to the Declaration or Condominium Bylaws, any budgetary changes and any proposal to remove an officer or member of the Condominium Management Committee.

3.3 The presence in person or by proxy of Owners holding 25% or more of the Total Votes of the Condominium Association at any meeting of the Condominium Association held in response to notice to all Owners of record properly given shall constitute a quorum. In the absence of a quorum at a Condominium Association meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall also be 25% or more of the Total Votes of the Condominium Association. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings of the Condominium Association. At any special meeting of the Condominium Association, only those matters of business, the general nature of which was given in the notice of the special meeting, may be voted upon by the Owners. Unless otherwise expressly provided in the Act, the Declaration and these Condominium Bylaws, any action may be taken at any meeting of the Owners at which a quorum is present upon a majority vote of the Owners who are present in person or by proxy.

3.4 Robert's Rules of order (latest edition) shall govern the conduct of the Condominium Association's meeting when not in conflict with the Declaration or these Condominium Bylaws.

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3.5 Any action that may be taken at any regular or special meeting of the Condominium Association may be taken without a meeting if the following requirements are met:

3.5.1 A written ballot is distributed to every Owner entitled to vote setting forth the proposed action, providing an opportunity to signify approval or disapproval of the proposal and providing a reasonable time for the Owner to return the ballot to the Condominium Association.

3.5.2 The written ballot is signed by all of the members of the Condominium Association who are entitled to vote on the subject matter thereof.

3.6 At each meeting of the Owners, each Owner entitled to vote shall be entitled to vote in person or by proxy. For any Commercial Units or Residential Units owned by more than one Owner, all of the Owners of such Unit may sign a certificate designating one of the co-Owners as the Owner authorized to cast the votes appurtenant to such Unit. In such event the Condominium Management Committee may rely on such certificate as being sufficient evidence of the authority of the Owner casting the votes appurtenant to such Unit. In the absence of such a certificate, if only one of several Owners of a Commercial Unit or Residential Unit is present at a meeting of the Condominium Association, that Owner is entitled to cast all the votes allocated to that Unit. If more than one of the Owners of a Commercial Unit or Residential Unit is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of such Owners. Absent a certificate of authorization, there shall be deemed to be majority agreement if any one of the Owners casts the votes allocated to the Unit owned without protest made promptly to the person presiding over the meeting by any of the other Owners of such Unit. The right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Owner or by its attorney thereunto duly authorized in writing. The instrument authorizing the proxy to act shall be delivered at the beginning of the meeting to the secretary of the Condominium Association, or such other officer or person who may be acting as the secretary at the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting. An Owner may revoke a proxy given pursuant to this Section only by actual notice of revocation to the Condominium Association. Actual notice includes the Condominium Association's receipt of one or more proxies signed by the same Owner. In such event, the proxy with the latest date shall be accepted. A proxy is void if it is not dated or purports to be revocable without notice. Proxies received by facsimile transmission are valid if they meet all other requirements under this section.

3.7 Minutes of the annual and special meetings of the Condominium Association shall be distributed to each member within sixty (60) days after the meeting.

4. Officers.

4.1 All officers and employees of the Condominium Association shall serve at the will of the Condominium Management Committee. The officers shall be a President, Secretary and Treasurer. The offices of Secretary and Treasurer may be combined in the discretion of the Condominium Management Committee. The Condominium Management

Committee may appoint Vice Presidents and such other assistant officers as the Condominium Management Committee may deem necessary. No officer shall be required to be an Owner. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Condominium Management Committee and may be removed and replaced by the Condominium Management Committee. The Condominium Management Committee shall require that officers (and other employees of the Condominium Association) be subject to fidelity bond coverage.

4.2 The President shall be the chief executive of the Condominium Management Committee and shall preside at all meetings of the Condominium Association and of the Condominium Management Committee and may exercise the power ordinarily allowable to the presiding officer of an association, including the appointment of committees. The President shall exercise general supervision over the Project and its affairs. He shall sign, and the Secretary shall witness on behalf of the Condominium Association, all conveyances, mortgages and contracts of material importance to its business. He shall do and perform all acts which the Condominium Management Committee may require.

4.3 The Vice President, if any, shall perform the functions of the President in his absence or inability to serve.

4.4 The Secretary shall keep minutes of all proceedings of the Condominium Management Committee and of the meetings of the Condominium Association and shall keep such books and records as may be necessary and appropriate for the records of the Owners and the Condominium Management Committee.

4.5 The Treasurer shall be responsible for the fiscal affairs of the Condominium Association, but may delegate the daily handling of funds and the keeping of records to the Manager. If there are no Vice Presidents and the President is absent or unable to serve, then the Treasurer shall perform the functions of the President.

4.6 Any officer may prepare, execute, certify and record properly adopted amendments to the Declaration on behalf of the Condominium Association.

5. Common Expenses: Assessments.

5.1 All Common Expenses shall be made in accordance with the Declaration.

5.2 No Owner shall be exempt from liability for Common Expenses by waiver of the use or enjoyment of any of the Project or by abandonment of his Unit.

5.3 The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Project, specifying and itemizing the maintenance, repair and replacement expenses of the Project and any other expenses incurred. Such records shall be available for examination by the Owners during regular business hours. In accordance with the actions of the Condominium Management Committee in assessing Common Expenses against the Units, the Treasurer shall keep an accurate record of such assessments and of the payments thereof by each Owner.

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5.4 All assessments shall be a separate, distinct and personal liability of the Owners at the time each assessment is made. The Condominium Management Committee shall have the rights and remedies contained in the Act and in the Declaration to enforce the collection of assessments.

5.5 Any person who shall have entered into a written agreement to purchase a Unit, by written request directed to the Condominium Management Committee, shall be entitled to obtain a written statement from the Treasurer setting forth the amount of the monthly, quarterly annual or other periodic assessment and the amount of unpaid assessments charged against such Unit and its Owner(s), and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon, provided that the former Owner shall remain so liable for the excess. Any such excess which cannot be promptly collected from the former Owner grantor shall be reassessed by the Condominium Management Committee as a Common Expense to be collected from all Owners, including without limitation the purchaser of such Unit, his successors and assigns. The new Owner shall, and the former Owner shall not, be liable for any assessments made after the date of transfer of title, even though the expenses incurred or the advances made by the Condominium Management Committee for which the assessment is made relate in whole or in part to any period prior to that date. The Condominium Management Committee is authorized to require a reasonable fee for furnishing such statements.

5.6 In addition to the statements issuable to purchasers, the Condominium Management Committee shall, upon ten (10) days' prior written request therefor, provide to any Owner, to any person who shall have entered into a binding agreement to purchase a Unit and to any Mortgagee, on request at reasonable intervals a current statement of unpaid assessments for Common Expenses with respect to a Unit. The Condominium Management Committee is authorized to require a reasonable fee for furnishing such statements.

5.7 In all cases where all or part of any assessments for Common Expenses and capital contributions and for any expenses of and advances by the Condominium Management Committee cannot be promptly collected from the persons or entities liable therefor under the Declaration or these Bylaws, the Condominium Management Committee shall reassess the same as a Common Expense without prejudice to its right of collection against such persons or entities, or without prejudice to its lien for such assessments.

5.8 The Condominium Management Committee shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Condominium Association's policies and practices in enforcing its remedies against Owners for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against Owners' interests in the Project.

6. Litigation.

6.1 If any action is brought by a member of the Condominium Management Committee on behalf of the Condominium Association, the expenses of suit, including reasonable attorneys' fees and costs, shall be a Common Expense. Except as otherwise provided,

if any action is brought against the Owners or against the Condominium Management Committee or the officers, employees or agents thereof in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the expenses of suit, including attorneys' fees and costs, shall be a Common Expense. If any action is brought against one or more, but less than all Owners, with the result that the ultimate liability would, if proved, be borne solely by such Owners, the expenses of suit, including attorneys' fees, shall not be charged to or borne by the other Owners, as a Common Expense or otherwise.

6.2 Except as otherwise provided by the Act, any action brought against the Condominium Association, the Condominium Management Committee or the officers, employees or agents thereof, in their respective capacities as such, or the Project as a whole, shall be directed to the Condominium Management Committee, and shall be defended by the Condominium Management Committee; and the Owners and Mortgagees shall have no right to participate in such defense other than through the Condominium Management Committee. Actions against one or more, but less than all Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Condominium Management Committee, and shall be defended by such Owners.

7. Abatement and Enjoinment of Violations by Owners.

7.1 The violation of any rules or regulations adopted by the Condominium Management Committee, the breach of any provision contained herein or the breach of any provision of the Declaration shall give the Condominium Management Committee the right, in addition to any other rights set forth in these Condominium Bylaws:

7.1.1 To enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner or Owners, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Condominium Committee shall not thereby be deemed guilty in any manner of trespass; and/or

7.1.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

7.2 These remedies are cumulative to other remedies provided in the Declaration and these Condominium Bylaws, the Act or in any other applicable laws.

8. Accounting.

8.1 The books and accounts of the Condominium Association shall be kept in accordance with generally accepted accounting procedures under the direction of the Treasurer.

8.2 A budget for each fiscal year consisting of at least the following information shall be adopted by the Condominium Management Committee and distributed to all members of the Condominium Association not less than 45 days and not more than 60 days prior to the beginning of the fiscal year to which the budget applies:

8.2.1 Estimated revenue and expenses on an accrual basis.

8.2.2 The amount of the total cash reserves of the Condominium Association currently available for replacement or major repair of the Furnishings and the Common Areas and Facilities of the Project and for contingencies.

8.2.3 An itemized estimate of the current replacement costs of, and the estimated remaining life of, and the methods of funding to defray the costs of future repair, replacement or additions to the Furnishings and to major components of the Common Areas and Facilities for which the Condominium Association is responsible.

8.2.4 A general statement setting forth the procedures used by the Condominium Management Committee in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Areas and Facilities for which the Condominium Association is responsible.

8.3 Unless the Condominium Association, by a majority of the Total Votes of the Condominium Association at the meeting of the Condominium Association held after distribution of the proposed budget, rejects the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Condominium Management Committee.

8.4 Within sixty (60) days after the "Accounting Date", which is the Last day of the month closest in time to six (6) months from the date of closing of the first Residential Unit sold, the Condominium Management Committee shall distribute to the Owners: (i) a balance sheet as of the "Accounting Date", and (ii) an operating statement for the period from the date of the first closing to the Accounting Date. This operating statement shall include a schedule of assessments received and receivable, identified by Unit and the name of the person or entity assessed.

8.5 The Condominium Management Committee shall distribute to the Owners an annual report, consisting of the following, within one hundred twenty (120) days after the close of each fiscal year:

- (a) A balance sheet as of the end of the fiscal year.
- (b) An operating (income) statement for the fiscal year.
- (c) A statement of changes in financial position for the fiscal year.
- (d) For any fiscal year in which the gross income to the Condominium Association exceeds \$75,000.00, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a certified public accountant licensed by the State of Utah.
- (e) Any other disclosures required by applicable state law.

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The annual report referred to in this Section 8.5 shall be prepared by an independent accountant for any fiscal year in which gross income to the Condominium Association from assessments and other sources exceeds \$75,000.00. If the annual report referred to in this Section 8.5 is not prepared by an officer of the Condominium Association, then it shall be accompanied by a certificate of the person preparing the report that the statements were prepared from the books and records of the Condominium Association without independent audit or review.

8.6 The Condominium Management Committee (or the Manager, if so delegated by the Condominium Management Committee) shall do the following not less frequently than quarterly:

(a) Cause a current reconciliation of the Condominium Association's operating accounts to be made and review the same.

(b) Cause a current reconciliation of the Condominium Association's reserve accounts to be made and review the same.

(c) Review the current year's actual reserve revenues and expenses compared to the current year's budget.

(d) Review the most current account statements prepared by the financial institution where the Condominium Association has its operating and reserve accounts.

(e) Review an income and expense statement for the Condominium Association's operating and reserve accounts.

8.7 The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Condominium Association, of the Condominium Management Committee and of committees of the Condominium Management Committee and all other records of the Project maintained by the Condominium Association, Manager or managing company shall be made available for inspection and copying by any member of the Condominium Association or his duly appointed representative at any reasonable time and for a purpose reasonably related to his interest as an Owner, at the office where the records are maintained. Upon receipt of an authenticated written request from an Owner along with the fee prescribed by the Condominium Management Committee to defray the costs of reproduction, the manager or other custodian of records of the Condominium Association shall prepare and transmit to the Owner a copy of any and all records requested. The Condominium Association may, as a condition to permitting an Owner to inspect the membership register or to its furnishing information from the register, require that the Owner agree in writing not to use, or allow the use, of information from the membership register for commercial or other purposes not reasonably related to the regular business of the Condominium Association and the Owner's interest in the Condominium Association. The Condominium Management Committee shall establish reasonable rules with respect to:

8.7.1 Notice to be given to the custodian of the records by the Owner desiring to make the inspection or obtain copies;

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8.7.2 Hours and days of the week when such an inspection may be made;

8.7.3 Payment of the cost of reproducing copies of documents requested by an Owner.

Every member of the Condominium Management Committee shall have the absolute right at any time to inspect all books, records and documents of the Condominium Association and to inspect all real and personal properties owned or controlled by the Condominium Association. This right of inspection shall include the right to make extracts and copies of records, subject only to the right of the Condominium Association to require that the Condominium Management Committee member agree in writing not to use, or allow the use of, the information from the membership register for commercial or other purposes not reasonably related to the business of the Condominium Association and the Condominium Management Committee member's interest in such Condominium Association.

9. Special Committees. The Condominium Management Committee by resolution may designate one or more special committees, each committee to consist of two (2) or more of the members of the Condominium Management Committee, which to the extent provided in said resolution shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Condominium Management Committee. All special committees shall keep regular minutes of their proceedings and report the same to the Condominium Management Committee when required. The members of such special committee or committees designated shall be appointed by the Condominium Management Committee or the President. The Condominium Management Committee or the President may appoint Owners to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

10. Rental or Lease of Commercial and Residential Units by Owners.

10.1 Any Owner who rents or leases his Commercial or Residential Unit other than through the voluntary Rental Management Program administered by the Declarant shall file with the Condominium Management Committee or Manager a copy of the rental or lease agreement. The provisions of Section 7 of these Condominium Bylaws shall apply with equal force to renters or lessees of Units.

10.2 Any Owner who rents or leases or otherwise permits any other person to utilize his Unit shall be responsible for the conduct of his tenants or occupants, and upon written notice from the Condominium Management Committee or the Manager, said Owner shall be responsible for correcting violations of the Declaration, Condominium Bylaws or rules and regulations committed by such tenants or occupants.

10.3 If an Owner fails to correct violations by tenants within 72 hours of such notice, the Condominium Management Committee or Manager shall be deemed to be the agent of the Owner and empowered to take any enforcement action the Owner would be entitled to take, the reasonable costs of such action, including but not limited to fees and costs paid to third

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parties, to be assessed to the Owner and payable within 30 days of assessment. Such costs shall be collected and enforced in the same manner as Common Expenses under the Declaration.

10.4 The power of the Condominium Management Committee or Manager hereunder shall include but not be limited to any and all legal remedies available under the laws of the State of Utah. Any Owner by the act of renting, leasing or otherwise permitting any other person to utilize his Unit shall be deemed to have consented to these procedures and shall indemnify and save harmless the Condominium Management Committee and the Manager from and against any and all liability therefor. It is expressly understood that the remedies available to the Condominium Management Committee or Manager shall include but not be limited to the right to seek eviction of the tenant without any liability to the Owner.

11. Amendment of Condominium Bylaws. Except as otherwise provided in the Act, the Declaration or these Condominium Bylaws, the Condominium Bylaws may be amended by the vote or written assent of Owners holding a majority of the Total Votes of the Condominium Association. Provided, however, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Upon such an affirmative vote, the Condominium Management Committee shall acknowledge the amended Condominium Bylaws, setting forth the fact of the required affirmative vote of the Owners, and the amendment shall be effective upon recording. Notwithstanding anything to the contrary contained or implied herein, Declarant reserves the right, without the consent of any other Owners, to amend any provisions of these Bylaws to comply with the then existing statutes, regulations or other requirements of the Utah Department of Commerce — Real Estate Division or any other federal, state or local regulatory authority affecting the Project.

12. Severability. The provisions hereof shall be deemed independent and severable, and the invalid or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

13. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Condominium Bylaws nor the intent of any provision hereof.

14. Effective Date. These Condominium Bylaws shall take effect upon adoption by the Condominium Management Committee.

15. Seal. The Condominium Management Committee may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Condominium Association, the state of incorporation and the words "Corporate Seal."

16. Arbitration. Any unresolved dispute, disagreement or controversy between Declarant and the Condominium Association shall at the request of either party be submitted to an arbitration board of at least three members with one chosen by the Condominium Association, the other by the Declarant and a third by the other two arbitrators so chosen. The arbitrators shall act in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Condominium Association. The decision of the majority of such arbitrators shall be

binding on the Condominium Association and the Declarant. Such decisions shall include the awarding of costs, including reasonable attorneys fees, as the arbitrators shall determine. The decision of the arbitrators shall be judicially enforceable as a judgment.

17. Payment of Assessment. No Residential Owner shall be permitted to convey, hypothecate, sell, or lease his Residential Unit unless and until he shall have paid in full to the Condominium Management Committee all unpaid common charges assessed by the Condominium Management Committee against his Unit and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages and mortgages made by Declarant.

Adopted this 13th day of December, 1999.


Cory R. Williams, Secretary

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