

BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS OF THE
BRIDGER PEAKS TOWNHOUSES,
GALLATIN COUNTY, STATE OF MONTANA

1. **PURPOSE AND APPLICATION:** These Articles are and shall be the By-Laws of the Association of Unit Owners of the BRIDGER PEAKS TOWNHOUSES. These By-Laws shall upon being recorded with the County Clerk and Recorder, County of Gallatin, State of Montana, govern and control the administration of the BRIDGER PEAKS TOWNHOUSES. These By-Laws are a part of the Declaration for the BRIDGER PEAKS TOWNHOUSES which is made a part hereof by reference. All Unit Owners, their guests and any renters or sub-lessees present and future shall have the rights and responsibilities described in these By-Laws and shall be subject to the provisions thereof. The acquisition of an ownership interest in a unit in the BRIDGER PEAKS TOWNHOUSES signifies that the Owner accepts, ratifies and agrees to comply with these By-Laws.
2. **MEMBERSHIP:** Persons owning a Unit in the BRIDGER PEAKS TOWNHOUSES or owning a unit in any real estate tenancy relationship recognized by the State of Montana, shall be a member of the Association of Unit Owners ("Association"), which shall be the same as the Association of Owners Association or Townhouse Association established in the initial Townhouse Declaration for the Townhouse. Membership begins concurrently with the acquisition of an ownership interest in a unit and terminates at the time such ownership interest is terminated. Such termination shall not relieve any owner of liability for obligations incurred while a member of the Association, further membership in the Association does not in any way negate or impair any owner's legal remedies, right to bring legal action, or defenses to any and all actions involving the Association, other Owners, or the Management which may arise from or be incidents of ownership.
3. **OBLIGATIONS:** Each Owner shall be obligated to comply with the By-Laws, initial Townhouse Declaration, the Protective Covenants of the Subdivision and the laws of the County of Gallatin, State of Montana. Such obligation shall include, but not be limited to, the paying of assessments to the Association. Failure of any owner to abide by these By-Laws and all rules made pursuant thereto, the Declaration, and the laws of the County of Gallatin, and the State of Montana, shall be grounds for appropriate legal action by the Association of Unit Owners or by an aggrieved Owner against such non-complying owner.
4. **MEETINGS AND VOTING:**
 - A. **Regular Meetings:** There shall be a regular meeting of the Association annually on the fourth (4th) Monday in January of each year, commencing on January 27, 1993, or on such other date properly announced by the Association. Any first lienholder shall have the right to have a representative attend any regular meeting and shall be given notice thereof. The first meeting of the Association shall take place not more than 1 year following the date of recording these By-Laws, if not sooner held.
 - B. **Special Meetings:** Pursuant to these By-Laws, the Association may at any time hold special meetings, notice of which must be sent to any first lienholders, who shall have the right to have a representative attend. Such special meetings may be called on the initiative of the Chairman of the Association, or a signed request of the Manager, or a petition signed by 25 % of the Unit Owners. Notice of any special meetings must specify the reason for such meeting and the matters to be raised. Only matters set forth in the petition or request may be brought before such meeting unless 75 % of the aggregate interest present agrees otherwise.
 - C. **Notice:** Notice of all meetings, regular or special, shall be mailed by the Association's Secretary to every Unit Owner and first lienholders of record at their address of record at least ten (10) days prior to the time for holding such meeting. Such notices shall specify the date, time and place of the meeting and shall make provision to allow that the voting of each Owner's interest by proxy at the discretion of the owner. The mailing of a notice in the manner provided in this paragraph or the personal delivery of such notice by the Secretary of the Association shall be considered as notice served.
 - D. **Quorum:** No meeting, regular or special, shall be convened to conduct business unless a quorum is present in person or by proxy. A quorum shall consist of more than fifty percent (50%) of the total aggregate interest of the Townhouse. At any time, during any meeting that a quorum is not present, such meeting shall be adjourned forthwith.
5. **VOTING INTEREST:** Each Unit Owner at any Association meeting shall have a voting interest equal to his percentage of interest in the general common elements as set forth in the Declaration, a copy of which is being filed concurrently with the filing of these By-Laws with the Clerk and Recorder of Gallatin County, State of Montana. Such percentage factor shall be the voting interest of each Unit Owner on all matters affecting the general business of the BRIDGER PEAKS TOWNHOUSES, on all matters affecting the common elements, assessments for the common elements, and on all matters upon which the Association agreed to have voting by the common elements' interest. Voting upon matters affecting limited common elements and assessments for limited expenses shall be only by owners having a unit or interest in units located in the building affected. Whenever a quorum is present at a meeting of the Association or the Board of Directors, those present may do any and all acts they are empowered to do unless specific provision of these By-Laws, the Declaration, or the laws of the State of Montana direct otherwise.
6. **BOARD OF DIRECTORS:** The governance of the BRIDGER PEAKS TOWNHOUSES shall be by a Board of Directors elected from among the Unit Owners. Such Board shall have all powers and control over the administration and control of the

i. **Chairman:** The Chairman shall preside at all meetings of the Association and meetings of the Board and shall have such other powers and duties as are provided in the Declaration, these By-Laws or by law and as are ordinarily exercised by the residing officer of an association, including the appointment of committees from among the Owners, and as may be delegated to him by the Board or the Association from time to time.

ii. **Secretary:** The Secretary shall record the proceedings of the meetings of the Board and meetings of the Association, shall keep such records and all other records, documents and other papers of the Board and of the Association and shall have such other powers and duties as may be delegated to him by the Board or the Association from time to time.

iii. **Treasurer:** The Treasurer shall be responsible for the funds of the Association and shall be responsible for keeping and having kept full and accurate financial records and books of account showing all receipts and disbursements of the Association and any other financial data required by the Board or the Association. He shall be responsible for the deposit of all funds in the name of the Board of the Association in such depositories as may be designated by the Board from time to time and shall have such other powers and duties as may be delegated to him by the Board or the Association from time to time. The Board may delegate such of the Treasurer's powers and duties to the Manager as it deems to be advisable.

8. **POWERS AND DUTIES OF THE BOARD OF DIRECTORS:** The Board of Directors shall have the following powers and duties:

- A. To call annual meetings of the Association and give due notice thereof.
- B. To conduct elections of the Board.
- C. To enforce the provisions of the Declaration and By-Laws of the BRIDGER PEAKS TOWNHOUSESS and the Protective Covenants of the Subdivision by appropriate action.
- D. To promulgate and adopt rules and regulations for the use of the common elements and for the occupancy of the units so as not to interfere with the peace and quiet of all the residents. Such rules must be approved by seventy-five percent (75%) of the Unit Owners at any regular or special meeting of the Association.
- E. To provide for the management of the BRIDGER PEAKS TOWNHOUSESS by hiring or contracting with suitable and capable management personnel for the day-to-day operation, maintenance, upkeep and repair of the general common and limited common elements.
- F. To levy assessments as allowed by the Declaration, these By-Laws, and the State of Montana, and to provide for the collection, expenditure and accounting of said assessments.
- G. To collect the assessments for the BRIDGER PEAKS TOWNHOUSESS Owners Association.
- H. To pay for the expenses of the maintenance, repair and upkeep of the general common elements and the limited common elements, and to approve payment vouchers, either at regular or special meetings.
- I. To delegate authority to the Manager for the conduct of townhouse business, to carry out the duties and powers of the Board, however, such authority shall be precisely defined with ultimate authority at all times residing in the Board of Directors.
- J. To provide a means of hearing grievances and foreclosure proceedings of Unit Owners and to observe all due process requirements imposed upon owners associations for townhouses.
- K. To meet at regularly scheduled times and hold such meetings open to all Unit Owners or their agents.
- L. To prepare an annual budget for the townhouse in order to determine the amount of the assessments payable by the Unit Owners to meet the general common and limited common expenses and allocate and assess such charges among the Unit Owners according to their respective interests in the general common and limited common elements and to submit such budget to the Unit Owners on or before the date of the annual meeting.
- M. To levy and collect special assessments whenever, in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses, costs, or additional capital expenses, or because of emergencies.
- N. To take appropriate legal action to collect any delinquent assessments, payments or amounts due from Unit Owners or from any person or persons owing money to the townhouse, and to levy a penalty and to charge interest on unpaid amounts due and owing.
- O. To defend in the name of the Association any and all lawsuits wherein the BRIDGER PEAKS TOWNHOUSESS is a party defendant.
- P. To enter into contracts with third parties to carry out the duties set forth, for and in behalf of the Board of the Association.
- Q. To establish a bank account for the BRIDGER PEAKS TOWNHOUSESS and to keep therein such monies as are authorized by the Board.

- T. To make repairs, alterations and improvements to the general common and limited common elements consistent with managing the townhouses in a first class manner and in the best interests of the Unit Owners.
- U. To arrange, keep, maintain and renew the insurance for the Association as set forth in the Declaration.
- V. To carry out the duties and responsibilities of the Board in all other matters as may be authorized, needed or required by the Declaration.
- W. To allow first lienholders to inspect Association and Board records upon proper notice and during reasonable business hours.
- X. To coordinate its functions and actions with the Board and Owner's Association of BRIDGER PEAKS TOWNHOUSESS whenever such actions will serve the interests of both townhouses.

9. **DUE PROCESS:** In the event there shall be default, except for the payment of assessments, by a Unit Owner or violation of any of the provisions of the Declaration or By-Laws or non-compliance, notice of the same shall be sent to the Owner in writing by the Board of Directors setting forth the nature of the violation or non-compliance and providing for a time certain when the Unit Owner shall be confronted by the Board to respond. At such hearing the Unit Owner shall be confronted by the person or persons bringing the charges if they are individuals other than the Board members, the Owner shall have an opportunity to cross-examine such individuals and present his own witnesses, exhibits or testimony in his own behalf. At such hearing if the Owner desires he may request an impartial hearing examiner to be present to conduct the proceedings. Following such hearing the Board shall enter its findings of fact following the recommendations of any examiner and setting forth its decision and any actions it deems appropriate if it finds in fact that a violation or default has occurred.

10. **VACANCIES AND REMOVAL:** Should a vacancy occur on the Board of Directors, the Board, subject to the exception described below, shall appoint a member of the Association to serve for the unexpired term. Such vacancy shall be filled no later than the next regular Board meeting after which it occurs. Should such vacancy not be filled by the Board at the next regular meeting of the Association, the Association may fill such vacancy. At any regular or special meeting of the Association, any member of the Board may be removed by a majority of the aggregate interests at such meeting. Such vacancy shall be filled by the Association. Such removal matter must be announced in the notice of such regular or special meeting. The personal delivery of such notice by the Secretary of the Association shall be considered notice served.

11. **COMPENSATION:** No member of the Board of Directors shall receive any compensation for acting as such, except to be reimbursed for expenses incurred in attending Board meetings or carrying out Board functions. Nothing herein however, shall be construed to preclude compensation being paid to Managers who are hired by the Board.

12. **LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS:** No member shall be liable to the Association or any of the members or Owners or any third party for harm, injury, loss or damage suffered because of any action taken or omitted to be taken by any member of the Board serving as Board member in good faith if:

A. The Board member exercised and used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or

B. Took or did not take action in reliance upon advise of counsel or upon statements or information of other Owners or employees of the Association which he has reasonable grounds to believe.

13. **MANAGERS:** The Manager shall be appointed and/or removed by the Board of Directors. The Manager or any member of the Board or Association handling Association funds or having power to withdraw or spend such funds shall be bonded, and shall have maintained records of the financial affairs of the townhouse. Such records shall also detail all assessments made by the Association and the status of payments of said assessments by all Unit Owners. All records shall be available for examination during normal business hours to any Owner or his assigned representative. All functions and duties herein provided for the Manager may be performed by the Board, or the Chairman, if the Board should decide not to have a manager.

A. **Accounts:** The receipts and expenditures of the Association shall be under the direction of the Manager and be classified as appropriate into general common expenses and limited common expenses and shall include a provision for:

1. **Current Expenses:** Which shall include all receipts and expenditures to be made within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserve or to betterments. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.

2. **Reserve for Deferred Maintenance:** Which shall include funds for maintenance and items which occur less frequently than annually.

3. **Reserve for Replacement:** Which shall include funds for repair or replacement required because of damage, depreciation or obsolescence.

4. **Betterments:** Which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which shall be a part of the common elements.

B. The Manager shall prepare and submit to the Board a budget, each year, which shall be adopted by the Board. The budget shall include:

C. A financial report of the accounts of the Association shall be made annually by an accountant, and a copy of the report shall be furnished to each member at the annual meeting. The Manager shall generally operate and manage the townhouse for and on behalf of the Unit Owners and shall have such other powers and authority as the Board may designate. If there is no Manager or if the Manager resigns, is terminated or his contract expires and a successor is not chosen, the Board shall perform all the duties of the Manager until a Manager shall be replaced.

14. **AMENDMENT OF BY-LAWS:** These By-Laws may be amended at any regular or special meeting of the Association providing that a copy of the proposed revision is included in the notice of such meeting. Upon a vote of over seventy five percent (75%) of the aggregate interest in the townhouse, the amendment shall be declared adopted. The Secretary shall as soon as practicable after adoption, prepare a copy of these By-Laws as amended for certification by the Chairman and Secretary of the Association. Such amended and certified By-Laws shall then be filed and recorded in the office of the County Clerk and Recorder of Gallatin County, State of Montana. By-Laws as amended shall become effective at the time of such recording.

15. **ASSESSMENTS:** In accordance with the percentage of interest in the general common elements as set forth in the Declaration, each Owner shall be assessed for general common expenses. Such assessments, and assessments for limited common expenses, shall be collected and paid according to the terms and under the procedures more particularly set forth in the Declaration. The amounts of assessments described above and any other assessments allowed by these By-Laws, the Declaration and by the State of Montana, shall be fixed by the Board of Directors. Notice of each Owner's assessments shall be mailed to said owner at his address of record.

16. **NOTICE OF DEFAULT TO LIENHOLDERS:** A first lienholder, upon request, will be entitled to written notification from the Owners Association of any default in the performance by the individual Unit borrower of any obligation under the townhouse documents which is not cured within sixty (60) days.

17. **NOTICES - DAMAGES:** The Owners Association shall notify all first lienholders in writing of any loss to or taking of the common elements of the townhouse if such loss or taking exceeds \$10,000.00 or damage to an individual unit securing a mortgage held by the first lienholder exceeds \$1,000.00.

18. **FISCAL YEAR:** The fiscal year of the Association shall commence on January 1 of each year and end on December 31 of each year.

19. **MISCELLANEOUS:**

A. **Costs and Attorney's Fees:** In any proceeding arising because of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be determined by the Court.

B. **No Waiver of Rights:** The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by the townhouse documents, shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future.

C. **Election of Remedies:** All rights, remedies and privileges granted to the Association or an Owner pursuant to any term, provision, covenant or condition of the townhouse documents shall be deemed cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by the townhouse documents, or at law or in equity.

D. **Surplus:** Any surplus of common expense payment by Owners over the actual expenses (including the reserve for contingencies and replacements) during a fiscal year of the Association shall be applied towards common expenses for the following year or shall be applied in any other manner which shall benefit the Association and which, on the basis of United States Federal Income Tax Law, regulations and interpretations existing from time to time, in the sole discretion of the Board, is most likely to avoid taxation of such surplus, provided that such application is consistent with the proportional interest of all the Owners, and is not precluded by the terms of the Act, as amended from time to time.

E. **Parliamentary Rules:** Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Act, the Declaration or these By-Laws.

F. **Invalidity:** The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance hereof, or the Declaration.

20. **THE DECLARATION:** The Declarant has filed along with these By-Laws, a Declaration whereby the properties known as the BRIDGER PEAKS TOWNHOUSESS are submitted and subject to MCA 70-23-101 et. seq. The Declaration shall govern the acts, powers, duties and responsibilities of the Association and in the event these By-Laws and Declaration are in conflict, the Declaration shall prevail. The definition of terms set forth in the Declaration shall be controlling in the interpretation thereof. By virtue of...

IN WITNESS WHEREOF, JANE AND KEN WALKER, as owners of record of all of the townhouse units and 100% of the voting interest of the said BRIDGER PEAKS TOWNHOUSESS as of the date hereof, hereby appoints the following persons to serve on the Board of Directors until the first meeting of the Association, to-wit:

CHAIRMAN: KEN WALKER

SECRETARY: JANE WALKER

TREASURER: JANE WALKER

and the undersigned record owners and the said Board hereby certify, declare and affirm the adoption of the foregoing By-Laws on the 21 day of Dec., 1993.

BOARD OF DIRECTORS:

Ken Walker
Jane Walker By: Ken Walker
Title: President

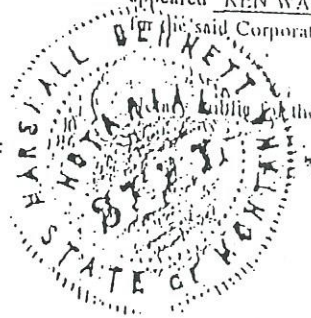
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ACKNOWLEDGEMENT

STATE OF MONTANA)
COUNTY OF GALLATIN)

: ss.

On this 21 day of Dec., 1992, before me, the undersigned, a Notary Public for the State of Montana, personally appeared KEN WALKER and JANE WALKER, the DECLARANTS, and who acknowledged that they executed the foregoing By-Laws for the said Corporation. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Marshall Bennett
Residing at _____ Montana

My Commission expires July 18, 1994
NOTARY PUBLIC - STATE OF MONTANA
My Commission expires July 18, 1994

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PLATED

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State of Mont., County of Gallatin. ss Filed for record December 21, 18 93
at 11:55 A. M., and recorded in Book 139 of Miscellaneous page 991
Shelley M. Choney Recorder. By Elizabeth A. Peterson Deputy

Fee: \$30.00 pd Rtn: Ken Walker, 4533 Walker Rd, Bozeman, MT 59715