

# MOUNTAIN MEADOWS PROPERTY OWNERS ASSOCIATION BYLAWS

## ARTICLE I NAME AND LOCATION

**Section 1.1 Name.** The name of the corporation is MOUNTAIN MEADOWS PROPERTY OWNERS ASSOCIATION, INC. (“Association”)

**Section 1.2 Business Office.** Association’s principal office shall be located within the State of Montana. Association’s most current annual Report, filed with the Montana Secretary of State, shall identify the location of the principal office. The Board of directors may change the location of the principal office from time to time.

**Section 1.3 Registered Office.** The Association’s registered office shall be located within Montana at the address of the Association’s registered agent. The location of the registered office may be, but need not be, identical with that of the principal office. The Board of Directors may change the registered agent and the address of the registered office from time to time, upon filing the appropriate statement with the Secretary of State.

## ARTICLE II DEFINITIONS

**Section 2.1. “Association”** shall mean Mountain Meadows Property Owners Association, Inc., a Montana nonprofit corporation, and its successors and assigns.

**Section 2.2. “Board of Directors” or “Board”** shall mean the duly elected and qualified members of the Board of Directors of the Association.

**Section 2.3. “Common Facilities”** shall mean those areas which are to be owned, improved, repaired and maintained by the Association for the benefit of all Owners, including without limitation the following:

- (a) Access Road Easements including (2) landscaped berms locate in Grand View South Subdivision,
- (b) Fire Suppression Pond,
- (c) Log Entry Gate located at Montana Highway No. 78
- (d) Log Entry Gate at South Airport Road
- (e) Lot 91 Grandview South Paved Roads
- (f) Lot 75 Grandview North Paved Roads

all of which are described in the Covenants, together with all driveways, culverts, roads, streets, improvements within the access easements or common areas and landscaping on or serving the foregoing properties, and all fixtures and appurtenances used therewith or attached thereto, and all tangible and

intangible property at any time owned or controlled by the Association for the common use and benefit of Owners.

To the extent that any private driveway extends into an access easement, the owner of the private driveway shall be responsible for the driveway up to the point where it actually meets the easement.

**Section 2.4. "Covenants"** shall mean the Declaration of Covenants, Conditions, Restrictions and Easements for Association, as it may from time to time be amended or supplemented.

**Section 2.5. "Member"** shall mean those persons entitled to membership in the Association as provided in the Articles of Incorporation and/or the Covenants.

**Section 2.6. "Occupant"** shall mean a lessee or licensee of an Owner, or any other person or entity other than an Owner in lawful possession of a Property with the permission of the Owner.

**Section 2.7. "Owner"** shall mean any person or entity which is the record owner of fee simple title of any Property, including buyers under a contract for deed, but excluding any entity or person who holds such interest as security for the payment of an obligation, other than a contract seller, Mortgagee, or other security holder in actual possession of a Property.

**Section 2.8. "Property"** shall mean and refer to all of the real property, whether known or designated as a lot, tract or parcel, within the exterior boundary of original Certificate of Survey No. 1620, Carbon county, Montana, according to survey thereof on file and of record in the office of the Clerk and Recorder of Carbon County, Montana, and any amendments, modification, subdivisions or changes heretofore or hereafter made with respect to said original Certificate of Survey No. 1620, excluding the business park and any property outside the log entrance from Route 78 and the log entrance from Airport Road.

**Section 2.9. "Record" or "Recorded"** shall mean, with respect to any document, the date a document was recorded in the office of the Clerk and Recorder of Carbon County, Montana.

**Section 2.10. "Record Date"** shall mean verification of ownership of a property on a specified date.

### ARTICLE III MEMBERSHIP AND VOTING RIGHTS

**Section 3.1 Membership.** Every Owner of a property on Plat 1620, 20<sup>th</sup> Amended, located within the entrance gate located at Montana Highway 78, and stopping at top of North Gate Lane, and within the entry at South Airport Road, as defined in the CCNR's and as may be amended time to time, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any property which is subject to assessment.

**Section 3.2 Members in Good Standing.** A member shall be in good standing when he or she has paid in full for assessments which cover a 12-month period. Unless a member is in good standing, he or she may not exercise the rights of membership as outlined in these Bylaws or the Covenants. A member who is not in good standing shall not hold office, shall not serve on a committee and shall not vote.

**Section 3.3 Class of Members.** The Association shall have one (1) class of voting membership. Membership, voting and other rights, interests and privileges of each Member shall be equal.

**Section 3.4 Voting Rights.** The member or members shall be entitled to one (1) vote of each property owned. The vote for any property owned by more than one person shall be exercised as such co-owners may among themselves determine, but in no event shall the vote with respect to any property exceed the total of one (1) vote per property.

#### **ARTICLE IV MEETINGS OF MEMBERS**

**Section 4.1 Annual membership meeting.** At the annual meeting, the members shall elect directors and transact any other business as may come before the meeting.

**Section 4.2 Special Membership meetings.** The president, the Board of Directors, or 10% of the members, in good standing, may call a special membership meeting for any purpose or purposes described in the meeting notice. If ten percent (10%) of members request a special meeting, they must do so in writing, and sign, date, and deliver the request to any corporate officer at least ten (10) days before the Association must give notice of the meeting; the president shall then call the special meeting on these members' behalf. For purposes of determining whether the members have met the ten percent (10%) requirement, the Secretary of the Board or other designee shall verify ownership of each property as of the record date. The Treasurer of the Board shall provide a list of members in good standing.

**Section 4.3 Membership Meetings by Conference Telephone.** Members of the Association may participate in membership meetings by means of conference telephone or other electronic means, if available, so long as all persons participating in the meeting can hear each other at the same time. A member participating in a meeting by teleconference or other electronic means is deemed present in person at the meeting.

**Section 4.4 Place of Membership Meeting.** The Board of Directors may designate any place within Red Lodge, Montana, as the meeting place for any membership meeting.

#### **Section 4.5 Notice of Membership Meeting.**

(a) **Required notice.** The secretary of the Association shall deliver notice of the membership meeting to each record member.

(b) **Manner of Communication.** The secretary of the Association shall deliver notice of membership meetings by U. S. Mail, email or other electronic means and shall state the place, day and hour of the meeting. Meeting notices, unless otherwise specified in these Bylaws, shall be delivered not less than (10) nor more than fifty (50) days before the date of the meeting. Notice shall be deemed to be effective at the time the notices are either deposited in the U. S. Mail or sent by electronic means.

(d) **Notice Caused by Adjourned Meeting.** If the members adjourn any membership meeting to a different date, time, or place, the secretary need not give notice of the new date, time and place, if the new date, time, and place is announced at the meeting before adjournment. But, if the Board of Directors fix a new record date of the adjourned meeting, or must fix one, (see Section 4.6) then the secretary must give

notice, in accordance with the requirements of paragraph (b) of this section, to those persons who are members as of the new record date.

**(e) Waiver of Notice.** A member's attendance at a meeting:

(1) waives the member's right to object to lack of notice or defective notice of the  
(2) waives the member's right to object 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.

**(f) Contents of Notice.** The notice of an annual, regular or special membership meeting shall include a description of the meeting's purpose or purposes. If the purpose of any meeting of members is to consider:

(1) amendment to Articles;  
(2) plan of merger, or  
(3) transaction for disposition of all the Association's property, the notice must state this purpose and be accompanied by a copy or summary, if applicable, of the planned action. Likewise, if the Association indemnifies or advances expenses to a director as defined by the Montana Nonprofit Corporation act, the secretary shall report this information in writing to all the members with or before notice of the next membership meeting.

#### **Section 4.6 Fixing of Record Date.**

**(a) Purpose of Fixing a Record Date.** The record date for purposes of determining which members are in good standing shall be twenty (20) days prior to the issuance of any notice requiring a membership vote.

**(b) Record Date for Adjournment.** In the event of an adjournment, the Board of Directors shall fix a new record date if the meeting is adjourned to a date more than thirty (30) days after the date fixed for the original meeting.

**Section 4.7 Membership List.** The Secretary or agent maintaining the Association's record books shall prepare a complete record of the members entitled to vote. The record shall include the address of each member. The membership list must be available for inspection by any member, beginning two (2) business days after the secretary gives notice of any meeting for which the list was prepared. The current membership list shall be available throughout all membership meetings.

#### **Section 4.8 Membership Quorum and Voting Requirements.**

**(a) Quorum.** Unless this chapter, the articles, or bylaws provide for a higher or lower quorum, 10% of the votes entitled to be cast on a matter must be represented at a meeting of the members to constitute a quorum on that matter.

**(b) Voting.** Each member of record, in good standing is entitled to one vote on each matter voted on by the members. A matter is approved if the votes cast favoring an action exceed the votes cast opposing the action, unless the Montana Nonprofit Corporation Act or these Bylaws require a greater number of affirmative votes.

#### **Section 4.9 Membership Action by Written Ballot.**

(a) **Authority.** Members may take any action without a meeting if action by ballot is authorized by the Board of Directors and the Association delivers a written ballot to every member entitled to vote on that matter.

(b) **Action by Written Consent.** Action required or permitted by this chapter to be approved by the members may be approved without a meeting of members if the action is approved by members holding at least 80% of the voting power. The action must be evidenced by one or more written consents that describe the action taken, be signed by those members representing at least 80% of the voting power, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(c) **Notice for Vote by Ballot.** All notices shall specify the time by which a ballot must be received by the Association to be counted.

(d) **Revocation.** A written ballot may not be revoked.

**Section 4.10 Proxies.** At all membership meetings, a member may vote by proxy executed in writing by the member. Said proxy can only be given to another member of the Association; the proxy cannot be given to a third party who is not a member of the Association. Such proxy shall be written, signed (either electronically or handwritten) and filed with the secretary of the Association before the meeting is called to order. No proxy shall be valid after the date of the original scheduled meeting, unless otherwise specifically provided in the proxy. In no event shall a proxy be effective for greater than one month. The proxy may be specific or limited with respect to a certain issue to be decided by the Association at said meeting, or it may be general and provide that the proxy holder can vote on any issue at said meeting. If there is a question regarding the validity of any proxy, the Chairperson of the meeting shall make the decision regarding validity in his or her sole and absolute discretion.

#### **Section 4.11 Association's Acceptance of Votes.**

(a) **Doubt About Validity of Signature.** The Association is entitled to reject a vote, ballot, consent, waiver, or proxy appointment if the Chairperson of the meeting, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

(b) **No Liability.** The Association and its officer or agent who accepts or rejects a vote, ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the member for the consequences of the acceptance or rejection.

#### **Section 4.12 Members Electing Directors.**

(a) **Board Election Method.** The Board of Directors may be elected at a meeting and/or by ballot (pursuant to Section 4.9).

(b) **Nominating Committee.** A nominating committee shall be appointed by the board for election by meeting and/or election by ballot. Nominations shall be included in the notice of the annual meeting so that members may be allowed to vote by ballot. In the event of an election by ballot, the names on the ballot will include those selected by the nominating committee.

(c) **Election by Ballot.** For election of directors by written ballot, the nominating committee shall send out the ballot not more than sixty (60) days and not less than fifteen (15) days before the election. Each ballot shall list the nominees chosen in accordance with subsection (b) of this section. In addition, each

ballot shall include the number of lines for “write-in” candidates equal to the number of directors to be elected. The election by ballot shall be conducted in accordance to Section 4.9 of these Bylaws.

**(d) Determination of Winners of Election.** Those nominees elected to the board shall be those nominees receiving the largest number of votes. For example, if three board positions are open, the three receiving the highest number of votes shall be elected. Cumulative voting is not authorized.

### **Section 4.13 Conduct of Meetings.**

**(a)** Meetings of members shall be presided over by the president or, in the president’s absence, by the vice-president, or, in the absence of both, by a chairman chosen by a majority of the members present. The secretary shall act as secretary at all meetings of members, provided that in the secretary’s absence the presiding officer shall appoint another person to act as secretary of the meeting.

**(b)** Meetings may be governed by Robert’s Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, the Articles of Incorporation, or the Montana Nonprofit Corporation Act.

### **Section 4.14 Controversies Between Members.**

Any dispute between the members regarding the governance of the MMPOA or any assessment issued thereby must be settled in accordance with these provisions unless the members agree on a different means of resolution. If a different means of resolution is not agreed to, then the dispute will be settled by arbitration before a single arbitrator within 45 days of the date one party requests arbitration in writing (the “Notice”). Before pursuing arbitration, however, the members must attempt negotiation and mediation. In that regard, the members have 72 hours after the Notice to reach a negotiated solution. If negotiation fails, the members will proceed immediately to mediation which shall be done within seven (7) days after the Notice. If the members cannot agree on a mediator, then each side in the dispute shall each choose a legal representative and the two representatives shall agree on a mediator. If the members cannot resolve their dispute by negotiation or mediation, they will proceed to arbitration.

The arbitration must take place in Carbon County. The members to the arbitration will be entitled to conduct discovery, if necessary, in accordance with the Federal Rules of Civil Procedure, subject to limitation by the arbitrator to secure just and efficient resolution of the dispute within 45 days of the date of the Notice. The arbitration shall be done before a single arbitrator chosen by the members. If the members cannot agree on an arbitrator, then each side of the dispute shall each choose a legal representative and the two representatives shall agree on an arbitrator. If the representatives cannot agree on an arbitrator, then a judge of the Carbon County District Court shall choose an arbitrator.

If the amount in controversy exceeds \$10,000, the arbitrator’s decision must include a statement specifying in reasonable detail the basis for and computation of the amount of the award, if any. The members shall bear their own costs and fees for the dispute as well as one-half of the cost of the mediator and/or arbitrator. The arbitrator as part of his or her award, however, may award fees and costs to the prevailing party in the arbitrator’s discretion. Judgment upon the arbitration award may be entered in any court having

jurisdiction. Nothing contained in this section, however, will prevent a party from seeking relief in a court having jurisdiction in situations in which injunctive relief may be appropriate.”

## ARTICLE V BOARD OF DIRECTORS

**Section 5.1 Powers.** All corporate powers and business affairs of the Association shall be managed under the direction of the Board of Directors. Without limiting the generality of the foregoing, the Board of Directors shall have the power to:

(a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Covenants;

(b) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(c) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

**Section 5.2 Duties.** It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is required in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) supervise and collect annual and special assessments, including but not limited to the duty and power to:

(1) fix the amount of the annual assessments against each Property at least thirty (30) days in advance of each annual assessment period;

(2) send written notice by email or U. S. Mail of each assessment to every Owner subject thereto; and

(3) foreclose the lien against any Property for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, a certificate setting forth whether or not any assessment has been paid.

(e) procure and maintain adequate liability and hazard insurance on property owned or maintained by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

- (g) maintain, repair, relocate and replace the Common Facilities;
- (h) prepare an annual budget;
- (i) ensure appropriate weed control of common areas in compliance with the Montana noxious weed regulations; and
- (j) establish a weed control policy for all property owners

**Section 5.3 Number, Tenure, and Qualifications of Directors.** The number of directors of the Association shall be five (5). The terms of the directors shall be staggered:

- (a) Two directors shall initially hold office for one (1) year.
- (b) Three directors shall initially be elected for two (2) years.
- (c) Thereafter each director shall be elected for three (3) years.
- (d) If a director's term expires, the director shall continue to serve until the members have elected a qualified successor.
- (e) Each director must be a member in good standing of the Association.
- (f) Directors shall be eligible for reelection without limitation on the number of terms they may serve, provided they continue to meet the qualifications for office.

In the event of a vacancy, the remaining Board of Directors may appoint a member in good standing to fill the vacancy until the next election of that position on the board.

**Section 5.4 Removal of Directors.** A director may be removed, with or without cause, if a majority of the members present at a duly constituted meeting votes for the removal. Likewise, the members must acquire a majority vote present at a duly constituted meeting to remove directors or the entire board elected by them. Removal is effective only if it occurs at a meeting called for that purpose. Notice must be sent to all members and directors that a purpose of the meeting is removal.

**Section 5.5 Special Meetings of the Board of Directors.** The president, or any two (2) directors then in office may call and give notice of meetings of the Board of Directors. Those authorized to call board meetings may fix any place within the City of Red Lodge as the meeting place. Board of director meetings may be held by conference telephone or other electronic means in accordance with Section 4.3 of these bylaws.

**Section 5.6 Notice of Board of Director Meetings.**

(a) **Notice.** The Association's secretary shall give either oral or written notice of any director meeting at least 2 days before the meeting. The notice shall include the meeting place, day and hour. If the meeting is to be held by conference call or other electronic means, the secretary must provide instructions for participation.

**Section 5.7 Directors, Manner of Acting.**

A majority of the number of directors shall constitute a quorum for the transaction of business at any board of director meeting, unless the Montana Nonprofit Corporation Act or these Bylaws require a greater number of affirmative votes. If no quorum is present at a meeting of directors, the directors may not take action on any board matter other than to adjourn the meeting to a later date.

**Section 5.8 Director Action Without a Meeting.** The directors may act on any matter generally required or permitted at a board meeting, without actually meeting if:

- (a) all directors are informed of the action to be taken without a meeting;
- (b) each director responds in writing
- (c) the directors' responses are filed with the records of the Association
- (d) action taken without meeting is effective when the last director responds in writing.

Action taken under this section has the effect of a meeting vote and may be described as a vote in any document.

**Section 5.9 Director Committees.**

(a) The Board of Directors may create one or more committees who serve at the pleasure of the Board of Directors. Each committee must consist of at least one (1) director.

(b) To create a committee and appoint members to it, the board must acquire approval by the majority of the Board.

(c) The sections of these Bylaws which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the Board of Directors, and action without meetings apply to committees and their members. In addition, the committees shall keep regular minutes of their proceedings and report the same to the Board of Directors. The committees are subject to all the procedural rules governing the operation of the board itself.

**ARTICLE VI  
OFFICERS**

**Section 6.1 Number and Qualifications of Officers.** The officers of the Association shall be a president, a vice-president, a secretary and a treasurer. The Board of Directors shall elect each of these officers from among the individuals who are regularly elected directors of the Association.

**Section 6.2 Election and Term of Office.** The Board of Directors shall elect officers of the Association for a one-year term. Each officer shall hold office until a successor is duly appointed and qualified or until he or she resigns, dies or is removed in a manner provided in Section 6.3. A designation of a specified term does not grant to the officer any contract rights, and the officer may be removed from office at any time prior to the termination of the designated term.

**Section 6.3 Removal of Officers.** Any or all officers or agents of the Association may be removed, with or without cause, if a majority of the board members present at a duly constituted meeting votes for removal. Removal is effective only if it occurs at a meeting called for that purpose. Notice must be sent to all directors that the purpose of the meeting is removal.

**Section 6.4 Vacancies.**

(a) Vacancies in the office of president, vice-president, secretary or treasurer shall exist on the death, resignation, or removal of such officer.

(b) The Board of Directors may declare vacant the office of president, vice-president, secretary or treasurer if any such officer is declared of unsound mind by order of court, is convicted of a felony, or if within sixty (60) days after notice of the officer's election fails to attend a meeting of the Board of Directors.

(c) Vacancies caused by the death, resignation, or disability of an officer as provided in this Section 6.4 shall be filled by the directors at the next regular or special meeting of the board at which a quorum is present following the vacancy.

(d) Officers elected to fill vacancies as provided in this Section 6.4 shall hold office for the unexpired terms of their predecessors or until their removal or resignation as provided in these Bylaws.

**Section 6.5 President.** The president shall be the principal executive officer of the Association. The president shall be subject to the control of the Board of Directors, and shall in general supervise and control, in good faith, all of the business and affairs of the Association. The president shall preside at all meetings of the members and of the Board of Directors. The president may sign, with the secretary or any other proper officer of the Association that the board has authorized, corporation deeds, mortgages, bonds, contracts, or other board authorized instruments.

**Section 6.6 The Vice-President.** The vice-president shall perform, in good faith, the president's duties if the president is absent, unable or refuses to act. If the vice-president acts in the absence of the president, the vice-president shall have all presidential powers and be subject to all the restrictions upon the president. If there is no vice-president or the vice-president is unable or refuses to act, then the secretary shall perform the presidential duties. The vice-president shall perform any other duties that the president or board may assign to the vice-president.

**Section 6.7 The Secretary.** The secretary shall in good faith:

- (a) create and maintain one or more books for the minutes of the proceedings of the members and of the Board of Directors;
- (b) provide that all notices are served in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records;
- (d) when requested or required, authenticate any records of the Association;
- (e) keep a current register of the post office address of each member; and
- (f) in general perform all duties incident to the office of secretary and any other duties that the president or the board may assign to the secretary.

**Section 6.8 The Treasurer.** The treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Association;
- (b) receive and give receipts for moneys due and payable to the Association from any source, and deposit all moneys in the Association's name in banks, trust companies, or other depositaries that the board shall select;
- (c) submit the books and records to a Certified Public Accountant or other accountant for annual audit or review upon the request of the Board of Directors.
- (d) in general perform all the duties incident to the office of treasurer and any other duties that the president or board may assign to the treasurer; and

(e) the treasurer shall be bonded for the faithful performance of the treasurer's duties and as insurance against the misappropriation of funds in a sum and with surety or sureties that the Board of Directors shall determine.

**Section 6.9 Secretaries and Assistant Treasurers.** Assistant secretaries and/or assistant treasurers may be appointed by the Board of Directors and shall perform the duties that the secretary or treasurer, respectively, or the president or board may assign to them. The assistant treasurers shall, if required by the board, give bonds for the faithful performance of their duties and as insurance against the misappropriation of funds; the bond shall be in sums and with the sureties that the Board of Directors shall determine.

**Section 6.10 Compensation of Officers.** Officers shall serve without compensation.

## ARTICLE VII AD HOC COMMITTEES

**Section 7.1 Ad Hoc Committees.** Ad Hoc Committees for specific purposes or activities may be authorized from time to time by the Board of Directors. The number of committee members shall be decided by the board. Committee members shall be appointed by the Board of Directors from among members in good standing of the Association. The Chairperson shall be appointed from among the committee members. At least one committee member must be a board of director.

**Section 7.2 Architectural Committee.** The Architectural Committee shall consist of five (5) property owners in good standing, appointed by the Board of Directors. At least one committee member must be a board of director. The powers and duties of the Architectural Committee shall be as outlined in the Mountain Meadows Property Owners CC&Rs.

## ARTICLE VIII INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS

### **Section 8.1 Indemnification of Directors.**

(a) **General.** An individual made a party to a proceeding because the individual is or was a director of the Association may be indemnified against liability incurred in the proceeding, but only if the indemnification is both:

- (1) determined permissible and
- (2) authorized, as defined in subsection (b) of this Section 8.1. (The indemnification is further subject to the limitation specified in subsection (d) of Section 8.1.)

(b) **Determination and authorization.** The Association shall not indemnify a director under Section 8.1 unless:

(1) Determination has been made in accordance with procedures set forth in the Montana Nonprofit Corporation Act that the director met the standard of conduct set forth in subsection (c) below, and

(2) Payment has been authorized in accordance with procedures listed in the Montana Nonprofit Corporation Act based on a conclusion that the expenses are reasonable, the Association has the financial ability to make the payment, and the financial resources of the Association should be devoted to this use rather than some other use by the Association.

**(c) Standard of Conduct.** The individual shall demonstrate that:

- (1) the individual acted in good faith; and
- (2) the individual reasonably believed:

(i) in acting in an official capacity for the Association, that the individual's conduct was in the Association's best interests;

(ii) in all other cases, that the individual's conduct was at least not opposed to the Association's best interests; and

(iii) in the case of any criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself a determination that the director did not meet the standard of conduct described in this section.

**(d) No Indemnification Permitted in Certain Circumstances.** The Association shall not indemnify a director under Section 8.1 if:

(1) the director was adjudged liable to the Association in a proceeding by or in the right of the Association; or

(2) the director was adjudged liable in any other proceeding charging that the director improperly received personal benefit, whether or not the individual acted in an official capacity.

**(e) Indemnification Limited.** Indemnification permitted under Section 8.1 in connection with a proceeding by the Association or in the right of the Association is limited to the reasonable expenses incurred in connection with the proceeding.

**Section 8.2 Advance Expenses for Directors.** The Association may pay for or reimburse, in advance of final disposition of the proceeding, the reasonable expenses incurred by a director who is a party to a proceeding if:

(1) by following the procedure of the Montana Nonprofit Corporation Act the Board of Directors determined that the director met requirements (3) through (5) listed below; and

(2) the Board of Directors authorized an advance payment to a director; and

(3) the director has furnished the Association with a written affirmation of the director's good faith belief that the director has met the standard of conduct described in Section 8.1; and

(4) the director has provided the Association with a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; the director's undertaking must be an unlimited general obligation, but need

not be secured, and the Association may accept the undertaking without reference to financial ability to make repayment; and

(5) the Board of Directors determines that the facts then known to it would not preclude indemnification under Section 8.1 or the Montana Nonprofit Corporation Act.

**Section 8.3 Indemnification of Officers and Agents.** The Board of Directors may choose to indemnify and advance expenses to any officer, or agent (including committee members) of the Association applying those standards described in Sections 8.1 and 8.2.

**Section 8.4 Mandatory Indemnification.** Notwithstanding any other provisions of these Bylaws, the Association shall indemnify a director or officer, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director or officer was a party because he or she is or was a director or officer of the Association, against expenses incurred by the director or officer in connection with the proceeding.

## ARTICLE IX BOOKS AND RECORDS

**Section 9.1 Books and Records.** The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member.

(a) The Covenants, Articles of Incorporation and the Bylaws of the Association shall be available on the Association's website, under the Members Only section. Otherwise, copies may be purchased at reasonable cost.

## ARTICLE X ASSESSMENTS

**Section 10.1 Obligation for Assessments.** Each member shall be obligated to pay to the Association: (i) annual assessments or charges, and (ii) special assessments for capital improvements in excess of one (\$1,000) dollars, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Property or otherwise.

**Section 10.2 Purpose of Assessments.** The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents of the Properties, and for the establishment, improvement and maintenance of facilities enhancing the use and enjoyment of the Common Facilities; including, but not limited to the reconstruction, resurfacing, repair or replacement of Common Facilities; payment of taxes and insurance, maintenance, repair and replacement of roads and easements, snow removal from roads, easements and parking areas owned and maintained by the Association, mowing or

cutting the easement areas maintained by the Association, maintenance of buildings or structures constructed on the Common Facilities, control and abatement of noxious and other weeds on Common Facilities.

**Section 10.3 Special Assessments for Capital Improvements.** In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, of a capital improvement upon the Common Facilities, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of 51% of the votes of members who are voting in person, by proxy or ballot at a meeting duly called for this purpose. Nothing stated herein shall restrict the right of the Association to provide for the payment of the special assessment over a term of months or years subsequent to the date of such assessment, and upon terms and conditions it deems appropriate, including the collection of interest on the deferred balance

**Section 10.4 Notice of Special Assessment Meeting.** Written notice of any meeting called for the purpose of taking any action authorized under Section 10.3 shall be sent to all members not less than ten (10) days and no more than fifty (50) days in advance of the meeting.

**Section 10.5 Uniform Rate of Assessment.** Both annual and special assessments shall be fixed at a uniform rate for all Parcels. Assessments may be collected on a monthly basis at the discretion of the Board.

**Section 10.6 Date of Commencement of Annual Assessments; Due Dates.** The annual assessments provided for herein shall be assessed on a calendar year basis. The Board of Directors shall fix the amount of the annual assessment against each Property at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Property have been paid. The Board, in its sole and absolute discretion may decline to provide information to a third party regarding whether an Owner has paid his or her assessment in the interests of protecting the privacy of the Owner.

The Board shall make available a budget of calculated assessments.

**Section 10.7 Effect of Nonpayment of Assessments; Remedies of the Association.**

Any assessment not paid within thirty (30) days after the due date may bear interest from the due date at the rate of ten percent (10%) per annum, but in no event to exceed the maximum rate permitted under Montana law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as a mortgage on real property, and the Association shall be entitled in any such foreclosure proceedings to recover its costs, expenses and reasonable attorney's fees. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Facilities or abandonment of his Property.

**Section 10.8 Subordination of the Lien to Mortgages.** The lien of the assessments provided for herein shall be subordinate to liens or encumbrances senior in time, but not to those junior in time. Sale or transfer of any property shall not affect the assessment lien whether such lien arises prior to such sale or transfer, or thereafter becomes due. However, the sale or transfer of any Property pursuant to foreclosure proceedings of

such senior lien or encumbrance, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer.

**Section 10.9 Standard of Maintenance.** The standard of maintenance of the Common Facilities shall be that which is reasonable under the circumstances.

## **ARTICLE XI CONTRACTS, LOANS, CHECKS AND DEPOSITS, SPECIAL CORPORATE ACTS**

**Section 11.1 Contracts.** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instruments in the name of and on behalf of the Association and such authorization may be general or confined to specific instruments.

**Section 11.2 Checks, Drafts, etc.** The Board of Directors shall authorize which officer(s) or agent(s) may sign and issue all Association checks, drafts or other orders for payment of money, and notes or other evidence of indebtedness. The Board of Directors shall also determine the manner in which these documents will be signed and issued.

**Section 11.3 Deposits.** The treasurer of the Association shall deposit all funds of the Association, that are not being used, in banks and other depositories; the Board of Directors shall authorize the exact location of the banks and depositories.

## **ARTICLE XII REPORTS, FISCAL YEAR, INSIGNIA, AND SEAL**

**Section 12.1 Annual Report and Financial Statement.** The Board of Directors shall provide an annual report, including a financial statement, to be prepared and submitted to the members. The report shall summarize the Association's activities for the preceding year and activities projected for the forthcoming year. The financial statement shall consist of a balance sheet as of the close of business of the Association's fiscal year, and contain a summary of receipts and disbursements.

**Section 12.2 Fiscal year.** The fiscal year of the Association shall be the calendar year.

**Section 12.3 Corporate Seal.** The Board of Directors may adopt, use, alter, or cancel a corporate seal, and by rule shall prescribe the manner used.

## **ARTICLE XIII AMENDMENTS**

**Section 13.1 Amendments.**

**(a) General.** An amendment to these Bylaws must be approved by two-thirds of the votes cast or a majority of the voting power, whichever is less, except that the board may approve of amendments, if the amendment does not relate to the number of directors, the composition of the board, the term of office of

directors, or the method or way in which directors are elected or selected, or the method for amending these Bylaws.

**(b) Notice of Meeting to Vote Amendment.** If the board or the members seek to have the amendment approved by the members at a membership meeting, the secretary of the Association shall give written notice to the Association members of the proposed membership meeting, in accordance with Section 4.5. The notice must state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and must contain or be accompanied by a copy or summary of the amendment.

**(c) Approval of Amendment by Written Consent or Written Ballot.** If the board or the members seeks to have the amendment approved by the members by written consent or by written ballot, the material soliciting the approval must contain or be accompanied by a copy or a summary of the amendment.

**(d) Members' Rights.** The Association's members may amend, repeal or reinstate any Bylaw amended, deleted or added by the Board of Directors by following Section 13.1 (b).

The undersigned, being all of the persons elected to the Board of Directors of this Association, hereby assent to the foregoing Bylaws, and adopt the same as the Bylaws of this Association this \_\_\_\_\_ day of May 25<sup>th</sup>, 2019.

**Directors:**

Emanuel HARTMAN IV  
Print Name

Emanuel Hartman  
Signature

Michael J. Tranel  
Print Name

Michael J. Tranel  
Signature

RENE LEVEAU  
Print Name

Rene Leveau  
Signature

Kelly T. Dehio  
Print Name

Kelly Dehio  
Signature

Andrea L. Mohammadi  
Print Name

Andrea Mohammadi  
Signature