

**ARTICLES OF INCORPORATION  
OF  
ADMENDED HORSESHOE MOUNTAIN RANCH ESTATES OWNERS ASSOCIATION,  
INC.**

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, the undersigned, natural persons of the age of twenty-one years or more, hereby associate ourselves for the purpose of forming a corporation under the Utah Revised Non-Profit Corporation Act, Chapter 6a of Title 16 of the Utah Code Annotated (the "Act") and do hereby adopt the following Articles of Incorporation for such Corporation:

**ARTICLE I  
NAME AND DURATION**

The name of the Corporation is **HORSESHOE MOUNTAIN RANCH ESTATES OWNERS ASSOCIATION, INC.**, and the duration of the corporation shall be perpetual.

**ARTICLE II  
PURPOSES**

The Corporation is organized exclusively for non-profit purposes, and the specific purposes for which this non-profit corporation is organized are to manage, operate, insure, construct, improve, repair, replace, alter and maintain the common elements and to provide certain facilities, services and other benefits to the Owners within that real property located in Sanpete County, State of Utah, more particularly described on Schedule "A" attached hereto and incorporated herein by reference, and to promote the health, safety and welfare of the residents within the above described real property and any additions thereto as may hereafter be brought within the jurisdiction of this Corporation. For this purpose the Corporation is authorized to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in that certain Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Horseshoe Mountain Ranch Estates, A Total Environmental and Wildlife Game Preserve Community Development (hereinafter called the "Declaration") dated August 17, 2005, and recorded August 17, 2005, as Entry No. \_\_\_\_\_ in Book \_\_\_\_\_, beginning at page \_\_\_\_\_ of the Official Records of the Sanpete County Recorder, wherein Thomas E. Crisp, Norma A.

Crisp and Interwest Engineering, a Utah corporation, are designated as "Declarants", applicable to the property, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

- (b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of the Corporation;
- (c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;
- (d) borrow money, and with the assent of Owners holding three-fourths (3/4) of the Lots as defined in the Declaration, mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (e) dedicate, sell or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners; provided, however, that the Corporation may grant such easements as shall be necessary for the development of the Property without the consent of the Owners. Except with respect to easements, no such dedication, sale or transfer shall be effective unless the same has been approved by Owners holding three-fourths (3/4) of the Lots as defined in the Declaration, agreeing to such dedication, sale or transfer;
- (f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Elements, provided that any such merger, consolidation or annexation shall have the assent of Owners holding three-fourths (3/4) of the Lots as defined in the Declaration;
- (g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of Utah may now or hereafter have or exercise.

### **ARTICLE III MEMBERSHIP**

Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot (as defined in the Declaration) which is subject to the Declaration, shall be a member of the Corporation.

The foregoing is not intended to include persons or entities who hold an interest in any Lot merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation.

#### ARTICLE IV VOTING RIGHTS

- 4.1 At any meeting of the Corporation, each Lot owner shall be entitled to one vote.
- 4.2 Each Lot shall be entitled to one vote regardless of the number of Owners of the Lot. If the Owners of a Lot cannot agree among themselves as to how to cast their vote on a particular matter, they shall lose their right to vote on such matter. If any Lot Owner casts a vote representing a particular Lot, it will thereafter be presumed for all purposes that the Lot Owner was acting with the authority and consent of all other Lot Owners with whom such Lot Owner shares the Lot, unless objection thereto is made by a Lot Owner of the Lot to the Person presiding over the meeting at the time the vote is cast. If more than the one vote is cast for any particular Lot, none of such votes shall be counted and all of such votes shall be deemed null and void other than to determine whether a quorum exists.
- 4.3 In any case in which the Act or the Declaration requires the vote of a stated percentage of the Lot Owners or approval of an act or transaction, such requirement shall be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Lot Owners who collectively hold at least the stated percentage or required votes. Such written consents shall be subject to the following conditions:
- (a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Lot Owner.
  - (b) Any change in ownership of a Lot which occurs after consent has been obtained by the Lot Owner having an interest therein shall not be considered or taken into account for any purpose.
  - (c) Unless consent of all Lot Owners having an interest in the same Lot is secured, the consent of none of such Lot Owners shall be effective.

#### ARTICLE V REGISTERED OFFICE AND AGENT

The address of the initial designated and registered office of the Corporation is 10160 Roseboro Road, Sandy, Utah 84092, and the name of the registered agent at such address is Edward A. Klarich.

## **ARTICLE VI CORPORATION POWERS**

The Corporation shall have such powers and authority as are provided by Statute, Section 16-6a-101, et seq., Utah Code Annotated (2001, as amended). Specifically, the Corporation shall have power and authority to sue or be sued and defend in the Corporate name; maintain a corporate seal; receive gifts, devisees, bequests of personal and real property, to purchase or lease personal or real property and to otherwise acquire, hold, improve, use, and possess the same; to convey, mortgage, pledge, lease, exchange, transfer, bargain, or otherwise dispose of any or all of its property and assets; to conduct its normal and ordinary affairs, transact business, and carry on operations with such offices as are necessary within the State of Utah; to elect a Board of Directors, and to appoint officers and agents of the Corporation and to define, by bylaw and otherwise, the duties and compensation of said officers and agents; to make and alter by-laws and resolutions, not otherwise inconsistent with the Articles of Incorporation, the Declaration or the laws of the State of Utah for the administration of the affairs of the Corporation; to indemnify any Director, officer, or agent of the Corporation for expenses actually and necessarily incurred in furthering the activities and operations of the Corporation or in the defense of any litigation or action in which any said Director, officer, or agent is made a party; and to exercise all other powers necessary and reasonably convenient to effect any and all of the purposes for which the Corporation is now authorized or hereafter may be authorized by the laws of the United States and the State of Utah.

## **ARTICLE VII LIMITATIONS ON DISPOSITION OF EARNINGS AND ASSETS**

The Corporation's objectives are not for pecuniary profit and no part of the net earnings of the Corporation, if any, shall inure to the benefit of any member of the Board of Directors, officer or Member of the Corporation or any other individual, and no Director, officer or member of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution or liquidation of the Corporation. No part of the activities of the Corporation shall be to provide propaganda, or otherwise attempting to influence legislation, or participate in or intervene in any political campaign on behalf of any political party or any candidate for public office. Notwithstanding any other provision of these Articles to the contrary, the Corporation shall not carry on any other activities not per-

mitted to be carried on (a) by a corporation exempt from federal income taxes under Section 501(c) of the Internal Revenue Code of 1954, as amended or, (b) by a corporation contributions to which are deductible under Section 170(c) (2) of the Internal Revenue Code of 1954, as amended.

**ARTICLE VIII  
INCORPORATORS AND BOARD OF DIRECTORS**

The conduct of the affairs of the Corporation shall be governed and controlled by a Board of Directors consisting of three (3) individuals; provided, however, that until the first to occur of the following: (i) the expiration of three (3) years from the date that the Declaration is recorded in the official records of the County Recorder of Salt Lake County, State of Utah, or such shorter period as the Declarants may determine in their sole discretion, (ii) a date when seventy-five percent (75%) of the total Lots have been conveyed to purchasers (such period herein referred to as the "Declarant Control Period"), Declarants shall have the exclusive right to appoint and remove all Directors and Officers. The qualifications of individuals permitted to serve on the Board of Directors shall be established in the Bylaws of the Corporation. Said Board of Directors shall exercise such powers as are provided by these Articles of Incorporation, the laws of the State of Utah, and the Bylaws of the Corporation. The names and addresses of the persons who are to severally serve as the initial incorporators and Directors of the Corporation until the first meeting of the Board of Directors, or until their successors are duly elected and qualified are as follows:

Thomas E. Crisp  
P. O. Box 96  
Spring City, Utah 84662

\_\_\_\_\_  
\_\_\_\_\_

Edward A. Klarich  
10160 Roseboro Road  
Sandy, Utah 84092

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The initial Directors shall hold office until the election or appointment of their successors at the first annual meeting. Thereafter, subject to the Declarant Control Period, each Director will hold office for a term of one (1) year. **Following the Declarant Control Period, one (1) Director shall be appointed by the Declarants.**

## **ARTICLE IX OFFICERS**

The Board of Directors is authorized to elect and appoint officers and agents of the Corporation as shall be necessary and appropriate. Such officers and agents shall hold office until their successors are duly elected or appointed and qualified or until they are removed. All officers and agents of the Corporation, as between themselves and the Corporation, shall have such authority and perform such duties in the management of the affairs of the Corporation as may be provided in these Articles of Incorporation, the Bylaws or the Declaration or as may be determined by resolution of the governing Board of Directors not inconsistent with these Articles of Incorporation, the Bylaws or the Declaration.

## **ARTICLE X BYLAWS**

The Lot Owners may adopt, amend and repeal at will such Bylaws as are not inconsistent with law, these Articles of Incorporation, the Declaration and the Utah Non-Profit Corporation Act, provided that any such amendments shall require the consent of Owners holding two-thirds (2/3) of the Lots (as defined in the Declaration) and as further provided in the Bylaws attached to the Declaration.

## **ARTICLE XI DISSOLUTION**

The Corporation may be dissolved only upon the termination of the Declaration in accordance with terms thereof and with the assent given in writing and signed by Lot Owners holding not less than three-fourths (3/4) of the Percentage Interests as defined in the Declaration. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, Corporation, trust or other organization to be devoted to such similar purposes.

## **ARTICLE XII LIABILITY**

The Board of Directors, members of the Board, officers, employees and members of this Corporation shall not be liable, either jointly or severally, for any obligation, indebtedness or charge

against the Corporation.

**ARTICLE XIII  
INDEMNITY OF OFFICERS AND BOARD OF DIRECTORS**

The Corporation shall indemnify any and all of its officers or members of the Board of Directors, or former officers or members of the Board of Directors, or any person who may have served at its request as a member of the Board of Directors against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of being or having been members of the Board of Directors or officers of the Corporation, except in relation to matters as to which any member of the Board of Directors or officer or former officer or member of the Board of Directors or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any or all other rights to which those indemnified may be entitled, under any Bylaws, agreement, vote of subscribers or otherwise.

**ARTICLE XIV  
AMENDMENT**

Any amendment to these Articles of Incorporation shall require the assent of Owners holding two-thirds of the Lots (as defined in the Declaration).

IN WITNESS WHEREOF, the undersigned Incorporators and initial Directors have set their hands this \_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Thomas E. Crisp

\_\_\_\_\_  
Edward A. Klarich

\_\_\_\_\_

The undersigned hereby agrees to act as the Registered Agent for the above Corporation.

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Edward A. Klarich

**SCHEDULE "A"**

HORSESHOE MOUNTAIN RANCH ESTATES SUBDIVISION, as officially recorded in the Sanpete County Recorder's Office.