

**AMENDED AND RESTATED
BYLAWS
OF
DEER SPRINGS RANCH OWNERS ASSOCIATION, INC.**

1. GENERAL PROVISIONS.

1.1 Purpose of Amended and Restated Bylaws. These Amended and Restated Bylaws, having been approved by at least two-thirds (2/3) of the Members of the Deer Springs Ranch Owners Association, are adopted by the Board of Directors in order to completely replace all previous Bylaws and for the regulation and management of the affairs of DEER SPRINGS RANCH OWNERS ASSOCIATION, INC., a Utah nonprofit corporation (the "Association"), organized to be the association to which reference is made in the Deer Springs Ranch Protective Covenants recorded on December 2, 1981, as amended or supplemented from time to time (the "Declaration"), to perform the functions as provided in the Declaration and to further the interests of Owners of Lots within the Property. The provisions of these Bylaws will be binding on the membership of the Deer Springs Ranch Owners Association (the "Association"). The acquisition of any Lot (previously referred to as a "Unit") or any portion thereof in Deer Springs Ranch (the "Ranch") will expressly signify acceptance of and agreement to comply with the Protective Covenants and Restrictions of Deer Springs Ranch Owners Association as well as with these Bylaws.

1.2 Terms Defined in Declaration. Unless otherwise specifically provided herein, capitalized terms in these Bylaws shall have the same meaning as given to such terms in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Utah Revised Nonprofit Corporation Act (Utah Code 16-6a-101, et seq.) ("Nonprofit Act") and the Community Association Act (Utah Code 57-8a-101 et seq.) ("Association Act") (collectively the "Acts"), the Declaration, and the Articles of Incorporation of the Association ("Articles") 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.

2. **OFFICES.** The principal office of the Association and the Registered Agent shall be the individual and address as expressly listed on the most recent records filed with the Division.

3. MEMBERSHIP.

3.1 Members. A "Member" is the entity, person or, if more than one, all persons collectively, who constitute the Owner of a Lot within the Property. Membership in the Association is strictly limited to 305 Members representing one (1) Membership for each Lot within the Deer Springs Ranch Subdivision and One-Half (1/2) Membership for each half of any Lot which is legally subdivided. The owner of each Lot will be referred to as a Member.

3.2 Memberships Appurtenant. 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. Each Lot or property Lot (10 or 20 acres) of the Ranch is inseparably connected with one Membership for each 20+/- acre Lot as shown on the applicable Plat Map as recorded in the Office of the Kane County Recorder and one-half membership for each 10 acre +/- parcel created at any time by the subdivision of any Lot described above.

3.3 Members' Voting Rights. Subject to the provisions in the Declaration and the Articles of Incorporation, each Member shall be entitled to one (1) vote for each Lot which he or it owns within the Property.

3.4 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.

3.5 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.

3.6 Assignment of Voting Rights to Tenants and Mortgagees. A Member may not assign his or her right to vote to a tenant or to a mortgagee of his Lot. All voting shall be done by the Member or by his or her proxy as provided in applicable law.

3.7 Delinquent Member. As used in this section, "Delinquent Member" means a Lot owner who fails to pay an assessment when due. Any Delinquent Member shall not be entitled to vote in the election of Directors or in any other matter which comes before the general membership until such time as the delinquency is fully remedied. A Delinquent Member shall likewise not be allowed to access or use any of the common facilities of the Association during any time in which a delinquency exists.

4. **MEETING OF MEMBERS.**

4.1 Place of Members' Meetings. Meetings of Members shall be held at the Deer Springs Ranch Headquarters or at such other place, within or convenient to the Property, as may be fixed by the Board of Directors and specified in the notice of the meeting.

4.2 Annual Meetings of Members. Annual Meetings of the Members shall be held at such time of day as is fixed by the Board of Directors and specified in the notice of meeting. The Annual Meetings shall be held to elect Directors of the Association and to transact such other business as may properly come before the meeting.

4.3 Special Meetings of Members. Special meetings of the Members may be called by any Director or by Members holding not less than ten percent (10%) of the total votes of all Members, excluding votes of Declarant, or by Declarant if it holds at least ten percent (10%) of the total votes of all Members. No business shall be transacted at a special meeting of Members except as indicated in the notice thereof.

4.4 Record Date/Members List. The record date for the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members shall be set by resolution of the Board. Such record date shall not be more than sixty (60) days prior to the meeting of Members or the event requiring a determination of Members. Members entitled to notice of a meeting of the Members are the Members of the Association at the close of business on the business day preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held. Members entitled to vote at a meeting of the Members are the Members of the Association on the date of the meeting, and who are otherwise eligible to vote.

4.5 Notice of Members' Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting. 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) notice of any amendment to these Bylaws proposed by the Members and a copy, summary or general statement of the

proposed amendment; (c) notice of a proposed sale of the properties by the Association other than in the regular course of activities; (d) notice of a proposed dissolution of the Association; and (e) 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.

4.6 Proxies at Meetings. A Member entitled to vote at a meeting may vote in person 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. There shall be no particular form in which to designate a proxy, but all proxies shall indicate the Lot owned by the Member granting the proxy and shall also contain the signature of said Lot owner.

4.7 Ballots at Meetings. A written ballot, if delivered by the Association to every Member entitled to vote on the matter or matters therein as described, may be used in connection with any annual, regular, or special meeting of Members, thereby allowing Members the choice of either voting in person or by written ballot delivered by a Member to the Association in lieu of attendance at such meeting. Any written ballot shall comply with the requirements of Sections 4.8 and 4.8.1 and shall be counted equally with the votes of Members in attendance at any meeting for every purpose, including satisfaction of a quorum requirement.

4.8 Ballots without 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 (a) the time by which all ballots must be received has passed so that a quorum can be determined and (b) 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.

4.8.1 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.

4.8.2 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.

4.8.3 Members shall be provided a fair and reasonable amount of time before the day on which the Association must receive ballots. An amount of time is considered to be fair and reasonable if (a) Members are given at least fifteen (15) days from the day on which the notice is mailed, if the notice is mailed by first-class or registered mail; (b) Members are given at least thirty (30) days from the day on which the notice is mailed, if the notice is mailed by other than first-class or registered mail; or (c) considering all the circumstances, the amount of time is otherwise reasonable.

4.9 Revocation of Proxy or Ballot. A 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.

4.10 Written Consents without a Meeting. Unless prohibited by the Articles of Incorporation, any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting and without prior notice, if one or more consents in writing, setting forth the action taken, are 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 Members entitled to vote on the action 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 is not effective unless all 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.

4.11 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.

4.12 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation, or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the representation, in person, by proxy or by ballot, of Members entitled to cast at least fifty percent (50%) of the votes of all Members shall constitute a quorum at any meeting of such Members. Members present in person or by proxy or represented by ballot at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If a quorum is not present at any meeting, another meeting may be called by the Board of Directors issuing a Notice of Members Meeting at which meeting the members that are present in person or by proxy or represented by ballot shall constitute a quorum, except as otherwise provided in the Declaration, the Articles of Incorporation, or these Bylaws. No such subsequent meeting shall be held more than forty-five (45) days following such preceding meeting at which a quorum was not present.

4.13 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.

4.14 Vote Required at Members' Meetings. At any meeting where a quorum is present, action on a matter, other than the election of Directors, is approved if the votes cast favoring the action exceed the votes cast opposing the action unless a greater proportion is required by law, the Declaration, the Articles of Incorporation, or these Bylaws. In the case of elections to the Board, a quorum is not required and when there is more than one (1) candidate, the person or persons receiving the highest number of votes shall be elected.

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

4.16 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.

4.17 Waiver of Notice. A Member may waive any notice required by the Acts or by these 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.

5. **BOARD OF DIRECTORS.**

5.1 General Powers and Duties of the Board of Directors. The Board of Directors shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board of Directors shall have the power to exercise or cause to be exercised for the Association all of the powers, rights and authority of the Association not reserved to Members in the Declaration, the Articles of Incorporation, these Bylaws, or the Acts.

5.2 Special Powers and Duties of the Board of Directors. Without limiting the foregoing statement of general powers and duties of the Board of Directors or the powers and duties of the Board of Directors as set forth in the Declaration, the Board of Directors shall be vested with the following specific powers and duties:

5.2.1 Assessments. The duty to fix and levy from time to time assessments, special assessments, and all other assessments upon the Members of the Association as provided in the Declaration; and to enforce the payment of such delinquent assessments as provided in the Declaration.

5.2.2 Insurance. The duty to contract and pay premiums for fire and casualty and liability and other insurance in accordance with the provisions of the Declaration.

5.2.3 Common Areas. The duty to manage and care for the Common Areas, and to employ personnel necessary for the care and operation of the Common Areas, and to contract and pay for necessary or desirable improvements on property acquired by the Association in accordance with the Declaration. These duties specifically include, but are not limited to the following:

- Provide for the maintenance, repair or alteration of the Ranch roadway system.
- Provide for the maintenance of fencing and all gates within the Ranch.
- Provide for the maintenance and development of Association water rights, springs, wells, water systems and equipment.
- Provide for the maintenance and upkeep of all Association owned buildings, corrals, equipment or other physical improvements.
- Provide for future improvements to Ranch property as reasonably recommended by the Board or Membership.
- Promptly pay all real property taxes and personal property taxes when due.
- To take reasonably action to enforce the Declaration, these Bylaws, and all rules.
- To reasonably safeguard the assets and properties of the Association.

- To limit the total outstanding indebtedness of the Association to \$30,000 or less unless approved by a majority vote of the Members as described in Subsection 5.2.5 below.
- To sell any Lot owned by the Association, whether originally owned or obtained through foreclosure, which shall be deemed to be in the ordinary course of business.
- To otherwise administer, manage or dispose of Common Areas of the Association as provided by statute.

5.2.4 Agents and Employees. The power to select, appoint, and remove all officers, agents, and employees of the Association and to prescribe such powers and duties for them as may be consistent with law, with the Declaration, the Articles of Incorporation, and these Bylaws.

5.2.5 Borrowing. The power, with the approval of the Members representing at least two-thirds (2/3) of the voting power of the Association, to borrow money and to incur indebtedness for the purpose of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt, and securities therefor.

5.2.6 Enforcement. The power to enforce the provisions of the Declaration, the rules and regulations of the Association, these Bylaws, or other agreements of the Association.

5.2.7 Delegation of Powers. The power to delegate its powers according to law.

5.2.8 Rules and Regulations. The power to adopt such rules and regulations with respect to the interpretation and implementation of the Declaration, use of Common Areas, and use of any property within the Property, including Lots, and to levy fines and penalties for infractions and violations thereof; provided, however, that such rules and regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation, and these Bylaws.

5.2.9 Emergency Powers. The right to exercise such emergency powers as provided for in the Acts.

5.3 Qualifications of Directors. A Director must be a natural person eighteen (18) years of age or over and an Owner of a Lot within the Property or, if the Owner of any such Lot is a partnership, corporation, or limited liability company, must be a designated representative of such partnership, corporation, or limited liability company, provided that said individual or entity has been a Member of the Association for at least one calendar year prior to the meeting in which the vote is taken. If a Director conveys or transfers title to his Lot, or if a Director who is a designated representative of a partnership, corporation, or limited liability company ceases to be such designated representative, or if the partnership, corporation, or limited liability company of which a Director is a designated representative transfers title to its Lot, such Director's term as Director shall immediately terminate and a new Director shall be selected by the remaining members of the Board of Directors as promptly as possible to take such Director's place.

5.4 Number of Directors. The number of Directors of the Association shall be not less than three (3) and not more than seven (7). Subject to such limitations, the number of Directors shall be seven (7) until changed pursuant to this Section 5.4. The number of Directors can be increased or decreased from time to time by majority vote of the Board of Directors.

5.5 Term of Office of Directors and Elections. The affairs of the Association shall be managed by a Board of Directors composed of seven (7) individuals, unless changed pursuant to Section 5.4. The Board of Directors shall be elected by secret ballot at a meeting of the Members to serve as follows:

5.5.1 At each annual meeting of the Members, the Members shall elect Directors for terms of two (2) years, with an odd number of Directors (at least three (3) less than the entire Board) elected in odd-numbered years and an even number of Directors elected in even-numbered years.

5.5.2 Directors newly elected at the annual meeting of the Members shall take office immediately. Newly elected Directors are invited to attend Board of Directors meetings to familiarize them with the Association procedures prior to taking office. Only Members who are not in violation of the Declaration, these Bylaws or Association rules and regulations shall be eligible to run for a position on the Board of Directors.

5.5.3 In an election of multiple Directors, that number of candidates equaling the number of Directors to be elected, having the highest number of votes cast in favor of their election, are elected to the Board of Directors. When only one (1) Director is being voted upon, the candidate having the highest number of votes cast in his or her favor is elected to the Board of Directors.

5.5.4 In the event of a tie, then the tie shall be resolved by the flip of a coin with the Member owning his or her Lot the longest calling heads or tails.

5.6 Nominations. Nominations for election to the Board of Directors shall be made by the Membership at large by submitting nominations to the Secretary of the Association prior to the meeting in which the vote will be taken. Nominations may also be made from the floor at the annual meeting of the Members.

5.7 Removal of Directors by the Members. At any meeting of the Members, the notice of which indicates such purpose, any or all of the Directors may be removed, with or without cause, by the affirmative vote of Members holding a majority of the voting interests of all Members; and a successor may be then and there elected to fill the vacancy thus created.

5.8 Resignation of Directors. 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 Division 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.

5.9 Vacancies in the Board of Directors. Any vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors, except for a Director who is removed pursuant to Section 5.7 above which shall be replaced by the vote of the Membership at a special meeting to be held within 30 days of any Director's removal. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. A directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members. A Director elected by the Board of Directors to fill the vacancy of a Director elected by the voting Members may be removed without cause by the voting Members, but not the Board of Directors. Should any vacancy of the Board of Directors remain unfilled for a period of two (2) months, the Members may, at a special meeting of the Members called for that purpose, elect a Director to fill such vacancy by a majority of the votes which Members present at such meeting, or represented by proxy or ballot, are entitled to cast.

5.10 Appointment of Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees which shall consist of one or more Director and which, unless otherwise provided in such resolution, shall have and may exercise the authority to make recommendations (but not final decisions) to the Board of Directors in the management of the Association, except authority with respect to those matters specified in the Acts as matters which such committee may not have and exercise the authority of the Board of Directors.

5.11 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him by law. The provision of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of the Board of Directors shall be applicable to meetings of committees of the Board of Directors.

6. MEETINGS OF THE BOARD.

6.1 Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the principal office of the Association or at such other place, within or convenient to the Property, as may be fixed by the Board of Directors and specified in the notice of the meeting.

6.2 Annual Meeting of Directors. The annual meeting of the Board of Directors shall be held on the same date as, or within ten (10) days following, the annual meeting of Members. The Business to be conducted at the annual meeting of the Board of Directors shall consist of the appointment of officers of the Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board of Directors shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of Members at which the Board of Directors is elected or if the time and place of the annual meeting of the Board of Directors is announced at the annual meeting of Members.

6.3 Other Regular Meetings of Directors. The Board of Directors may hold other regular meetings and may, by resolution, establish in advance the times and places for such regular meetings. The resolution of meeting schedule shall be given to all Members of the Association at least forty-eight (48) hours before the meeting is scheduled. No prior notice of any regular meeting need be given after establishment of the time and place thereof by such resolution.

6.4 Special Meetings of Directors. Special Meetings of the Board of Directors may be called by the president or any two (2) members of the Board of Directors other than the president.

6.5 Open Meetings/Member Right to Participate. Except as provided in Subsection 6.6, a Board meeting, whether in person or by means of electronic communication, at which the Board can take binding action shall be open to each Member or the Member's representative if the representative is designated in writing. At each meeting, the Board shall provide each Member a reasonable opportunity to offer comments. The Board may limit the comments to one specific time period during the meeting. A Director may not avoid or obstruct the requirements of this Section. However, nothing in this section shall affect the validity or enforceability of an action of a Board.

6.6 Closed Meetings. The Board may close a meeting to: (a) consult with an attorney for the purpose of obtaining legal advice; (b) discuss ongoing or potential litigation, mediation, arbitration, or administrative proceedings; (c) discuss a personnel matter; (d) discuss a matter relating to contract negotiations, including review of a bid or proposal; (e) discuss a matter that involves an individual if the discussion is likely to cause the individual undue embarrassment or violate the individual's reasonable expectation of privacy; or (f) discuss a delinquent assessment or fine. These closed meeting may be referred to as executive sessions.

6.7 Notice to Directors of Board Meetings. In the case of all meetings of the Board of Directors for which notice is required by these Bylaws, notice stating the place, day and hour of the meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, by mail, fax, electronic means, telephone or personally, by or at the direction of the persons calling the meeting, to each member of the Board of Directors. If by telephone such notice shall be deemed to be effective when given by telephone to the Director. If given personally, such notice shall be deemed effective upon delivery of a

copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at his home or business address as either appears on the records of the Association. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice to the Director or waiver of such meeting.

6.8 Notice to Members of Board Meetings. At least forty-eight (48) hours before an open Board meeting, the Association shall give written notice of the meeting via email to each Member who requests notice of a meeting, unless: (a) notice of the meeting is included in a meeting schedule that was previously provided to the Member; or (b) the meeting is to address an emergency and each Director receives notice of the meeting less than forty-eight (48) hours before the meeting. The notice to the Members may be posted on the Association website or in written or email form. In the case of any notice by email for in writing the notice shall: (a) be delivered to the Member by email, to the email address that the Member provides to the Board or the Association (or via mail if requested in writing by the Member); (b) state the time and date of the meeting; (c) state the location of the meeting; and (d) if a Director may participate by means of electronic communication, provide the information necessary to allow the Member to participate by the available means of electronic communication.

6.9 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 6.9 and as permitted by Section 6.16, Directors may not vote or otherwise act by proxy.

6.10 Telecommunications. The Board of Directors shall permit any Director to participate in a regular or special meeting of the Board 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.

6.11 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws shall constitute a quorum for the transaction of business. For the purpose of determining the presence of a quorum, Directors will be counted if represented in person or by proxy, if applicable.

6.12 Adjournment of Directors' Meeting. Directors present at any meeting of the Board of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than announcement at the meeting, for a total period or periods of not to exceed thirty (30) 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 not be reduced or changed, but if the originally required quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

6.13 Vote Required at Directors' Meeting. At any meeting of the Board of Directors, if a quorum is present, a majority of the votes present in person or by proxy, if applicable, and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation, or these Bylaws.

6.14 Officers at Meetings. The president shall act as chairman and the Board of Directors shall appoint a secretary to act at all meetings of the Board of Directors.

6.15 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.

6.16 Action of Directors without a Meeting. Any action required or permitted by the Nonprofit Act, Declaration, the Articles, or these Bylaws that may be taken at a Board of Directors meeting, may be taken without a meeting if all Directors consent to the action in writing. Action is taken under this Subsection at the time the last Director signs a writing describing the action taken, unless, before that time, any Director revokes a consent by a writing signed by the Director and received by the secretary or any other person authorized by these Bylaws or the Board of Directors to receive the revocation. Action under this Subsection is effective at the time it is taken, unless the Board of Directors establishes a different effective date.

A communication under this Section 6 may be delivered by an electronic transmission. An electronic transmission communicating a vote, abstention, demand, or revocation is considered to be written, signed, and dated for purposes of this section if the electronic transmission is delivered with information from which the Association can determine: (a) that the electronic transmission is transmitted by the Director; and (b) the date on which the electronic transmission is transmitted. The date on which an electronic transmission is transmitted is considered the date on which the vote, abstention, demand, or revocation is signed. For purposes of this Section 6, communications to the Association are not effective until received. Action taken pursuant to this Section 6 has the same effect as action taken at a meeting of Directors and may be described as an action taken at a meeting of Directors in any document.

7. OFFICERS.

7.1 Officers, Employees and Agents. The officers of the Association shall be natural persons 18 years of age or over and shall consist of a president, a secretary, a treasurer, and such other officers, assistant officers, employees, and agents as may be deemed necessary by the Board of Directors. Officers must be Directors. The same person may simultaneously hold more than one office.

7.2 Appointment and Term of Office of Officers. The officers shall be appointed by the Board of Directors at the annual meeting of the Board of Directors or in any Board meeting and shall hold office, subject to the pleasure of the Board of Directors, until the next annual meeting of the Board of Directors or until their successors are appointed, whichever is later, unless the officer resigns, or is removed earlier.

7.3 Resignation and Removal of Officers. An officer may resign at any time by giving written notice of resignation to the Association. A resignation of an officer is effective when the notice is received by the Association unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board of Directors may: (a) (i) permit the officer to remain in office until the effective date; and (ii) fill the pending vacancy before the effective date if the successor does not take office until the effective date; or (b) (i) remove the officer at any time before the effective date; and (ii) fill the vacancy created by the removal. The Board of Directors may remove any officer at any time with or without cause.

Also, upon the affirmative vote of a majority of the Directors, any officer may be removed from office, with or without cause, and a successor may be elected at any regular or special meeting of the Board. Any officer removed by the Board as an officer will remain as a Director unless removed by the vote of the Members as otherwise provided herein.

7.4 Vacancies in Officers. Any vacancy occurring in any position as an officer may be filled by the Board of Directors. An officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

7.5 President. The president shall be a member of the Board of Directors and shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board of Directors and of the Members of the Association.

7.6 Vice President. The vice president, if any, may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the president.

7.7 Secretary. The secretary shall be the custodian of the records and the seal, if any, of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Members, of the Board of Directors, and of committees of the Board of Directors; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the president. The Board of Directors may appoint one or more assistant secretaries who may act in place of the secretary in case of his death, absence or inability to act. The duties of the secretary may be delegated to a property management company.

7.8 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time, require; shall arrange for the annual report required under these Bylaws; and, in general, shall perform all the duties incident to the office of treasurer and such other duties as may from time to time be assigned to him by the Board of Directors or by the president. The Board of Directors may appoint one or more assistant treasurers who may act in place of the treasurer in case of his death, absence or inability to act. The duties of the treasurer may be delegated to a property management company.

7.9 Bonds. The Association may pay for fidelity bonds covering officers or other persons handling funds of the Association as provided for in the Declaration. The Association shall pay the premiums for any such bonds acquired.

8. **ASSESSMENTS.** An annual assessment will be assessed to each Member of the Association in accordance with the Declaration on or before January 1, of each calendar year. Said assessment shall be assessed on an equal basis to each Lot and shall be due and payable on or before March 1 of that same calendar year. Thereafter the assessment shall be deemed to be delinquent and shall be collected by the Association under the direction of the Board. Such annual assessments will be in an amount as determined annually by the Board, except that increases in annual assessments shall not exceed ten (10) percent in any given year. In order to collect assessments, the Board is hereby authorized to assess and to recover interest at the rate of 18% per annum, late fees and all collection costs, including a reasonable attorneys' fees as incurred in the collection process, to the past due assessments. The Board is fully authorized to place a lien on the Lot of any Owner who becomes delinquent and to ultimately foreclose the lien in order to collect the assessment as well as all other costs and fees described above.

9. **WATER RIGHTS.** An underground water right in an amount up to 1.73 acre/feet may be available to each Lot within the Deer Springs Ranch Subdivision (the "Subdivision") by making application to the Utah Division of Water Rights at <http://www.waterrights.utah.gov/>. Utah State regulations shall control the design and operation of water systems as set forth by the Utah Division of Drinking Water at <http://www.drinkingwater.utah.gov> and the Utah Division of Water Rights at <http://www.waterrights.utah.gov>. Members are encouraged to review these regulations when designing, constructing, implementing or improving water systems.

Members are encouraged to first attempt to obtain any available water rights by filing for a new "Application to Appropriate" directly with the Division of Water Rights. However, should a DSR unit Owner/Member request a water right directly from the Association, then the Association shall segregate a portion of one of its water rights to that Member for the purpose of obtaining water through drilling a new well, using an existing well, or capturing a surface water source. This segregated portion of an Association water right is not to exceed .45 acre foot per Lot, which has been determined by the Division of Water Rights to be the amount that a single family would use in one year for culinary purposes at a full-time dwelling.

As Association-owned water rights are a finite resource, the segregation of a .45 acre/foot water right from the Association to a DSR Lot is a "once-only" event. The segregation of any additional water rights from the Association to a Lot which has already been provided with .45 acre/foot right as set forth herein must be approved by the Board only under extreme conditions.

In the event that any water source or proposed water source is located on property owned by the Association, then additional rules apply as set forth below. Notwithstanding any provision herein to the contrary, the Association shall have no jurisdiction, nor shall this Bylaw apply to, affect, govern or limit any water system which is in place or put in place which lies solely within the confines of a Member's own Lot or within a group of Lots in which members choose to form or install a water system.

In the event that a Member chooses to obtain a water right from the Association, that Member will receive a 0.45 acre foot water right for each Lot owned. Such water right will remain in the name of the Association until the Member is ready to develop the water. At that time, the Association will prepare a Quit-Claim Deed and a Report of Conveyance to the Member to transfer said water right to the requesting Member. Any water right obtained from the Association is and shall remain inseparably connected with the Lot within the Subdivision and cannot be used, sold or transferred away from the Lot, except the water right may be transferred and sold with a normal sale of the Lot to a new Owner.

Priority for Association-owned water rights is given to the development of Member owned water systems and upon a request for transfer of the water right or portion thereof (up to .45 acre feet per Lot) by any Member, the Association shall promptly transfer the same. Members have the opportunity to develop water systems within their own Lots or using water sources located on Association-owned property. When using a source located on Association-owned property, the water shall be distributed on a first come, first served basis.(e.g. if the water source produces sufficient water for 6 Lots at .45 acre feet each, then the first 6 members to apply shall receive the right, exclusive of all others who may later apply).

One or more members may create a neighborhood water group for the purpose of constructing a Neighborhood Water System as described in Bylaw #13 to serve one or more Lots within the Subdivision. A Neighborhood Water System can use as its source a privately-owned well or spring on a Member's Lot, an available water source on BLM or Forest Service land (after obtaining approval from the applicable agency), or upon approval of the Board, a water source located on Association-owned property when one is available. Approval by the Board for the use of an Association-owned water source shall not be unreasonably withheld. The term "available" shall mean and refer to a surface or underground water source in an area that can serve the Lot or Lots needing water.

Neighborhood Water Systems using a water source located on Association-owned property shall be governed by the "Ranch Neighborhood Water System Development Guidelines" outlined in Bylaw #10.

With respect to water rights which are sought directly from the state, the Association reserves the right to file a protest with the appropriate state agency, but only to the extent that the Association has a valid concern that the proposed Water System is an actual threat to an existing Association system or water right due to potential of loss of water or contamination of the groundwater, or if members are claiming more than their allocated share of water. Following any protest, the determination by the applicable state agency shall be accepted by the Member and the Association as final.

Please be aware that due to changes in water right law, the nature of water within the Subdivision and other unforeseen circumstances, that it is not possible to transfer a portion of an Association water right to an individual Member where prohibited by applicable law. Furthermore, the Association does not and cannot guarantee the quality, quantity, or availability of water, notwithstanding any water right or lack thereof.

More information is available at:

http://www.deerspringsranch.org/getting_water/getting_water.htm

<http://www.waterrights.utah.gov/>

10. **WATER SYSTEMS.** The following guidelines and procedures known as the Neighborhood Water System Development Guidelines shall be followed by any Member or Members who desire to construct or develop a Neighborhood Water System using a water source which is located upon land owned by the Association. A Neighborhood Water System can be requested, approved, and constructed to serve one or more Lots.

10.1 Identify the System Water Source. The petitioning Member or Members shall present to the Board of the Association a written statement which shall identify the location of the water source and any water rights which may be associated with that particular location, otherwise known as the "point of diversion." If the point of diversion is a new well site or a spring which differs from the point of diversion on the original water right, then the Board shall segregate a water right or a portion thereof, not to exceed .45 acre feet per Lot, to be transferred to the Member or Members, for which the Member or Members shall petition the Utah State Engineer to change the point of diversion to the new well location or water source at the Member or Members' cost and expense.

If a change in the point of diversion, a change of type in use, or a change in the place of use from an existing Association water right is necessary, then said change must be filed by the Member or Members, at their sole cost and expense, with the Division of Water Rights and all necessary approvals obtained before construction can begin. Any Member connected to a Neighborhood Water System supplied by any source that has been segregated from a water right obtained from the Association will then be considered to have received the .45 acre/feet of water provided for in Bylaw #12, and thereafter relinquishes any claim to any further water right or rights from the Association, thus binding their heirs, successors and assigns. Notwithstanding the foregoing, the point of diversion of any surface water right located on Association-owned property shall remain on Association-owned property unless a change in the point of diversion is expressly approved by the Board, which approval may include additional conditions as the Board may determine.

If the water source (well or spring) to be utilized is located on private property not owned by the petitioning Member or Members, the Member(s) intending to use the water source(s) must obtain the written consent of the property owner upon which the water source or point of diversion is located.

10.2 Development of Water Source. Because development of water sources via springs or wells located on Association-owned property may be more complex, the following criteria shall apply in order to take into account the future needs of other Members:

10.2.1 Development of a given water source will be granted on a “first come, first served basis” as outlined in Bylaw #12, titled WATER RIGHT.

10.2.2 In the event that the number of connections on any given Neighborhood Water System exceeds the threshold set forth in state regulations to qualify as a private system, the Member or Members requesting the connection shall bear all costs associated with any upgrade to the system, as well as all construction and maintenance of said upgrades, unless otherwise agreed among the participating Member or Members.

10.3 Costs. All costs associated with the planning, transfer of water rights, or construction of any water system will be borne by the Member or Members participating therein. Each Member is hereby notified that there may be additional requirements from state regulatory agencies which are not addressed in these Bylaws, and that any cost associated with these additional requirements will also be the sole responsibility of the participating Member or Members.

10.4 Commencement of Construction. Construction of any Neighborhood Water System involving a water source located on any Association-owned property, may begin ONLY after Board approval of the steps outlined herein, for which approval shall not be unreasonably withheld.

10.5 Identify the Place of Use of the Neighborhood Water System. As part of the Board approval process for any Neighborhood Water System, the Member or Members shall identify and provide the following:

10.5.1 Which DSR Lots will initially be supplied by the proposed Neighborhood Water System?

10.5.2 Will there be further expansion? To which Lots?

10.5.3 The Member or Members must acknowledge that the Neighborhood Water System can serve only DSR Lots and/or Association-owned property.

10.5.4 A map roughly describing pipeline locations and other items detailed in Paragraph 7a below.

10.6 Participation. The Member or Members who propose to develop a Neighborhood Water System must identify the potential future expansion of the proposed System with the following:

A written statement indicating that the Member or Members have contacted (by certified mail), using the form approved by the Board, other Members having Lots within the same area (limited to 1000 feet from the border of any Lot in the place of use and within an area that can be reasonably served on the same gravity flow system) and presenting the Board with one of the following:

10.6.1 A written commitment that said other Member or Members will participate in the Neighborhood Water System upon the completion of the System (including paying their respective share of the cost of installation), or

10.6.2 A written rejection by any Member(s) who do not desire to participate in the Neighborhood Water System, or who do not wish to participate at the time of construction, or

10.6.3 Proof of receipt of the notice identified above at least 45 days prior to the submission of the statement, with an acknowledgment that there was no response received, or that the response was something other than the responses outlined in subparagraphs a or b above.

10.7 Other Documentation. When designing the Neighborhood Water System, the Member or Members shall work with the Board on identifying a mutually acceptable pipeline and/or easement route, and an

appropriate water source protection area, taking into account the surrounding geographical features and vegetation. The plan setting forth the location of said easement shall include the following:

10.7.1 A preliminary map with the proposal and a final map after construction is complete. The map will indicate the location of any protection zone requirements necessary for the system and fencing areas needed. The final map must show water source, water line routing, valves, etc. such that if a leak is detected by Ranch staff and/or any other individual Members participating in the Neighborhood Water System, they can properly shut the system down. A base map of the area in which the Neighborhood Water System is located will be provided by the Association so that proposed easements and routing can be properly shown.

10.7.2 Any new Neighborhood Water System cannot be constructed so as to negatively affect or conflict with any existing water system, Association infrastructure or the improvements or infrastructure on any Member's Lot, including roadways and culverts.

10.7.3 The Association will bear absolutely no responsibility or liability for the construction, operation, or ongoing maintenance of any Neighborhood Water System.

10.7.4 The Association is not obligated and makes no assurance that any easements or rights of access exist as may be necessary for the installation or maintenance of any Neighborhood Water System. Furthermore, the approval by the Association of an application for a Neighborhood Water System shall not constitute an acknowledgement or approval by the Association of any easement or right-of-way.

10.7.5 A complete plan of revegetation, when applicable, of all areas affected by the installation of transmission lines, piping, catchment basins or other parts of the Neighborhood Water System located on or under the Association-owned property.

10.7.6 Upon approval of the Neighborhood Water System by the Association, a formal written easement, in recordable form, shall be executed by the Member or Members and the Association.

10.7.7 Prior to presenting a map, the Member or Members should consult with the ranch manager in order to avoid conflicts with road maintenance and existing drainage systems.

10.7.8 Care should be taken to avoid areas where culvert maintenance would need to occur in the alignment of the water lines. Avoidance of these areas is to assist with routine maintenance of the culverts. Culverts may need to be completely removed and their entrance and exit areas periodically excavated to prevent clogging.

10.8 Easements. Easements which are reasonably necessary for waterlines, water source protection areas, or structures such as the spring box or well located on or crossing Association property shall be approved by the Board and executed by the President. The Association shall not unreasonably object to the location or size of any requested easement on Association-owned property. Reasonable objections shall be limited to easements which directly conflict with existing roadways or water systems or which affect the water quality of the Association water. Each easement shall be perpetual non-exclusive for the purpose of installation and maintenance of water lines and associated structures and/or improvements substantially in the form approved by the Board.

10.9 Maintenance. All damage that occurs to an easement crossing Association-owned or private property must be repaired by the Member or Members installing the System. Such repairs must be maintained for at least two years after the construction of the System to account for potential settling and other issues. Members who participate in a System will also be responsible for all future repairs to any Association-owned property or easements affected by any breakage of that System. In the event the Neighborhood Water System develops a leak on Association-owned property that is not repaired within 30 days of notice by the Association to the participating Member or Members, the Association retains the right

to make the necessary repairs and will bill the Neighborhood Water System for reimbursement of any costs and labor involved. Notwithstanding the foregoing, the Association reserves the right, with or without advanced notice, to make any and all emergency repairs that the Association reasonably deems necessary to prevent damage to Association-owned property or improvements.

Additionally, the Member or Members constructing the Neighborhood Water System shall, upon completion, show the Ranch Manager the location of any valves contained in the System so that they can be found in the event the System needs to be shut down because of a leak or a break.

10.1 Approval. The Association shall allow and provide for the presentation of a proposed Neighborhood Water System, whether by a Member or Members at the next regularly scheduled meeting of the Board, and in no event later than sixty days after receipt of a complete proposal from a Member or Members. The Board will then have up to sixty days to provide an approval of the Neighborhood Water System as set forth in the plan as submitted, or to reject the same. The review and approval of the Board shall be limited to the requirements set forth herein, including location of an easement, location of valves and other parts of a System that lie within an existing roadway or near culverts, depth of waterlines, source protection zones, and surface restoration plans following construction on Association-owned property. If the System is rejected, the Board shall provide a written statement indicating the specific items listed immediately above which are insufficient or unacceptable as well as a narrative describing such insufficiencies. Should the Board fail to respond with an approval or rejection as specifically set forth above, then the plan as submitted shall be deemed approved.

10.11 Construction. Construction of any Neighborhood Water System must adhere to applicable building and construction codes for private water systems in effect as of the date of installation. All future installations of non-metallic (plastic) water piping outlined above will be required to be accompanied by an accessible trace wire. All systems shall likewise include a water meter to measure the total flow of water from any Association water source into the system. The meter shall be read and recorded by the Ranch Manager on at least an annual basis. All piping shall be installed at a minimum depth of 2.5 feet below the grade surface, or greater as the circumstances may require. Spring boxes or wells may be required by the State to have a source protection zone around them that will be fenced. The Member or Members installing the System shall install and maintain the fence. An appropriate easement shall be granted by the Association for an area large enough to incorporate the fence and required protection zone.

10.12 Post Construction Agreements. After the construction of a Neighborhood Water System has been completed, the Member or Members who construct or participate in the System expressly agree to comply with the following:

10.12.1 Provide a connection to those Members who qualify for participation in the Neighborhood Water System under Paragraph 6 above who chose not to initially participate but who later request to participate in the Neighborhood Water System, provided that said requesting Member holds an appropriate water right and the water source can supply sufficient flow for the additional Lot or Lots.

10.12.2 Provide a total cost report of the planning and construction of the Neighborhood Water System, including the cost of planning the System, transferring water rights, testing, obtaining Board approval, proving up, construction materials, labor and equipment, engineering, legal costs and an overhead charge not to exceed ten percent (10%) of the total, to the Association Board. Said cost report is provided to the Board solely for the purpose of establishing the total cost to that date of the System and not for Board review or approval. The per Member cost of a new connection for a Member (or multiple Members) that want to join the Neighborhood Water System after initial development and construction has been completed, will be calculated as follows:

The original total cost to build the system as set forth on the cost report identified above shall be divided by the total number of users (both existing and proposed new users) to establish the base cost for any

additional Member to hook on to the System. The Member desiring to hook on to the existing System shall also pay all costs for any extensions and/or upgrades necessary to the System in order to facilitate that Member's new hook-up. Members desiring a new hook-up will be required to pay a pro rata share of any maintenance costs that have occurred from the initial development of that System to the time they hook on, in addition to paying interest thereon at the listed lending rate as established by the World Bank for the system costs, upgrades, and maintenance for from the time of construction to the time they hook on.

All Members in any System using a water source located on Association-owned property agree to equally share in the expense of all maintenance and services of said System.

10.12.3 Maintain and upgrade the system as required by state law. (Suggestion: charge monthly/quarterly/annual fees and maintain them in reserve)

10.12.4 Provide an updated map of the System to the Association in the event of any changes or modifications or if additional connections are made.

10.13 Continued Compliance. If applicable, continued compliance of the Neighborhood Water System with ongoing state agency requirements is the sole responsibility of the Member or Members who participate in the Neighborhood Water System.

11. **INDEMNIFICATION OF OFFICIALS AND AGENTS.** The Association shall indemnify any Director, Officer, employee, fiduciary and agent (including without limitation the Ranch Managers) to the fullest extent allowed the Acts, or any replacement Sections thereof. The Association may purchase and maintain liability insurance on behalf of any Director, Officer, employee, fiduciary and agent against any liability asserted against him and incurred by him in such capacity or arising out of his status as such, including liabilities for which he might not be entitled to indemnification hereunder.

12. **MISCELLANEOUS.**

12.1 Amendment/Conflict. These Bylaws may be amended, at any regular, annual, or special meeting of the Members where a quorum exists, by a vote of at least Two-Thirds (2/3) of the Members present at the meeting in person, by proxy or by mail in vote.

12.2 Compensation of Officers, Directors and Members. No Director shall have the right to receive any compensation from the Association for serving as a Director except for reimbursement of expenses as may be approved by resolution of disinterested members of the Board of Directors and except as may otherwise be approved by the Members. Officers, agents and employees shall receive such reasonable compensation as may be approved by the Board of Directors. Appointment of a person as an officer, agent or employee shall not, of itself, create any right to compensation. Notwithstanding the foregoing, each Director shall receive credit against his or her annual Assessment on one Lot for each year in which the Director actively serves on the Board. Actively serving is defined as attending at least seventy-five percent of all meetings of the Board.

12.3 Books and Records.

12.3.1 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.

12.3.2 The Association shall maintain appropriate accounting records.

12.3.3 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.

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

12.3.5 The Association shall keep a copy of each of the following records at its principal office: (a) its Articles of Incorporation; (b) its 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 Member 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.

12.4 Independent Financial Report. The Association's year will run on a calendar basis. Within forty-five (45) days after the close of each year the Board will cause an independent financial report of the accounts of the Association to be made by an accountant, and upon completion of said report, cause to be prepared and delivered to each Member formally requesting said financial report in writing, a true and exact copy thereof.

12.5 Sale of Memberships. A proposed sale of a Membership in the Association (and its inseparably connected Lot) will be subject to a right of first refusal vested in Deer Springs Ranch Owners Association Board of Directors for a period of 30 days. All proposed sales must be in writing and received by Deer Springs Ranch Owners Association, P.O. Box 254, Kanab, and Utah 84741. The 30-day period begins upon receipt by Deer Springs Ranch Owners Association of a written proposed sale.

12.6 Livestock Grazing. The Association shall no longer permits the individual Members to graze their own livestock or to keep said livestock on Association property unless under a formal contract authorized by the Board. The common area grazing shall be leased to a third party and said third-party livestock will have unlimited grazing access to all of the Common Areas of the Association, except as limited by contract with the Association. Members desiring to fence livestock out of their individual Lot may do so at the Member's sole expense.

12.7 Inspection of Records. A Director or Member is entitled to inspect and copy any of the records of the Association, (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. However, a Director or Member may inspect and copy the records described in this Subsection 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.

The right of inspection granted by this Section may not be abolished or limited by the Articles of Incorporation or these Bylaws. This Subsection 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, to compel the production of corporate records for examination. The Association may redact the following information from any document the Association produces for inspection or copying (a) a Social Security number; (b) a bank account number; or (c) any communication subject to attorney-client privilege.

12.8 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. Alternatively, the foregoing information may be provided by the Board at the annual meeting of the Members.

12.9 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 amount of the assessments for the current fiscal period of the Association payable with respect to the Lot. 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.

12.10 Annual Corporation Reports. The Association shall file with the Division, 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.

12.11 Fiscal Year. The fiscal year of the Association shall be the calendar year, and shall begin on January 1 and end the succeeding December 31. The fiscal year may be changed by the Board of Directors without amending these Bylaws.

12.12 Shares of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock or stock certificates and no dividends shall be paid and no part of the income or profit of the Association shall be distributed to its Members, Directors or officers. Notwithstanding the foregoing, the Association may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

12.13 Limited Liability. The Association, the Board of Directors, and any agent or employee of the Association, shall not be liable to any person for any actions or for any failure to act in connection with the affairs of the Association if the action taken or failure to act was in good faith and without malice.

12.14 Minutes and Presumptions Thereunder. Minutes or any similar record of the meetings of Members or of the Board of Directors, when signed by the secretary or acting secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

12.15 Execution of Documents. The Board of Directors, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

12.16 Right to Inspect. Notwithstanding the other provisions of this Article, unless otherwise provided in these Bylaws, a right of a Member to inspect or receive information from the Association applies only to a voting Member of the Association.

12.17 Manner of Giving Notice. Notwithstanding any other provision in the Declaration, Articles, Bylaws or rules and regulations, the Association may provide notice to Owners by electronic means, including text message, or email, except that an Owner may, by written demand, require the Association provide notice to that Owner by U.S. Mail. Any notice required to be given will be deemed to have been given upon the earlier to occur of the following:

12.17.1 when sent by facsimile, the notice is deemed given when the sender receives a facsimile acknowledgment confirming delivery of the facsimile;

12.17.2 when placed into the care and custody of the United States Postal Service, the notice is deemed given six (6) calendar days after the date the notice is deposited into a receptacle of the United States Postal Service, with postage prepaid and addressed to the most recent address of the recipient according to the records of the Association;

12.17.3 when sent via electronic means such as an e-mail, text message or similar electronic communication, the notice is deemed given within twenty-four (24) hours of being sent and a rejection or undeliverable notice is not received by the sender;

12.17.4 when hand delivered, the notice is deemed given immediately upon delivery; or

12.17.5 when delivered by other means, the notice is deemed given upon such circumstances and conditions as are reasonably calculated to give notice to the Owner.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of the Deer Springs Ranch Owners Association, Inc., a Utah nonprofit corporation (the "Association"); and

2. The foregoing Amended and Restated Bylaws of the Deer Springs Ranch Owners Association, Inc., constitute the Bylaws of the Association duly adopted by at least two-thirds vote of the Members at the annual meeting of the Members of the Association duly held on September 15, 2018.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this 8 day of September, 2018.



Barry E. Clarkson, Secretary