

BY-LAWS OF BANDANNA RANCH HOMEOWNER'S ASSOCIATION

ARTICLE I

The principal office of the corporation in the State of Utah shall be located in the City of Fruitland, Duchesne County, Utah. The corporation may have such other offices either within or without the State of Incorporation as the Board of Trustees may designate or as the business of the corporation may from time to time require.

ARTICLE II

1. TRUSTEES

Hereinafter TRUSTEES shall refer to the governing board as elected by the Association Membership and MEMBERSHIP shall refer to the landowner's electorate.

2. MEETINGS

The Board of Trustees shall meet no less frequently than twice yearly. The time and place of the meetings shall be posted no later than 14 days prior to such meetings. At least one meeting shall occur in the period April 15 - September 15 and one meeting shall occur in the period October 15 – March 15.

3. SPECIAL MEETINGS

Special meetings of the members for any purpose or purposes may be called by the Board at the request of the general association membership holding not less than 66% of the votes entitled to vote at such meeting. It shall be the responsibility of those association members meeting to solicit attendance or proxy for such by notifying eligible membership in writing of the call for such meeting. Such notice shall be deposited in U.S. mail not less than 14 days prior to such meeting including the day of the meeting and shall include the agenda. The quorum for such meeting shall be 51% of the eligible membership. Proxy ballot shall be included for purposes of a quorum determination. If such determination includes a fractional person, then the higher value shall constitute the quorum.

4. VOTING ELIGIBILITY

Any member of the Association shall be entitled to vote prorata one vote per lot ownership by proxy or by person. No lot shall be eligible which has unsatisfied lien(s) filed by the Association or the Association's agent. No lot shall be eligible to vote when such lot is more than ninety days delinquent in paying dues or assessments. The day or record for establishment of such eligibility shall be ten days prior to such proxy or roll call including the day of the vote. Any member may vote by proxy. Such proxy shall be in writing. Failure to return the proxy ballot shall be deemed a conveyance to the Board of trustees to exercise the member's voting privilege in any manner (affirmation or denial) deemed in the best interest of the Bandanna Owner's Association.

5. AGENDA

Any member eligible to vote may request items for consideration by notifying any trustee of the request. If the requesting member will not be personally present then such agenda item for consideration shall be in writing.

6. ORDER OF RULE

The business of the corporation shall be managed by its BOARD of TRUSTEES. The trustees shall in all cases act as a board and may adopt such rules and regulations for the conduct of their management as they deem proper and consistent with the statutes of the State of Utah and the articles of these by-laws. Any decision by the Board of Trustees may be overridden by a 66% majority of the eligible members. If the 66% contains a fractional vote then the higher number shall constitute such majority.

ARTICLE III

BOARD OF TRUSTEES

1. General Powers

The business of the corporation shall be managed by its Board of Trustees. Such management shall be in accordance with the statutes of the State of Utah and the Articles of the By-Laws. If there is any conflict between the By-Laws and Utah Statutes, the Utah Statutes shall prevail.

2. Financial Limitations

The Board of Trustees may not borrow Association assets on behalf of their duties and shall not pledge Association assets on behalf of their duties.

3. Bonding

The membership shall be indemnified by the purchase of a Fidelity Bond not less than \$100,000 per year; the premium not to exceed \$1000 per year.

4. Number, Tenure, Qualifications, and Limitations

The number of trustees shall be five chosen as follows:

- a. One trustee from Buckboard Phase elected by Buckboard landowners for a two year term.
- b. One trustee from Stagecoach Phase elected by Stagecoach landowners for a two year term.
- c. One trustee from Elkhorn Phase elected by Elkhorn landowners for a two year term.
- d. One trustee from Chuckwagon Phase elected by Chuckwagon landowners for a two year term.
- e. One at large trustee elected by landowners attending the annual meeting for a one year term.

Trustee vacancies will be appointed by motion and an affirmative vote of the current board of trustees until the annual meeting at which time the vacancy will be filled as prescribed by a thru e above.

Any eligible member may be placed in nomination for trusteeship.

A trustee may not serve more than two consecutive terms.

Trustees may not serve consecutive terms when they have not attended at least 50% of scheduled trustee meetings during their previous term. The Board of Trustee quorum shall be three members; three members voting affirmatively is required to carry a motion.

Absenteeism from three consecutive meetings will be considered grounds to replace a trustee with a motion and an affirmative vote by the remaining trustees. Members may remove any trustee without cause by an affirmative vote of 66% of the membership attending or voting by proxy at a meeting of the general membership. Such a vote must be part of the agenda appearing in the notice announcing the meeting.

No compensation shall be paid to trustees acting in the capacity of trustee as outlined in these By-Laws; nothing herein contained shall be construed to preclude any trustee from serving the corporation in any other capacity and receiving compensation approved by the remaining trustees.

The officers shall be chosen by the Board of Trustees; officers must be trustees.

a. President: The principal executive officer shall supervise and control all the business and affairs of the corporation, preside at all meetings of the board of trustees and members and do so with the affirmative approval of the Board of Trustees and the general membership. The President may not act substantially without the approval of the Board of Trustees. The President should review the accounting and custody of Bandanna Ranch assets on a monthly basis.

b. Vice President: The Vice President shall act in the same manner as the President when the President fails to act due to absence or dysfunctional acquiescence and shall perform other duties as directed from time to time by the Board of Trustees.

c. Secretary: The secretary shall keep the minutes of all Bandanna Ranch Association meetings and maintain such records in accordance with the provisions provided by the By-Laws. The secretary shall keep a register of the address of record of each member. Association members have the responsibility to notify the secretary of their respective address and landowner name(s) of record.

d. Treasure: The treasure shall be responsible for the proper custody and accounting of Bandanna Ranch assets. The treasure shall be responsible to see that Bandanna Ranch Bills are paid in accordance with generally accepted accounting principles. The treasure shall be responsible to see that Bandanna Ranch Assessments are collected on a timely basis. The Treasure shall pay only bills properly invoiced and documented.

ARTICLE IV

Fiduciary:

The Board of Trustees shall be responsible for establishing the annual budget; the trustees shall, consistent with the annual budget, appropriately assesses Bandanna Ranch Association members in a manner consistent with the articles of incorporation and the laws of the State of Utah.

Assessments shall be filed with each lot owner by a mailing on May 1st at the address of record and shall be a thirty day receivable. It is the responsibility of Bandanna Ranch Landowners to discover annual assessments and keep their accounts current. Delinquent accounts shall accrue interest at the rate of 2% per month on unpaid amounts. The Board of Trustees is authorized to use all legal means to collect assessments and finance charges per the requirements of the CC&Rs.

ARTICLE V

Liability:

The Trustees shall be held harmless against any and all claims arising from the use, management, and maintenance of Bandanna Ranch Properties. It shall be the obligation of each member to provide warranties and liability indemnification deemed by the member to constitute satisfactory protection from but not limited to acts of negligence, accident, theft, personal or common property abuse or damage or vehicular injury to property or person. The Board of Trustees shall procure liability insurance for common areas of the ranch.

ARTICLE VI

Amendments:

These By-Laws shall replace any and all individual association By-Laws at the time of ratification by the membership. These By-Laws may be altered, amended, or repealed and new By-Laws may be adopted by a vote of the members representing a 66% majority of Bandanna Ranch Landowners in good standing.