

BYLAWS

LAS CAMPANAS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I.

NAME, PRINCIPAL OFFICE, AND DEFINITIONS

1.1 The name of the corporation is LAS CAMPANAS HOMEOWNERS' ASSOCIATION, INC. (the "Association").

1.2 Principal Office: The principal office of the Association shall be located in Gallatin County, Montana. The Association may have such other offices, either within or outside the state of Montana, as the Board of Directors may determine or as the affairs of the Association may require.

1.3 Definitions: The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Declaration of Covenants, Conditions, and Restrictions for Las Campanas filed in the real estate records of Gallatin County, Montana, as it may be amended (the "Declaration"), unless the context indicates otherwise.

ARTICLE II.

MEMBERSHIP, MEETINGS, QUORUM, VOTING, and PROXIES

2.1 Membership: The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2 Place of Meetings: Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Voting Members as the Board may designate, either within the Properties or as convenient as possible and practical.

2.3 Annual Meetings: The first meeting of the Association's Voting Members shall be held within ninety days after the sooner to occur of the date when the Association has 150 units sold and occupied by residents other than Builders or sooner if Declarant elects ("The First Meeting Date"). Regular annual meetings shall be set by the Board so as to occur during the third quarter of the Association's fiscal year on a date and at a time set by the Board.

2.4 Special Meetings: The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting, if so directed by resolution of the Board or upon a petition signed by Voting Members representing at least ten percent (10%) of the total Class "A" votes of the Association.

2.5 Notice of Meetings: Written or printed notice stating the place, day and hour of any meeting of the Voting Members shall be delivered, either personally, by electronic means (fax, e-mail, etc.), or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

(a) In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

(b) If mailed, the notice of a meeting shall be deemed to be delivered three days after it is deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage prepaid.

2.6 Waiver of Notice: Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed a waiver by such Voting Member of notice of the time, date and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7 Adjournment of Meetings: If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting may adjourn the meeting to a time no less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Member(s) present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8 Voting: The voting rights of the Members shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions are specifically incorporated by this reference.

2.9 Proxies. A vote may be cast in person or by proxy, subject to the limitations of Montana law relating to use of proxies and subject to any specific provision to the contrary in the Declaration or these Bylaws. Every proxy shall be in writing specifying the lot for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any lot for which it was given, upon receipt by the Secretary of written notice of revocation of the proxy or upon the death or judicially declared incompetence of a Member who is a natural person. No proxy shall in any event be valid for a period in excess of one hundred eighty (180) days after the execution thereof.

2.10 Majority: As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

2.11 Quorum: Except as otherwise provided in these Bylaws or in the Declaration, the presence of Voting Members representing twenty percent (20%) of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association.

2.12 Conduct of Meetings: The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings. In the absence of specific rules to the contrary, meetings are to be governed and conducted according to the latest edition of *Robert's Rules of Order Revised* however, failure to follow *Robert's Rules of Order Revised* shall not invalidate any actions taken. 2.13 Action Without a Meeting: Any action required or permitted by law to be taken at a meeting of the Voting Members may be taken without a meeting, without prior notice: and without a vote if written consent specifically authorizing the proposed action is signed by all Voting Members entitled to vote on such matter.

ARTICLE III.

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

3.1 Governing Body Composition: The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or residents; provided, however, no two owners and residents representing the same lot may serve on the Board at the same time. A "resident" shall be any natural person eighteen (18) years of age or older whose principal residence is a Lot located within the Property annexed by the Association. In the case of a Member which is not a natural person, any officer, director, partner or trust officer of such Member shall not be eligible to serve as a director. No Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2 Number of Directors: The Board shall consist of three (3) to five (5) directors, as provided in Sections 3.3 and 3.5 below. The initial Board shall consist of three (3) directors as identified in the Articles of Incorporation.

3.3 Directors during the Class "B" Control Period: Subject to the provisions of Section 3.5, the Class "B" directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following (the "Class "B" Control Period):

(a) when 150 units have been conveyed and occupied by residents, other than Builders; or

(b) when, in its discretion, the Class "B" Member determines it no longer desires to select and/or control the Class "B" directors.

Thirty (30) days after the first of the preceding occurs, the Class "B" Control Period shall end.

3.4 Nomination and Election Procedures:

(a) Nomination of Directors: At the first meeting of the Members after the termination of the Class "B" Membership, and at all subsequent annual meetings, one (1) member of the Board shall be elected to serve a one (1) year term. The remaining Members of the Board shall be elected for two (2) year terms and all subsequent elections for membership to the Board shall be for two (2) year terms. Their terms of office shall begin immediately after election. Two members from the same household cannot serve on the Board concurrently. Except with respect to directors selected by the Class "B" Member during the Class "B" Control Period, nominations for persons qualified to be members of the Board of Directors may be submitted from the floor at any meeting at which an election is to be held to fill a vacancy on the Board of Directors.

Nominations may also be made by petition or by a nominating committee appointed by the Board.

(b) Election Procedures: Each Class "A" Member may cast all votes assigned to the Lot(s) which it owns for each position to be filled from the list of candidates on which such Class "A" Member is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

3.5 Election and Term of Office: Notwithstanding any other provision of these Bylaws, during the Class "B" Control Period, the Board shall consist of three (3) directors, all appointed by the Class "B" Member. These directors' terms shall be for as long as the Class "B" Control Period continues, and the Class "B" Member shall have the right to change directors at any time during the Class "B" Control Period. Within 30 days after the Class "B" Control Period ends, the Board shall be increased to five (5) directors, all of whom shall be elected by the Class "A" Members pursuant to the Nomination and Election procedures defined herein. The Class "B" Member shall call for an election by which the Class "A" Members shall elect the five (5) directors and appoint officers. Those five (5) directors shall serve two- (2)-year terms.

The two Directors receiving the first and second highest number of votes at the first annual meeting shall be elected for terms of two (2) years, and the Director receiving the third highest number of votes shall be elected for a term of one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expirations of the terms of past Directors. Following the first annual meeting, after the termination of Class B Members, the term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be for two (2) years. The term of office of each Director elected to fill a vacancy created by resignation, death or removal of his predecessor shall be the balance of the unexpired term of his predecessor.

3.6 Removal of Directors and Vacancies: Except during the Class "B" Control Period, any director elected by the Voting Members may be removed, with or without cause, by a two-thirds (2/3) vote of the Voting Members. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any Class "A" director elected by the voting Members who has three (3) consecutive unexcused absences from Board meetings, or who is not in good standing as defined in the Declaration, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such directorship may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class "B" Member or to any director serving as a representative of the Declarant. The Class "B" Member or the Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by or elected as a representative of the Class "B" Member or the Declarant.

3.7 Organizational Meetings: The organizational meeting of the Board shall be held within thirty (30) days following the adjournment of the annual meeting of the Members. No notice shall be required for this meeting

3.8 Regular Meeting: Regular meetings of the Board may be held at such time and place as a majority of the directors shall determine, but at least two (2) such meetings shall be held at least once every six (6) months during the fiscal year. Notice of the time and place of a regular meeting shall be communicated to directors or Voting Members not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting .

3.9 Special Meetings: Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director and at the discretion of the President, Vice President, or directors calling the meeting to the Voting Members by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by electronic means of notification, such as e-mail or fax. All such notices shall be given at the director's or Voting Member's telephone number or sent to the director's or Voting Member's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) business days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic transmission, shall be delivered, transmitted, or telephoned at least seventy-two (72) hours before the time set for the meeting.

3.10 Waiver of Notice: The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed

given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11 Telephonic or Electronic Participation in Meetings: Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone, electronic, or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12 Quorum of Board of Directors: At all meetings of the Board, unless otherwise provided in these Bylaws, a majority of the directors present shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

3.13 Compensation: Directors shall not receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for reasonable expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than; as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.14 Conduct of Meetings: The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings. In the absence of specific rules to the contrary, meetings are to be governed and conducted according to the latest edition of *Robert's Rules of Order Revised* however failure to follow *Robert's Rules of Order Revised* shall not invalidate any action taken.

3.15 Open Meetings: Subject to the provision of Section 3.16, all meetings of the board shall be open to all Voting Members and, if required by law, all Owners, but attendees other than directors may not participate in any discussion or deliberation

unless permission to speak is given on their behalf by a director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any meeting of the board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16 Action Without a Formal Meeting: Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

3.17 Powers: The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done all acts and things that the Governing Documents or Montana laws do not direct to be done and exercised exclusively by the Voting Members of the membership generally.

3.18 Duties: The duties of the Board shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;

(b) levying and collecting such assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Common Areas as defined in the Declaration;

(d) designating, hiring and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Association in a bank depository that it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending the Restrictions in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action;

(j) obtaining insurance as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a lot, any Owner, and the holders, insurers, and guarantors of any Mortgage on a lot, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties; and indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required or permitted by Montana law, the Articles of Incorporation or the Declaration;

3.19 Management: The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy making authority or those duties set forth in Section 3.18.A, 3.18.B, 3.18.F, 3.18.G and 3.18.1. The Declarant or an affiliate of the Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

3.20 Accounts and Report: The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) cash accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise (anything of value received shall benefit the Association);

(e) any financial or other interest that the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) commencing at the end of the quarter in which the first assessments are levied financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 30th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be made available, upon written request, to each Member within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on a reviewed or compiled basis as the Board determines, by an independent public accountant.

3.21 Borrowing: The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous twelve (12) month period, exceeds or would exceed one hundred percent (100%) of the budgeted gross expenses of the Association for that fiscal year. During the Class "B" Control Period, no mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing more than fifty percent (50%) of the total Class "A" votes in the Association.

3.22 Right to Contract: The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Subdivision and other owners of residents associations, within and outside the Properties, provided, any common management agreement shall require the consent of a majority of the total number of directors of the Association.

3.23 Enforcement: In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonably monetary fines, which shall constitute a lien upon the Lot of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Governing Documents. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest or invitee of a Lot violates the Governing Documents and a fine is imposed, the fine shall be imposed against the lot Owner, who shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws or any rule shall not be deemed a waiver of the right of the board to do so thereafter.

(a) Notice: Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 14 days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within fourteen (14) days of the Notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided the Board or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the fourteen (14) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing: If a hearing is requested within the allotted fourteen (14) day period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal: Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, a written notice of appeal must be received by the Manager, President, or Secretary of the Association within fifteen (15) days after the hearing date.

(d) Additional Enforcement Rights: Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these Bylaws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in Article XIX of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a lot for purposes of exercising this power of self-help shall not be deemed as trespass.

ARTICLE IV.

OFFICERS

4.1 Officers: The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, and the officers shall be elected from among the members of the Board; Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Election and Term of Office: The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Voting Members, to serve until their successors are elected.

4.3 Removal and Vacancies: The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4 Powers and Duties: The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5 Resignation: Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6 Compensation: Compensation of officers shall be subject to the same limitation as compensation of directors under Section 3.13.

ARTICLE V.

COMMITTEES

5.1 General: The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2 Covenants Committee: In addition to any other committees which the Board may establish pursuant to Section 5: 1, the Board may appoint a Covenants Committee consisting of at least three (3) and no more than seven (7) Members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.23 of these Bylaws.

5.3 Subdivision Committees: In addition to any other committees appointed as provided above, each Subdivision may elect a Subdivision Committee to determine the nature and extent of services, if any, to be provided to the Subdivision by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Subdivision Committee may advise the Board on any other issue, but shall not have the authority to bind the Board. Such Subdivision Committees, if elected, shall consist of three (3) to five (5) Members, as determined by the vote of more than twenty (20%) of the Owners of lots within the Subdivision .

Subdivision Committee members shall be elected for a term of one (1) year or until their successors are elected. Any director elected to the Board from a Subdivision shall be an ex-officio member of the Subdivision Committee. The Voting Member representing such

Subdivision shall be the chairperson of the Subdivision Committee, shall preside at its meetings, and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Subdivision Committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.8, 3.9, 3.10, and 3.11. Meetings of a Subdivision Committee shall be open to all Owners of lots in the Subdivision and their representatives. Members of a Subdivision Committee may act by unanimous written consent in lieu of a meeting.

ARTICLE VI.

MISCELLANEOUS

6.1 Fiscal Year: The fiscal year of the Association shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2 Parliamentary Rules: Except as may be modified by Board resolution, *Robert's Rules of Order Revised* shall govern the conduct of Association proceedings when not in conflict with Montana law, the Articles of Incorporation, the Declaration, or these Bylaws. However, failure to follow *Robert's Rules of Order Revised* shall not invalidate any action taken.

6.3 Conflicts: If there are conflicts between the provisions of Montana law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Montana law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

6.4 Books and Records:

(a) Inspection by Members and Mortgagees: The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first mortgage on a lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a lot: the Declaration, Bylaws, and Articles of Incorporation, including any amendments, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

(b) Rules for Inspection: The Board shall establish rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing documents requested.

(c) Inspection by Directors: Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

6.5 Notices: Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements, or other communications under the declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid or by electronic communication:

(a) if to a Member or Voting Member, at the postal or electronic address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the postal or electronic address of the lot of such Member or Voting Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6 Amendment:

(a) By Class "B" Member. Prior to the conveyance of the first lot by Declarant to a Person other than a Builder, the Class "B" Member may unilaterally amend these Bylaws. After such conveyance, the Class "B" Member may unilaterally amend these Bylaws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the lots; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make purchase, insure or guarantee mortgage loans on the lots; provided, however, any such amendment shall not adversely affect the title to any lot unless the Owner shall consent thereto in writing. So long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these Bylaws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member. So long as the Class "B" Membership exists, and VA is guaranteeing or HUD is insuring a mortgage on any lot within the Properties, VA and HUD shall have the right to veto any amendment to these Bylaws.

(b) By Members Generally: Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing more than fifty percent (50%) of the total Class "A" votes

in the Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments: Amendments to these Bylaws shall become effective upon filing, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

No amendment may remove, revoke, or modify any right or privilege of the Declarant or the Class "B" Member without the written consent of the Declarant, the Class "B" Member, or the assignee of such right or Privilege.

"Secretary"