

**AMENDED DECLARATION OF UNIT OWNERSHIP FOR
GROTTO FALLS CONDOMINIUMS**

By this Amended Declaration, CHAD SACRY does hereby submit the real property described herein to the provisions of Montana Code Annotated §70-23-101 *et seq.*, Unit Ownership Act of the State of Montana. This Amended Declaration supercedes the original Declaration previously recorded on September 15, 2006 as document number 2242007. The original Bylaws previously recorded with the original Declaration are also superceded by the Amended Bylaws filed in conjunction herewith.

1. Definitions:

The following definitions shall apply to this Declaration and the Bylaws for Grotto Falls Condominium Owners Association:

- (a) "Association" means Grotto Falls Condominium Owners Association, consisting of all unit owners of Grotto Falls Condominium units.
- (b) "Common elements" mean the general common elements and the limited common elements.
- (c) "General Common Elements" mean all those elements which are for the use of all owners and guests of owners of Grotto Falls Condominium units.
- (d) "Limited Common Elements" mean those common elements designated in the Declaration or by agreement of the unit owners which are reserved for the use of fewer than all of the unit owners and guests of unit owners of Grotto Falls Condominium units.
- (e) "Majority of Unit Owners" means those owners who own more than 50% of the undivided interest in the common areas.
- (f) "Unit" means the separate condominium units of Grotto Falls Condominiums
- (g) "Unit Owner or Owners" mean(s) a person, or other legal entity owning a unit, including a purchaser under contract if notice of such is duly recorded, and including co-owners. A lessee of a unit is not a unit owner.

2. Description of Land and Purpose of Declaration

The purpose of this Declaration is to submit the real property and improvements

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described herein to the Condominium form of ownership provided by the Montana Unit Ownership Act, Chapter 23, Title 70, Montana Code Annotated. Except as otherwise provided above, terms in this Declaration and the Bylaws of the Association shall be those definitions used in the Montana Unit Ownership Act. The real property included within the project is located in Gallatin County, Montana, is owned in fee simple by Chad Sacry and is more particularly described as follows:

Lot 10, Block 2, Laurel Glen Subdivision, Phase 1, S ½ of Sec. 4, T. 2 S., R. 5 E., PMM, City of Bozeman, Gallatin County, Montana.

The provisions of this Declaration and the Bylaws of the Association are covenants running with the land and are binding on all owners, their tenants, employees, and guests, as long as the real property described herein is subject to the provisions of the Montana Unit Ownership Act.

3. Name and Description of Project.

The property shall be known as Grotto Falls Condominiums.

The project consists of four (4) units. The building is of wood frame construction, with concrete foundation, composite clapboard exterior, and asphalt shingle roof.

The site plan showing the location of the buildings on the property, the floor plans for each unit, the size of each unit, and the location and unit designation for each unit are shown on the attached Exhibit A.

4. Unit Designation, Location and Area of Each Unit.

Each unit owner shall be a fee simple owner of the unit and of an undivided interest in the common elements. The percentage of the undivided interest for each unit is as follows:

913A Forestglen Drive, Bozeman, MT: 25 percent (25%)

913B Forestglen Drive, Bozeman, MT: 25 percent (25%)

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913C Forestglen Drive, Bozeman, MT: 25 percent (25%)
913D Forestglen Drive, Bozeman, MT: 25 percent (25%)

Each unit shall include the part of the building containing the Unit that lies within the boundaries of the Unit, which boundaries are as follows:

- a. Upper and Lower Boundaries: the upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the perimetrical boundaries:
 1. Upper Boundary: the plane of the lowest surfaces of the upper floor or ceiling joists for all units.
 2. Lower Boundary: the plane of the highest surface of the floor joists.
- b. Perimetrical Boundaries: the parametrical boundaries of the Unit shall be the following boundaries extended to an intersection with the upper and lower boundaries:
 1. Exterior Building Walls: the plane formed by the exterior of perimeter walls of the buildings and such boundary shall be extended so as to include within it all windows in the Unit and shall be to the center line of any common wall.
 2. Interior Building Walls: the vertical planes of the centerline of the walls bounding a Unit extended to an intersection with other perimetrical boundaries. Where walls between units are of varying thicknesses, the plane of the centerline of a boundary wall shall be the median line drawn between the two outermost boundaries of such wall.

5. General Common Elements.

The general common elements include but is not necessarily limited to the land described in paragraph 2 above, the common electrical, gas, sewer, water, and other utility lines or pipe lines serving all units or the common areas, as shown on Exhibit A, the exterior walls, foundation and roof of the building; interior weight-bearing walls, floors and ceilings not located within a particular unit, all exterior walkways,



garbage dumpster storage areas, lights and lawn. See Exhibit A.

Although the lawn areas set forth herein and described on Exhibit A as "Landscape" are General Common Elements, fences may be constructed on such areas as the Association may approve in advance, which approval cannot be unreasonably withheld. Such fences will be no more than five (5) feet high and consist of cedar wood. The cost of such construction and associated maintenance will be borne solely by the Unit Owner requesting the fence. Once approved and constructed, the fence(s) will be allowed to remain in place for at least so long as the requesting Unit Owner remains a Unit Owner. If the Unit Owner who requested the fence ceases to be a Unit Owner, the Association will have the authority to determine whether the fence(s) will remain. The construction of any such fences in no way changes the designation of such Landscape areas as General Common Elements.

6. Limited Common Elements.

Includes but is not necessarily limited to the driveway area leading to each individual garage for each unit, windows located within each particular unit, and deck/patio areas, as shown in Exhibit A.

7. Use of Units.

Each unit is for residential use only. Each unit may be used for any lawful residential use subject to the use restrictions contained in the Bylaws of the Association. Commercial or other purposes are not allowed.

8. Process.

Service of process in the cases provided for in Montana Code Annotated § 70-23-901 shall be made upon Chad Sacry, 468 Summer Ridge Road, Bozeman, MT 59715. After all units are sold by Declarant, service will be made upon a person designated by Grotto Falls Condominium Owner's Association. This provision may be amended in the manner provided in Montana Code Annotated § 70-23-902.

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9. Units Subject to Declaration, Bylaws, Rules, and Regulations and Restrictive Covenants.

Ownership of units is subject to the provisions of this Declaration, the Bylaws, restrictive covenants, and rules and regulations adopted by the Association. The execution of a purchase contract by a unit owner or the acceptance of a deed thereto shall constitute acceptance of the provisions of such instruments by such owner. Unit owners are responsible for compliance with these provisions by tenants, customers, guests, or other occupants of their unit. The provisions of this Declaration and the Bylaws and rules and regulations adopted by the Association are covenants running with the land, and are binding upon any person having an interest in a unit. If any provision of this Declaration is determined invalid, the invalidity of such provision shall not affect the validity or enforce ability of the remainder of the Declaration. No provision in this Declaration, the Bylaws of the Association, and rules and regulations of the Association shall be deemed to have been waived by reason of any failure to enforce it. In the event of conflict between this Declaration, the Bylaws of the Association, and the Unit Ownership Act, the provisions of the Unit Ownership Act shall govern.

10. Amendment.

Except for paragraph 8, this Declaration shall be amended only by written consent of the majority of the unit owners. All amendments to the Declaration shall be recorded in the office of Clerk and Recorder, Gallatin County, Montana.

DATED this 25th day of September, 2006.

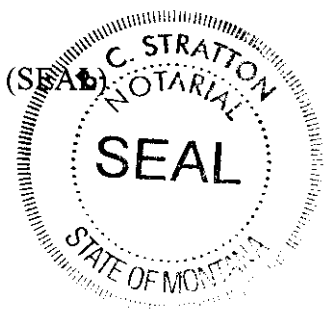
By: *Chad Sacry*
CHAD SACRY

By: *Brion Potter*
BRION POTTER FAMILY, LLC BY
BRION POTTER, MANAGING MEMBER

STATE OF MONTANA)
 :SS.
County of Gallatin)

On this 25~~th~~ day of September, 2006, before me, the undersigned officer, personally appeared Chad Sacry, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same as owner for and on behalf of Grotto Falls Condominiums, for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this instrument first above written



BC Stratton
Notary Public for State of Montana
Printed Name: BC STRATTON
Residing at: Bozeman Mt
My Commission Expires: 11-12-2006

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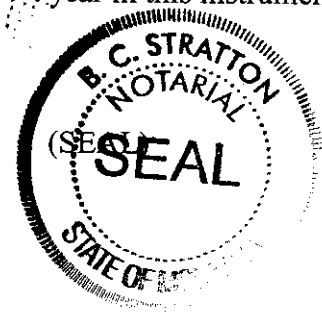
STATE OF MONTANA)

:SS.

County of Gallatin)

On this 25th day of September, 2006, before me, the undersigned officer, personally appeared Brion Potter Family, LLC by Brion Potter, Managing Member, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same as owner for and on behalf of Grotto Falls Condominiums, for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this instrument first above written



Notary Public for State of Montana

Printed Name: B. C. STRATTON

Residing at: Bozeman MT

My Commission Expires: 11-12-2006

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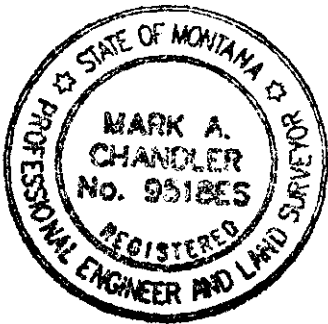
CERTIFICATE OF FLOOR PLANS

The undersigned, being a duly registered professional engineer and land surveyor in the State of Montana, and having reviewed the floor plans for GROTTO FALLS CONDOMINIUMS, attached to this Declaration herewith, certifies the following:

That the site plan and floor plans for Units 913A, 913B, 913C and 913D of the GROTTO FALLS CONDOMINIUMS, as duly filed with the declaration and by-laws thereof, and situated on Lot 10, Block 2, LAUREL GLEN SUBDIVISION, PHASE 1, City of Bozeman, are an accurate copy of the plans filed with and approved by the officials and officers of the City of Bozeman having jurisdiction to issue building permits.

The site plan and floor plans render a hand representation of the actual site and building, and show the layout, location, unit designation, area and dimensions of each unit as built, and the common areas to which each unit has access.

Dated: September 25, 2006



Mark A. Chandler

by: Mark A. Chandler, P.E., P.L.S.
Registered Professional Engineer and Land Surveyor
License No. 9518ES

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CERTIFICATE OF NAME

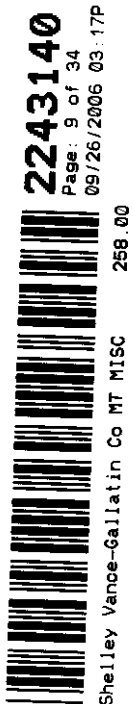
The undersigned, being the duly authorized agent of the Department of Revenue of the State of Montana, within the County of Gallatin, executes the following certificate relating to Grotto Falls Condominiums situated on lands legally described as follows:

Lot 10, Block 2, Laurel Glen Subdivision, Phase 1, S ½ of Sec. 4, T. 2 S., R. 5 E., PMM
City of Bozeman, Gallatin County, Montana.

1. That the name "Grotto Falls Condominiums" is not the same as, similar to, or pronounced the same as a word in the name of any other property or subdivision within Gallatin County, except for the word "Condominiums"; and
2. All taxes and assessments due and payable for the above described property have been paid.

DATED: Sept. 26, 2006

Nancy Fish
Name: NANCY FISH
Title: TAX CLERK



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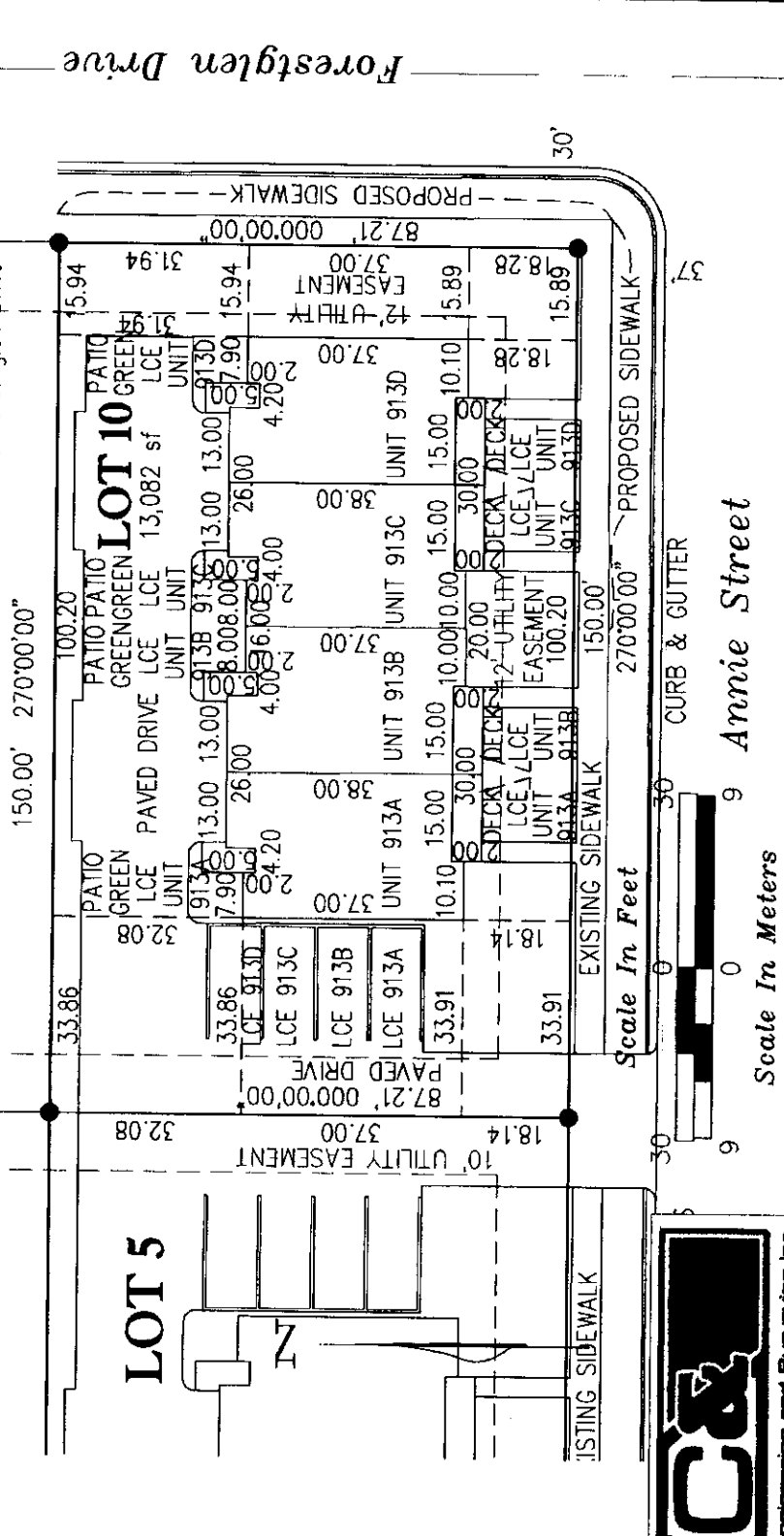
EXHIBIT A

SITE PLAN GROTTO FALLS CONDOMINIUMS LOT 9

NOTE:
PAVING AND INTERIOR SIDEWALKS
NOT CONSTRUCTED AS OF 9/13/06.

- FOUND 5/8" REBAR WITH 1 1/4" PLASTIC CAP (C&H #9513ES)

Legal Description:
Lot 10, Block 2, Laurel Glen Subdivision,
Phase 1,
S 1/2 of Sec. 4, T. 2 S., R. 5 E.
Address:
913 Forestglen Drive



C&H
 Engineering and Surveying Inc.
 1081 Glenridge Drive • Bluffton, MT 59718
 Phone: (408) 397-1115 • Fax: (408) 397-6798
 www.chengineering.com • info@chengineering.com

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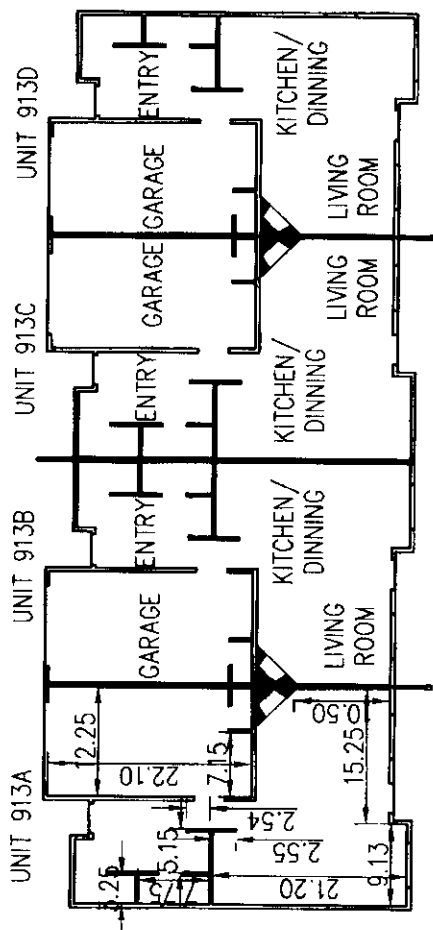


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EXHIBIT B

FLOOR PLAN GROTTO FALLS CONDOMINIUMS

UNIT DIMENSIONS ARE SIMILAR TO
UNIT 913A EXCEPT UNIT 913B AND
UNIT 913D ARE MIRRORED



FIRST FLOOR 913 FORESTGLEN DRIVE

SCALE: 1" = 20'

UNIT AREAS
UNIT 913A=1890 Sq Ft
UNIT 913B=1860 Sq Ft
UNIT 913C=1860 Sq Ft
UNIT 913D=1890 Sq Ft



Engineering and Surveying Inc.
1081 Saratoga Drive • Bozeman, MT 59718
Phone (406) 587-1118 • Fax (406) 587-9788
www.candse.com • info@candse.com

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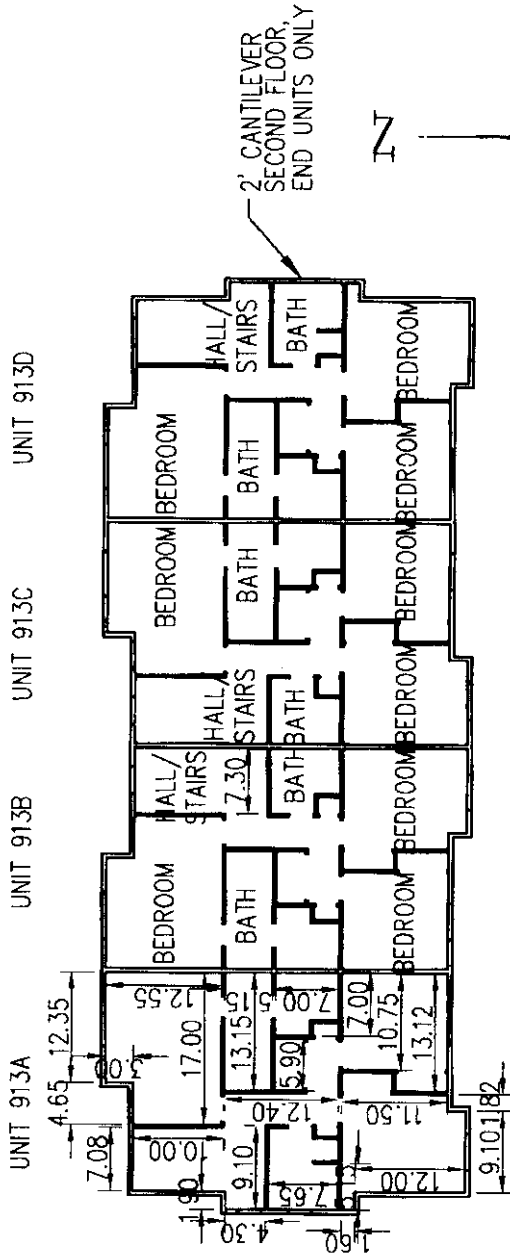
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EXHIBIT B

FLOOR PLAN

GROTTO FALLS CONDOMINIUMS

UNIT 913A=UNIT 913D MIRRORED
UNIT 913B=UNIT 913C MIRRORED
ALL UNIT DIMENSIONS SIMILAR EXCEPT
AT 2' CANTILEVER ON END UNITS



SECOND FLOOR 913 FORESTGLEN DRIVE

SCALE: 1" = 20'

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Engineering and Surveying Inc.
1081 Shawsiga Drive • Summit, MT 59718
Phone (406) 587-1115 • Fax (406) 587-8766
www.changhans.com • info@changhans.com



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AMENDED BYLAWS
OF
GROTTO FALLS CONDOMINIUM OWNERS ASSOCIATION

ARTICLE I

Section 1: The provisions of these Amended Bylaws are applicable to those condominiums located at 913 Forest Glen, Bozeman, MT 59715, known as Grotto Falls Condominiums.

Section 2: *Covenant to Pay Assessments:* All present or future owners, tenants, future tenants or employees, or any other person who might use the space within Grotto Falls Condominiums in any manner, are subject to the regulations set forth in the Declaration of Unit Ownership and these Bylaws. The acquisition, occupancy, or rental of any of the units shall signify that these Bylaws are accepted, ratified, and will be complied with. Each unit owner is deemed to covenant, and agree to pay to Grotto Falls Condominium Owners Association (“the Association”) all periodic and special assessments made by the Association for common expenses and to waive any right to claim any exemption from said assessments.

Section 3: *Description of Unit Ownership:* Each unit, appurtenant undivided interest in the common elements, use of limited common elements reserved for that unit, membership in Grotto Falls Condominium Owners Association, and assessment account for that unit shall together comprise one unit, shall be inseparable, and may be conveyed, devised, or encumbered only as a unit. Any conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an individual unit owner’s interest in the common elements shall be void unless the unit to which that interest is attached is also included in the transfer.

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Section 4: *Definitions:* The following definitions shall apply to the Bylaws for the Association:

- (a) “Association” means Grotto Falls Condominium Owners Association, consisting of all unit owners of Grotto Falls condominium units.
- (b) “Common elements” mean the general common elements and the limited common elements.
- (c) “General Common Elements” mean all those elements which are for the use of all owners and guests of owners of Grotto Falls Condominium units.
- (d) “Limited Common Elements” mean those elements designated in the Declaration or by agreement of the unit owners which are reserved for the use of fewer than all of the unit owners and guests of unit owners of Grotto Falls Condominium units.
- (e) “Majority of Unit Owners” means those owners who own more than 50% of the undivided interest in the common areas.
- (f) “Unit” means the separate condominium units of Grotto Falls Condominiums.
- (g) “Unit Owner or Owners” mean(s) a person, or other legal entity owning a unit, including a purchaser under contract if notice of such is duly recorded, and including co-owners. A lessee of a unit is not a unit owner.

ARTICLE II

Section 1: *Membership in the Association:* The owner of each unit shall be a member of the Association. Membership shall be appurtenant to ownership of a unit and may not be separated.

Section 2: *Voting:* Owners shall be entitled to one vote for each unit owned. The vote for any unit owned by more than one person shall be exercised as determined by the co-owners, but in no event shall more than one vote be cast with respect to each co-

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owned unit. Tenants are not owners and shall not be entitled to vote unless given the proxy of a unit owner.

Section 3: *Majority of Votes:* A majority of votes shall be the votes of a “majority of unit owners” as defined in these bylaws.

Section 4: *Quorum of Owners:* Except as otherwise noted in these Bylaws, the presence in person or by a proxy of a “majority of unit owners” shall constitute a quorum. If a quorum is not present at any meeting, the members entitled to vote shall have the power to adjourn the meeting, until a quorum is present or represented.

Section 5: *Votes by Proxy:* At all meetings of owners, each owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary at or before the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance of a unit by the owner.

ARTICLE III

Section 1: *Association Duties:* The Association will have the responsibility of administering the operation of Grotto Falls Condominiums, establishing and collecting annual or special assessments for repairs, maintenance and new construction, and arranging for the management of the facility. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 2: *Annual Meeting:* The annual meeting of the Association shall be held on the 5th day of January of each calendar year at 7:00 p.m., at a place to be announced by written notice, unless written notice of different date is given by the Board of Directors of the Association..

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Section 3: *Special Meetings:* Special meetings may be called at any time by order of the Board of Directors.

Section 4: *Notice of Meetings:* Notice of any annual or special meetings of the Association shall be given to each member personally by mail, telephone, e-mail, or facsimile, at least ten (10) days prior to the meeting. The notice shall specify the time, place and purpose of the meeting. At annual meetings, the Association shall elect a Board of Directors. The Association may transact such further business properly before it as long as a majority of the unit owners is present at the meeting, either in person or by proxy. No business shall be transacted at a special meeting except as stated in the notice unless by consent of a majority of unit owners.

Section 5: *Order of Business:* The order of business at the meeting shall be as follows:

- (a) Proof of notice of meeting;
- (b) Determination of Quorum;
- (c) Reading and approval of minutes of prior meeting;
- (d) Presentation of financial report concerning assessments for past year and presentation and review of budget and assessments for coming year;
- (e) Election of Directors;
- (f) Unfinished Business;
- (g) New Business.

ARTICLE IV

Section 1: *Board of Directors:* The affairs of the Association shall be governed by a Board of Directors (“the Board”) comprised of three (3) persons elected by unit owners. Directors shall be members of the Association. If needed, an interim board may govern the affairs of the Association prior to its first meeting. So long as Declarant

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own more than two (2) units total, the affairs of the Association shall be governed by a Board of Directors comprised of 3 members, to be appointed by the Declarant.

Section 2: *General Powers and Duties:* The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things not specifically delegated to unit owners by the Declaration of Unit Ownership or these Bylaws. The directors shall serve without compensation. Directors may be reimbursed for actual expenses incurred in the performance of duties.

Section 3: *Additional Duties:* In addition to the powers and duties provided by law, the Declaration of Unit Ownership or these Bylaws, or by resolutions of the Association, the Board shall be responsible for the following:

- (a) Care, upkeep, and surveillance of the building and common areas;
- (b) Collection of annual or special assessments from unit owners;
- (c) Designation and dismissal of a manager and/or other personnel necessary for the maintenance and operation of the building, the common area and facilities;
- (d) Review and determination of the amount of assessments payable by unit owners and imposition of special assessments for approved capital expenses, repair, and maintenance of the exterior of the building, exterior common areas, and for emergencies. Assessments shall be imposed as set forth in Article VI;
- (e) To send written notice of any changes in the rate for regular assessments at least ten (10) days prior to the assessment year and to send written notice of each special assessment to each unit owner at least thirty (30) days before due;
- (f) Recording and foreclosing of any liens against property for delinquent assessments or filing such an action at law against a unit owner personally obligated to pay such delinquent assessment;
- (g) Obtaining and maintaining adequate insurance coverage as provided in Article VI below;

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- (h) Payment of any and all taxes and assessments imposed on the common areas;
- (i) Payment of all debts of the Association;
- (j) Approving vouchers for payment of all legal claims against the Association;
- (k) To contract for maintenance, repairs, new construction, and alterations and improvements to the common areas.

Section 4: *Employment of Manager:* The Board may employ for the Association a manager or management agent at compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties listed above.

Section 5: *Election and Term of Office:* At the first annual meeting of the Association, the term of office of one (1) Director shall be fixed at three (3) years, the term of office of the second Director shall be fixed at two (2) years, and the term of office for the third Director shall be fixed at one (1) year. At the expiration of the initial term of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 6: *Removal of Directors:* Any Director may be removed by a majority vote of the unit owners at any regular meeting or at a special meeting called for that purpose. In the event of such removal, a successor may be elected in the manner provided for election of directors to fill the vacancy for the unexpired term.

Section 7: *Board Meetings:* The first meeting of a newly elected Board shall be held immediately following the annual meeting of the Association. No notice of this meeting shall be necessary. Any subsequent meetings must be given in writing, by e-

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mail or in person at least three (3) days prior to the meeting. A quorum must be present in order to conduct business. The majority rules.

ARTICLE V

Section 1: *Officers:* At its annual meeting the Board shall elect a President, Secretary, and Treasurer. The Board may, in its discretion, also elect a Vice-President and such other assistant as the Board deems necessary. Any two (2) or more offices may be held by the same persons, except the offices of President and Secretary. Interim officers may be appointed in the event that an Interim Board is in place prior to the first meeting

Section 2: *Term of Office:* The officers of the Association shall be elected on an annual basis.

Section 3: *President:* The President shall preside at all meetings of the Association and the Board. The President shall have general supervision over the affairs of the Association and its officers and all of the powers and duties usually vested in the office of President, and shall also perform other duties as may be assigned by the Board.

Section 4: *Vice-President:* If a Vice-President is elected, the Vice-President shall act for the President in the President's absence, and shall also perform such other duties as assigned by the Board.

Section 5: *Secretary:* The Secretary shall keep the books and records of the Association and the Board and record all minutes of meetings of both.

Section 6: *Treasurer:* The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate records of all

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receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for depositing all monies and other valuable effects on behalf of the Association in such banks or depositories as are designated by the Board.

ARTICLE VI

Section 1: *Common Expenses:*

All of the following Association expenses shall be common expenses:

- (a) Administrative expenses of the Association, including compensation of the manager of the Association, if one is employed.
- (b) The cost of routine maintenance of general and limited common elements. For purposes of this section, routine maintenance is defined as landscaping care, snow removal, and common walkway cleaning.
- (c) All bills for utilities provided to common areas.
- (d) The cost of furnishing all interior common areas.
- (e) Casualty, fidelity, and liability insurance premiums for the units and common area.
- (f) The cost of maintenance and repair of the exterior surfaces of the building.
- (g) The cost of capital improvements to the common elements.

Section 2: *Assessment for Common Expenses.* It is the intent of the

Association that common expenses shall be charged to the unit owners consistent with the percentage of undivided interest of each owner in the common elements. Therefore, unit owners shall be responsible for all assessments levied against their unit based upon an interest of Twenty-Five Percent (25%). Each unit shall share common expenses equally and based upon said percentage. Each individual holding an ownership interest in a unit shall be jointly and severally liable for said assessments with any other person owning an interest in said unit. In addition to assessments, all units shall be levied reasonable monthly dues to cover any association expenses not contemplated in Section 1 above. Such dues shall be held in a separate account by the Association. The amount of

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the dues is adjustable by the Association, and may be reasonably increased, or in the alternative, suspended, for any given year should the Association determine that they are unnecessary.

Section 3: *Collection of Assessments.* Assessments for common expenses shall be due thirty days from the date of mailing of such assessment and may be payable in one annual payment or in quarterly installments, at the option of the Association. No owner may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit.

Section 4: *Records of Assessments:* The Secretary and Treasurer shall maintain records showing assessments made against unit owners which shall be available for inspection at all reasonable times by unit owners, their representatives, insurers, and guarantors of the first mortgages at any reasonable time. Such records shall show the amounts of all assessments paid and unpaid. The Treasurer may issue certificates as to the status of a unit owner's assessment account to such persons as the unit owner may request in writing, and such certificates shall limit the liability of any person to whom it is addressed other than the unit owner.

Section 5: *Liability for Unpaid Assessments:* Unit owners and their grantees shall be jointly and severally liable for all unpaid assessments due and payable for a specific unit at the time of a conveyance but without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefore. Unpaid portions of assessments which are due shall be secured by a lien upon the unit as provided in the declaration upon the filing of a claim in accordance with the provisions of MCA § 70-23-607.

The Association may maintain a suit to recover a money judgment for unpaid assessments against said unit owner without foreclosing or waiving the lien securing the same. All costs of collection of delinquent assessments, including but not limited to,

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court costs, costs of filing liens, and attorneys fees, shall be the obligation of the non-paying unit owner, shall be deemed a common expense chargeable only to the non-paying unit owner, and may be added to the next regular assessment for that unit. If a purchaser of a unit obtains title to the unit as a result of a foreclosure of a first mortgage or trust indenture, such purchaser, its successors and assignees, shall be liable for the share of the assessed, but unpaid, common expenses or assessments chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser. No sale or transfer of a unit shall relieve the purchaser from liability for assessments due or from the lien thereof.

Section 6: *Penalty for Late Payment:* Assessments paid more than ten (10) days after the date due shall bear interest at the rate of 15 percent (15%) per annum from the date due until paid. All payments upon assessments shall be applied first to interest and then to the earliest assessment due. Interest collected shall be credited to a common expense account.

ARTICLE VII

Section 1: *Obligations of Unit Owners:* Every unit owner shall be responsible for all maintenance of and repairs to the interior of his unit, and for routine maintenance of limited common elements used exclusively by the unit owner, except for repairs covered by insurance purchased by the Association. Each unit owner shall be responsible for all damage to other units or to the common elements resulting from the failure to conduct such maintenance and repair. Unit owners shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damage through the fault of the unit owner. Each unit owner shall be responsible for obtaining fire and other insurance on the unit owner's personal property, and liability insurance to the extent deemed necessary by each unit owner. Each unit owner shall be responsible for paying all taxes and assessments on his unit. All fixtures, lines, pipes, equipment, or other internal installations within or serving a single unit shall be

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maintained, replaced, and kept in repair by the unit owner, except in the event of damage covered by insurance purchased by the Association.

Section 2: *Obligations of the Association:* The Association shall be responsible for any maintenance, repair, and replacement of any general common elements and limited common elements, except as otherwise provided in Section 1 above. The Association shall also be responsible for keeping common utility lines in good repair and condition at all times and for replacing all broken windows. The Association may employ personnel necessary for the maintenance, upkeep and repair of the common elements as is deemed necessary.

Section 3: *Resolution of Conflicting Obligations:* In the event it is unclear whether an improvement is a common element or a part of a unit, the following rule shall apply: the exterior of the building, improvements outside the building, and those shared by or serving both units shall be considered common elements; improvements inside a unit shall be part of the unit served. All maintenance, repair, and replacement shall be in accordance with the plans of the building.

Section 4: *Structural Modifications:* A unit owner shall not make any structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the management agent, if any, or through the President of the Board, if no agent is employed. The Association shall have the obligation to answer in ten (10) days, and failure to do so within the stipulated time shall mean there is no objection to the proposed modification or alteration. Nothing shall be done in or to any unit or the common elements that will negatively affect the structural integrity of the building.

Section 5: *Right of Entry:* Every unit owner shall grant the immediate right of entry to the directors or to any other person authorized by the Board in case of any

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emergency originating in or threatening such unit, regardless of whether the unit owner is present at the time. Additionally, a unit owner shall permit other unit owners, or their representatives, when so required, to enter such unit for the purpose of performing installations, alterations, or repairs to the plumbing, mechanical, or electrical services, provided request for entry is made in advance (at least 24 hours for non-emergencies) and that the time of such entry is reasonably convenient to the other unit owner. If the unit owner cannot be present for such action, the owner can demand that a third party be present during this time.

Section 6: *Covenants Regarding Use of Unit and Common Elements:*

The following covenants shall apply to each unit:

- (a) No canvassing, soliciting, and peddling shall be allowed in the building. The unit space is to be used for residential purposes only.
- (b) No unit owner may install wiring for electrical, telephone, television antenna, machines, air conditioning, etc. on the exterior of the project or that protrudes through the walls or the roof of the project except as authorized by the Association.
- (c) No motor vehicle maintenance is allowed on Grotto Falls Condominium property. Only routine, short-term upkeep to vehicles, such as vacuuming and washing, is allowed.
- (d) Grotto Falls Condominium units are also subject to all rules, regulations, covenants, restrictions, etc. of Laurel Glen Subdivision.

Section 7: *Easements:* The following easements exist for the benefit of each unit owner and as a burden on other units and common elements:

- (a) Easement through the general common areas for ingress and egress for all unit owners and occupants and their guests for those persons making use of such common elements. The unit owners and occupants and their guests shall have an unrestricted right of ingress and egress across the common elements to their respective units.
- (b) Easements through units and common elements as necessary for such maintenance, repair, and replacement needs.

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- (c) An easement of structural support for the benefit of the common elements through every portion of a unit which contributes to the structural support of the building.
- (d) Easements for the furnishing of utility services within the building, including but not limited to conduits, ducts, plumbing, and wiring through the units and common elements.
- (e) An easement over and across the common areas for mail service, fire service, police protection, and emergency vehicles.

The easements set forth above shall not be considered or determined to be encumbrances either on the general common elements, the limited common elements, or on the units for the purpose of marketability of title.

Section 8: *Other Rules:* Additional administrative rules and regulations relating to the details of the operation of Grotto Falls Condominiums and the use of the common elements may be adopted or amended by the Board at any regular meeting or at any special meeting called for that purpose.

Section 9: *Rights of Action:* The Association and any aggrieved unit owner shall have the right to maintain an action for specific performance, for damages and/or for injunction, against any unit owner or the Association for failure to comply with the provisions of the Declaration or these bylaws, or any restrictive covenants adopted by the Association.

Section 10: *Units Subject to Bylaws:* The provisions of these Bylaws, the Declaration of Unit Ownership, and rules and regulations adopted by the Association are covenants running with the land, and are binding upon any person having an interest in a unit. If any of these Bylaws are determined invalid, the invalidity of such provision shall not affect the validity or enforceability of the remainder of the Bylaws. No provision in

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the Declaration, the Bylaws, and rules and regulations of the Association shall be deemed to have been waived by a failure to enforce it.

ARTICLE VIII

Section 1: *Insurance Purchase:* All insurance policies upon Grotto Falls Condominiums property shall be purchased by the Association and shall be issued by an insurance company authorized to do business in Montana.

- a. Name Insured: The named insured shall be the Association individually and as agent for the Unit Owners without naming them. Such policies shall provide that payments for losses thereunder by the insurer shall be paid to the insurance Trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the insurance Trustee. Unit Owners may obtain insurance coverage, at their own expense, upon their own personal property and for their personal liability and living expense.
- b. Copies to Mortgagees: One copy of each insurance policy and of all endorsements thereon shall be furnished by the Association to each mortgagee of a Unit Owner on request.

Section 2: *Coverage:*

- a.. Casualty: All buildings and improvements upon the land shall be insured in an amount equal to the full insurable replacement value, and all personal property included in the common elements shall be fully insured, with all such insurance to be based on current replacement value, as determined annually by the Board of Directors, but subject to such deductible clauses as are required in order to obtain coverage at reasonable costs. Such coverage shall afford protection against:
 1. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and
 2. Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use

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as the building on the land, including, but not limited to, vandalism and malicious mischief.

3. Errors or Omissions Insurance for the Directors, Officers and Managers, if the Association so desires, in amounts to be determined by the Board.

The policies shall state whether air handling or service equipment, interior fixtures and carpets are included within the coverage in order that Unit Owners may insure themselves if the items are not insured by the Association.

- b. Public Liability: In such amounts and with such coverage as shall be required by the Board of Directors of the Association, including, but not limited to, hired automobile and non-owner automobile coverage, if applicable, and with cross-liability endorsement to cover liabilities of the Unit Owner as a group to a Unit Owner.
- c. Other Insurance: Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable and as may be required by the Federal and State laws.

Section 3: *Premiums:* Premiums for insurance policies purchased by the Association shall be paid by the Association as a common expense, except that the amount of increase in the premium occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances or of the common elements by a Unit Owner shall be assessed against the Owner. Not less than ten (10) days prior to the date when a premium is due, evidence of such payment shall be furnished by the Association to each mortgagee listed in the roster of mortgagees.

Section 4: *Insurance Trustee:* All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to such bank in Montana with trust powers as may be designated as insurance trustee by the Board of Directors of the Association, which

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trustee is herein referred to as the insurance trustee. The insurance trustee shall not be liable for payment of premiums, nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated in this instrument and for the benefit of the Unit Owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

- a. Unit Owners: An undivided share for each Unit Owner, such share being the same as the undivided share in the common elements appurtenant to his Unit.
- b. Mortgagees: In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the Unit Owner and mortgagee pursuant to the provision of this Declaration.

Section 5: *Distribution of Proceeds:* Proceeds of insurance policies received the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

- a. Miscellaneous: Expenses of administration, the insurance trustee, and construction or remodeling supervision shall be considered as part of the cost of construction, replacement or repair.
- b. Reconstruction or Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed by the Association, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the

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beneficial owners, remittances to Unit Owners and their mortgages being payable jointly to them.

- c. Failure to Reconstruct or Repair: If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall be not reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them.
- d. Certificate: In making distribution to Unit Owners and their mortgagees, the insurance trustee may rely upon a certificate from the Association made by its representative or Manager as to the names of the Unit Owners and their respective shares of the distribution.

Section 6: *Association as Agent:* The Association is irrevocably appointed agent for each Unit Owner and for each Owner of a mortgage or other lien upon a Unit and for each Owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

Section 7: *Benefit to Mortgagees:* Certain provisions in this paragraph entitled “Insurance” are for the benefit of mortgagees or trust indenture beneficiaries of condominium parcels, and all such provisions are covenants for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee or beneficiary.

Section 8: *Reconstruction:*

- a. Repair After Casualty: If any part of the condominium property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:
 - 1. Lesser Damage: If a Unit or Units are found by the Board of Directors of the Association to be tenantable after the casualty, the damaged property shall be repaired.
 - 2. Greater Damage: If a Unit or Units are found by the Board of Directors to be not tenantable after the casualty, the damaged

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property shall be reconstructed or rebuilt.

3. Certificate: The insurance trustee may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.
- b. Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans for specifications and the original improvements, or if not, then according to plans and specifications approved require the approval of seventy-five percent (75%) of the Unit Owners and the eligible holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated is obtain. Any such reconstruction not in accordance with the original plans and specifications must be set forth in an amendment to the Declaration, which amendment shall be prepared and filed of record in accordance with the provisions of such amended filing as more particularly set forth herein
- c. Responsibility: The responsibility for reconstruction or repair after casualty shall be the same as for maintenance and repair of the condominium property, and the Association shall work with the insurance trustee to carry out the provisions of this Article.
- d. Assessments: If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair for which the Association is responsible, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Unit Owners in sufficient amounts to provide funds to the payment of such costs. Such assessments shall be in proportion to the Owner's percentage of interest in the general common elements.
- e. Construction Funds: The funds for payment of costs of reconstruction or

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repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the Association from assessments against Unit Owners, shall be disbursed in the sound discretion of the trustee and according to the contract of reconstruction or repair, which contract must have the approval of the Board and the Unit Owners involved.

- f. Surplus: It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from the insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be paid to the Association for the use and benefit of the Unit Owners.
- g. Limitations in Actions of Unit Owners Association: Except as provided by statute, in case of condemnation or substantial loss to the units and/or common elements of the condominium project, the condominium association is not entitled to take any of the following actions, unless at least two-thirds (2/3) of the first mortgagees or unit owners give their consent:
 - A. Seek to abandon or terminate the condominium project by act or omission.
 - B. Change the pro rate interest or obligations or any condominium unit in order to levy assessments or charges, allocate the distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership or each condominium unit in the common element, except as those modifications are allowed by the expansion provision and removal of commercial-business property set forth herein.
 - C. Partition or subdivide any condominium unit.
 - D. By act of omission seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. The granting of

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easements for public utilities or other public purposes consistent with the intended use of the common elements by the condominium project is not a transfer in the meaning of this clause.

- E. Use hazard insurance proceeds for losses to any condominium property, whether units or common elements, for other than the repair, replacement, or reconstruction of the condominium project.

Section 9: *Termination of Regime - Destruction:* Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the condominium's property must require the approval of seventy-five percent (75%) of the Unit Owners and the eligible holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated.

ARTICLE IX

Section 1: *Removal or Partition-Subdivision:* Grotto Falls Condominiums may only be removed from condominium ownership, and may only be partitioned or sold, upon compliance with each of the conditions hereof:

- a. The Board of Directors of the Association must approve the plans of removal, partition or sale, including the details of now any partition or sale, and the distribution of property or funds, shall be accomplished.
- b. The plan of removal, partition, or sale must be approved as provided in the Montana Unit Ownership Act. If approval for any of the foregoing is not required by the Unit Ownership Act, then approval shall be required from seventy-five percent (75%) of the Owners. Upon obtaining such approval, the Board shall be empowered to implement and carry out the plan of removal, partition or sale.
- c. No Unit may be divided or subdivided into a smaller Unit, nor any portion thereof sold of otherwise transferred, except as provided above.

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- d. This section shall not apply to the sale of individual Units and shall not be considered as a right of first refusal.
- e. The common elements of Grotto Falls Condominiums shall not be abandoned, partitioned, subdivided, encumbered, sold or transferred without compliance with all of the above requirements.

ARTICLE X

Section 1: *Amendments:* These Bylaws may be amended by the Association in a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by a majority of the unit owners and until a copy of the Bylaws, as amended and certified by the presiding officer and Secretary of the Association, is recorded in the office of the Clerk and Recorder of Gallatin County.

Section 2: *Conflicts:* In the event the provisions of these Bylaws conflict with the Montana Unit Ownership Act, or the Declaration of Unit Ownership for Grotto Falls Condominiums, the provisions of the Act and the Declaration shall govern. In the event of a conflict between the Declaration and Act, the provisions of the Act shall govern.

IN WITNESS WHEREOF, the undersigned, execute this instrument as evidence of the adoption of the Bylaws of Grotto Falls Condominium Owners Association, and certifies that the foregoing is a true and correct copy of the Bylaws of Grotto Falls Condominium Owners Association.

By: 
CHAD SACRY

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