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BYLAWS

OF

TWIN KNOB RANCHES and NUGGET BENCH WATER USERS' ASSOCIATION

ARTICLE I

NAME

The following shall prevail throughout these Bylaws in the interpretation thereof unless specific provisions direct otherwise:

TWIN KNOB RANCHES and NUGGET BENCH WATER USERS' ASSOCIATION is the organization which is to be governed by and which is empowered to act in accordance with these Bylaws. Hereinafter said corporation shall be referred to as the "Association."

ARTICLE II

ADDRESS

The address of the initial principal office of the Association shall be: 4242 E. Southcross Blvd., Suite 1, San Antonio, TX 78222-3728.

ARTICLE III

POWERS

The Association shall have all the powers of a water users' association created in Montana pursuant to applicable Montana law. The purposes of the Association are those set forth herein and in the TWIN KNOB RANCHES and NUGGET BENCH Water Use Agreement.

ARTICLE IV

MEMBERSHIP INTEREST

Every person, group of persons, partnership, corporation, or association who is a fee owner of real property within the boundaries of the area described below in Madison County, Montana, shall be a member of the Association.

West ½ of Section 16, T4S, R1W, excluding Tract 1 as shown on Certificate of Survey filed in Book 7 of Surveys, page 1779-BA, records of Madison County, Montana; and the NW ¼ of Section 21, T4S, R1W, P.M.M., Madison County, Montana.

By this provision, each lot, tract and parcel contained within the area described above shall entitle the owner to one membership interest in the Association. Said lot, tract and parcel shall be defined as the segregation of one or more parcel(s) from a larger tract by transferring the title to or possession of a portion of the tract or properly filing a certificate of survey establishing the identity of the segregated parcel(s) pursuant to Montana law. An existing tract of record or a previous division of land is a lot, tract, or parcel for the purpose of these Bylaws.

Multiple owners of a single parcel of real property would have collectively one such membership or voting interest. If more than one lot, parcel, or tract is owned, the owner or owners thereof would have one membership pr voting it interest for each separate parcel of real property.

Membership interest shall run with the land so that said interest is an incident to ownership beginning when ownership rights are acquired and terminating when such rights are divested. Accordingly, no membership shall be expelled, nor shall he be permitted to withdraw or resign, while possessing a membership interest.

ARTICLE V

MEETINGS

There shall be an annual meeting of the membership. The date, hour and place of such meeting shall be contained in the notice of meetings as hereinafter described and may be combined with the Annual Meeting of the Homeowners' Association, if any. The annual meeting shall be the time for the conduct of any and all legitimate business of the Association, including election of directors and presentation of reports. Voting at all meetings shall be in the manner prescribed in these Bylaws.

Special meetings may be called at any time upon the initiative of the Board of Directors. A special meeting must be called when a Petition signed by fifty percent (50%) of the membership interest outstanding and eligible to vote at the time has been presented to any member of the Board of Directors. Such special meeting shall be called as soon as practicable after receipt of said Petition. Notice of any such special meeting shall state the hour, date and place of the meeting and shall further precisely state the reasons for such meeting, and said special meeting held shall be strictly confined to the matters set forth in the notice unless seventy-five percent (75%) of the said membership interest present agree otherwise.

All meetings both annual and special shall be presided over by the Chairman of the Board of Directors or his or her appointed representative.

Any meeting may be adjourned by the Board of Directors at their discretion, but any meeting adjourned before all its business is disposed of shall be reconvened within thirty (30) days of such adjournment upon due notice given.

Resolutions as hereinafter described may be introduced by any member at any annual meeting provided such resolution in written form is presented to the Secretary of the Board no later than ten (10) days prior to the date of such meeting.

Written notice of all meetings, annual and special, shall be mailed to every member of record no later than ten (10) days and not more than fifty (50) days before the date of the meeting. It shall be the duty of each member to advise the Association of his or her current address. In the absence of such notice, the member's address shall be the address of record with the Madison County Assessor's office.

ARTICLE VI

VOTING

Each membership interest as defined in Article IV of these Bylaws shall have one (1) vote on all matters to come before the Association meeting. Voting of such interest shall be in the manner provided by the Board of Directors and in these Bylaws. Cumulative voting shall be provided for election or removal of the Board of Directors. Voting may be in person or by proxy.

ARTICLE VII

RESOLUTIONS

All matters that are the business and concern of the Association shall be presented to the Association and meetings of the Association in the form of resolutions directed to the Board of Directors. Such resolutions as are passed by over fifty percent (50%) of the said membership interest of record and eligible to vote shall be binding on the Board of Directors. Such binding resolution shall have the effect of compelling the Board of Directors to take positive action in response to the general inclination of the resolution. However, the scope, extent and specific character of all such action shall be within the final discretion of the Board of Directors.

ARTICLE VIII

POWERS AND DUTIES OF BOARD

The Board of Directors shall have the following powers and duties:

- A. To enter into contracts and agreements as are necessary to effect the business of the Association.
- B. To provide for the use, allocation and maintenance of all water, water rights, water systems and delivery ditches and devices serving the subject properties.
- C. To make and establish rules and regulations for the governance of all water systems and water delivery ditches and devices serving the subject properties,

and the performing of such functions, the taking of such action and operating in such areas as are within the jurisdiction of the Association, as above.

- D. To make assessments as described in these Bylaws.
- E. To make necessary and appropriate action to collect assessments from members, including the filing of liens and prosecution of foreclosures as provided in these Bylaws.
- F. To call meetings of the Association, both annual and special, and to preside over such meetings and to give appropriate notice of such meetings as required by these Bylaws.
- G. To formulate and introduce resolutions at the meetings of the Association.
- H. To hold meetings of the Board of Directors as are necessary to conduct Association affairs.
- I. To exercise ultimate decisional power in and on all matters affecting the Association.
- J. To pay the expenses of the Association, including all taxes or assessments and to contract and pay for such insurance as may be necessary in the best interests of the Association, and to provide for the use and disposition of the insurance proceeds in the event of loss or damage.
- K. To fill vacancies on the Board by agreement of the two remaining members; should the vacancy not, however, be filled by the Board, it may be filled by an election at an annual or special meeting wherein each membership interest shall have one (1) vote.
- L. To maintain lists of members.
- M. To keep records in a good and businesslike manner of all assessments made, all expenditures, and the status of each member's payments of assessments; and to make such records accessible at reasonable times to all members.
- N. To promote, conserve and preserve the premises.
- O. To do any and all things necessary to carry into effect these Bylaws and to implement the purposes as stated herein and in the Twin Knob Ranches and Nugget Bench Water Use Agreement.
- P. To deal with agencies, officers, boards, commissions, departments and bureaus or other governmental bodies in a federal, state, county and local basis to carry out the above powers, duties and responsibilities.

- Q. To establish accounts for operating and/or development funds as set out in these Bylaws.
- R. To select a chairman of the Board of Directors.

ARTICLE IX

ASSESSMENTS

The Association, acting through the Board of Directors, shall have the power to levy assessments on its members. The assessments levied by the Association shall be used exclusively for the use, allocation and maintenance of all water, water rights, water systems and water delivery ditches and devices serving the subject properties.

The annual assessments provided for herein shall commence as to all lots subject to assessment on the 1st day of the month following the conveyance of the first lot by the incorporation to any third party or entity.

Assessments shall be made on an annual basis on the 1st day of January to and including the 31st day of December of each year and notice thereof shall be mailed by the Secretary of the Board to each member at his or her address of records.

All assessments become due ten (10) days after the date of mailing and must be paid within thirty (30) days of said due date, after which they will become delinquent. The Board shall have authority to impose reasonable interest charges and penalties on amounts which are overdue. Any assessment not paid within thirty (30) days as set forth above shall bear interest at the maximum amount allowed by law. The Association may bring an action against the owner personally obligated to pay the assessment, or foreclose a lien against the property. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use or abandonment of his lot.

All assessments shall be based upon the total number of lots, tracts and parcels within the boundaries of lands described above, at the time of such assessment. The assessments must be made on a prorate basis equally against all of said lots, tracts and parcels, including those owned by the developer.

ARTICLE X

BUDGETS

On or before the 15th day of December of each year, the Board shall prepare and mail to each member a budget for the assessments for the forthcoming calendar year. The budget shall be divided by the total number of lots, tracts and parcels in the subdivisions at the time, and assessments shall be made against each membership interest on the basis of such division. The Board shall cause a copy of an operating statement to simultaneously be prepared showing

income and disbursements for the preceding fiscal year, which statement shall be mailed to each member within thirty (30) days at the end of the fiscal year.

ARTICLE XI

LIENS FOR ASSESSMENTS AND FORECLOSURES

All sums assessed, but unpaid for either capital or operating assessments, shall constitute a lien against any lot, tract or parcel where the said assessment remains unpaid after three (3) months following the date when the same became delinquent, as set forth in paragraph IX above. Such lien shall be superior to all other liens and encumbrances, except for tax and special assessment liens placed by a statutory authority, other statutory liens, and the lien of any first mortgage or a first trust indenture of record.

To evidence such liens, the Association shall prepare a written notice of lien assessment, setting forth the amount of such unpaid indebtedness, the amount of the accrued interest, the late charges thereon, the name of the owner of the lot, tract or parcel and a description of the parcel of real property. Such notice shall be signed and verified by the Chairman of the Board of Directors and shall be recorded in the office of the County Clerk and Recorder. Such lien shall attach from the date of the recording of such notice. Such lien may be enforced by the foreclosure of the defaulting membership interest by the Association in like manner as a mortgage on real property as otherwise provided by law upon the recording of a notice or claim thereof. In any such proceedings, the owner may be required to pay the costs, expenses and attorney's fees incurred for filing a lien, and, in the event of foreclosure proceedings, additional costs, all expenses and reasonable attorney's fees incurred.

ARTICLE XII

QUORUM

Meetings of the Association shall be convened at the time and place contained in the notice of such meeting only if a quorum of the membership interest is present either in person or by proxy. A quorum shall consist of thirty percent (30%) of the total membership interest of the Association qualified and eligible to vote at the time. Any membership interest may be represented by the owner thereof or by his agent who has written authority to so act.

ARTICLE XIII

VOTING INTEREST

Whenever any lot, tract, or parcel is owned or leased by two or more persons or by an entity, such person or persons or entity must, prior to a meeting where voting may be allowed, among and between themselves determine who is entitled to vote the membership interest and in what manner it shall be voted. If, in the judgment of the Board, a bona fide and irreconcilable

dispute arises as to the voting or right to vote a membership interest, such interest may be declared to be a dispute and for the time such interest is in dispute, it shall have no voting rights.

ARTICLE XIV

SECRETARY

The Secretary of the Board of Directors shall maintain a record of all membership interests in the Association. In order to make a determination of membership interest for any purpose stated in these Bylaws or the laws of the State of Montana, the Board may order the record closed for a stated period of time. Notice of assessments and liability for assessments shall be in the name of the registered owner on the membership list at the time assessments are declared by the Board.

ARTICLE XV

BOARD MEMBERS

The Board of Directors shall be three (3) persons. Said Board of Directors shall be appointed at the first meeting of the Association.

At such time as the Board in its discretion believes it to be in the best interest of the Association, it may increase the Board upon resolution.

Members of the Board and their agents acting in good faith on behalf of the Association:

(1) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith;

(2) shall have no personal liability in contract to an Owner or any other person or entity under the agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such;

(3) shall have no personal liability in tort to any Owner or any person or entity, except for their own willful misconduct or bad faith;

(4) shall have no personal liability arising out of the use, misuse or condition of the subject property which might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as such.

ARTICLE XVI

TERMS AND REPLACEMENT

The terms of office for members of the Board shall be two (2) years. Positions on the Board of Directors shall be filled in the manner hereinafter described. At the first annual meeting of the Association, the members shall elect by majority vote the members of the initial Board. Immediately following such tri-annual meeting of the Board of Directors, the members by majority vote shall elect a new Board of Directors, as provided in Article VI above, cumulative voting being allowed.

Any vacancy created by resignation shall be filled immediately by appointment by the remaining Board members. Such appointment must be approved by a majority of the members of the Association at the next meeting of the Association, whether general or special. If the appointment is not approved, then the members shall fill the vacancy by a majority vote. At any time and for any such reason that a vacancy occurs on the Board and an agreement cannot be reached on a successor, then such vacancy shall be filled by the membership interest at large at a special meeting held for that purpose. At such election, any membership interest may nominate candidates from the floor and voting shall be by ballot and each membership interest shall have one (1) vote. The person receiving the highest number of votes shall be deemed to be elected to the vacant position on the Board of Directors.

At any meeting, whether general or special, any or all of the members of the Board may be removed and replacements elected upon a majority vote of the total membership interests outstanding and eligible to vote at that time.

ARTICLE XVII

COMMITTEES

Pursuant to the Title 35, Chapter 2, M.C.A. and subject to the restrictions stated therein the Board may appoint committees to act for the Board and to exercise the authority of the Board on matters referred to them by the Board. Such committees may be dissolved at any time by the Board of Directors.

ARTICLE XVIII

INSURANCE

The Board may purchase insurance policies to protect the property of the Association against casualty loss and to protect the Association and the Board members, when acting in their official capacity, from liability. The extent and specific nature of coverage shall be determined by the Board.

ARTICLE XIX

OFFICERS

The Board of Directors shall appoint a Secretary for the Association. The Board of Directors may, as its discretion, appoint additional officers to generally supervise and control the business of this corporation and delegate certain powers, duties and responsibilities to such officers. The manner of selection, the qualifications, salaries, the terms of office, the method of removal, the scope of duties and responsibilities, and the number of such officers shall be determined by the Board of Directors.

ARTICLE XX

COMPENSATION

Board members shall be reimbursed for any out-of-pocket expenses incurred while acting on their official capacity and may be entitled to a nominal fee for their services as members of the Board of Directors.

ARTICLE XXI

SEVERABILITY

A determination of invalidity of any one or more of the provisions or conditions hereof by judgment, order, or decree of a court shall not affect in any manner the other provisions hereof, which shall remain in full force and effect.

ARTICLE XXII

INTERPRETATION AND AMENDMENT

The Board of Directors shall have the power to interpret all the provisions of these Bylaws and such interpretation shall be binding on all persons. These Bylaws may be amended from time to time, upon notice, whenever at least fifty-one (51%) of the membership interests shall have voted in favor of such amendment. Any amendments must not violate the terms of, or be inconsistent with, the Twin Knob Ranches and Nugget Bench Road Maintenance Agreement.

THESE BYLAWS were adopted by the Board of Directors for Twin Knob Ranches and Nugget Bench, on the 2 day of May, 2008.

Morris E. Franklin Jr.
Name Printed: MORRIS E. FRANKLIN JR.
MORRIS E. FRANKLIN
OWNER, TWIN KNOB

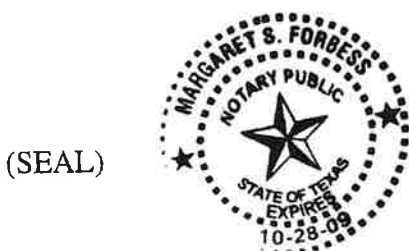
Javier De La Garza
Name Printed: JAVIER DELAGARZA
JAVIER DELAGARZA
OWNER, TWIN KNOB

Name Printed: _____

Morris E. Franklin Jr.
Name Printed: Morris E. Franklin, Jr.

STATE OF ~~MONTANA~~ ^{TEXAS})
) ss.
County of Bexar)

On this 8th day of April, 2008, before me, a Notary Public for the State of Montana, personally appeared Morris E. Franklin Jr. known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Road Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.

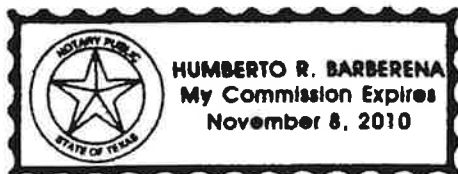


Margaret S. Forbess
Notary Name Printed: Margaret S. Forbess
Notary Public for the State of ~~Montana~~ ^{Texas}
Residing at: San Antonio, Bexar County
My Commission expires: 10-28-09

STATE OF ~~MONTANA~~ ^{Texas})
) ss.
County of Adalgo)

On this 15 day of April, 2008, before me, a Notary Public for the State of Montana, personally appeared Javier R. De la Garza, known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Road Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.

(SEAL)



Humberto Barberena
Notary Name Printed: Humberto Barberena
Notary Public for the State of ~~Montana~~ ^{Texas}
Residing at: McAllen, Tx 78501
My Commission expires: November 8, 2010

NUGGET
BENCH

Owner

Thomas A. Butler

THOMAS A. BUTLER

Owner

Tyler Kelly

TYLER KELLY

STATE OF MONTANA

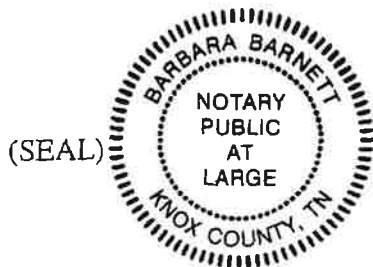
) Tennessee

) ss.

County of Knox

)

On this 2 day of May, 2008, before me, a Notary Public for the State of ~~Montana~~ Tennessee, personally appeared Thomas A. Butler, known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Road Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.



Barbara Barnett

Notary Name Printed: Barbara Barnett

Notary Public for the State of ~~Montana~~ Tennessee

Residing at: 7709 S Northshore Dr Knoxville

My Commission expires: Sept 4, 2011

STATE OF MONTANA

)

) ss.

County of _____

)

On this _____ day of _____, 2008, before me, a Notary Public for the State of Montana, personally appeared _____, known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Road Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.

(SEAL)

Notary Name Printed: _____

Notary Public for the State of Montana

Residing at: _____

My Commission expires: _____

RECORDER'S NOTE:

TYLER KELLY'S SIGNATURE IS NOT NOTARIZED

pm
pm

BYLAWS

OF

TWIN KNOB RANCHES and NUGGET BENCH ROAD USERS' ASSOCIATION

ARTICLE I

NAME

The following shall prevail throughout these Bylaws in the interpretation thereof unless specific provisions direct otherwise:

TWIN KNOB RANCHES and NUGGET BENCH ROAD USERS' ASSOCIATION is the organization which is to be governed by and which is empowered to act in accordance with these Bylaws. Hereinafter said corporation shall be referred to as the "Association."

ARTICLE II

ADDRESS

The address of the initial principal office of the Association shall be: 4242 E. Southcross Blvd., Ste. 1, San Antonio, TX 78222-3728.

ARTICLE III

POWERS

The Association shall have all the powers of a road users' association created in Montana pursuant to applicable Montana law. The purposes of the Association are those set forth herein and in the TWIN KNOB RANCHES and NUGGET BENCH Road Maintenance Agreement.

ARTICLE IV

MEMBERSHIP INTEREST

Every person, group of persons, partnership, corporation, or association who is a fee owner of real property within the boundaries of the area described below in Madison County, Montana, shall be a member of the Association.

West ½ of Section 16, T4S, R1W, excluding Tract 1 as shown on Certificate of Survey filed in Book 7 of Surveys, page 1779-BA, records of Madison County, Montana; and the NW ¼ of Section 21, T4S, R1W, P.M.M., Madison County, Montana.

By this provision, each lot, tract and parcel contained within the area described above shall entitle the owner to one membership interest in the Association. Said lot, tract and parcel shall be defined as the segregation of one or more parcel(s) from a larger tract by transferring the title to or possession of a portion of the tract or properly filing a certificate of survey establishing the identity of the segregated parcel(s) pursuant to Montana law. An existing tract of record or a previous division of land is a lot, tract, or parcel for the purpose of these Bylaws.

Multiple owners of a single parcel of real property would have collectively one such membership or voting interest. If more than one lot, parcel, or tract is owned, the owner or owners thereof would have one membership pr voting it interest for each separate parcel of real property.

Membership interest shall run with the land so that said interest is an incident to ownership beginning when ownership rights are acquired and terminating when such rights are divested. Accordingly, no membership shall be expelled, nor shall he be permitted to withdraw or resign, while possessing a membership interest.

ARTICLE V

MEETINGS

There shall be an annual meeting of the membership. The date, hour and place of such meeting shall be contained in the notice of meetings as hereinafter described and may be combined with the Annual Meeting of the Homeowners' Association, if any. The annual meeting shall be the time for the conduct of any and all legitimate business of the Association, including election of directors and presentation of reports. Voting at all meetings shall be in the manner prescribed in these Bylaws.

Special meetings may be called at any time upon the initiative of the Board of Directors. A special meeting must be called when a Petition signed by fifty percent (50%) of the membership interest outstanding and eligible to vote at the time has been presented to any member of the Board of Directors. Such special meeting shall be called as soon as practicable after receipt of said Petition. Notice of any such special meeting shall state the hour, date and place of the meeting and shall further precisely state the reasons for such meeting, and said special meeting held shall be strictly confined to the matters set forth in the notice unless seventy-five percent (75%) of the said membership interest present agree otherwise.

All meetings both annual and special shall be presided over by the Chairman of the Board of Directors or his or her appointed representative.

Any meeting may be adjourned by the Board of Directors at their discretion, but any meeting adjourned before all its business is disposed of shall be reconvened within thirty (30) days of such adjournment upon due notice given.

Resolutions as hereinafter described may be introduced by any member at any annual meeting provided such resolution in written form is presented to the Secretary of the Board no later than ten (10) days prior to the date of such meeting.

Written notice of all meetings, annual and special, shall be mailed to every member of record no later than ten (10) days and not more than fifty (50) days before the date of the meeting. It shall be the duty of each member to advise the Association of his or her current address. In the absence of such notice, the member's address shall be the address of record with the Madison County Assessor's office.

ARTICLE VI

VOTING

Each membership interest as defined in Article IV of these Bylaws shall have one (1) vote on all matters to come before the Association meeting. Voting of such interest shall be in the manner provided by the Board of Directors and in these Bylaws. Cumulative voting shall be provided for election or removal of the Board of Directors. Voting may be in person or by proxy.

ARTICLE VII

RESOLUTIONS

All matters that are the business and concern of the Association shall be presented to the Association and meetings of the Association in the form of resolutions directed to the Board of Directors. Such resolutions as are passed by over fifty percent (50%) of the said membership interest of record and eligible to vote shall be binding on the Board of Directors. Such binding resolution shall have the effect of compelling the Board of Directors to take positive action in response to the general inclination of the resolution. However, the scope, extent and specific character of all such action shall be within the final discretion of the Board of Directors.

ARTICLE VIII

POWERS AND DUTIES OF BOARD

The Board of Directors shall have the following powers and duties:

- A. To enter into contracts and agreements as are necessary to effect the business of the Association.
- B. To provide for the maintenance, weed control, dust control, snow removal, surfacing, reconstruction and fire protection of the Rights of Way and/or Easements appurtenant to the subject properties.

- C. To make and establish rules and regulations for the governance of the Rights of Way and/or Easements and the performing of such functions, the taking of such action and operating in such areas as are within the jurisdiction of the Association, as above.
- D. To make assessments as described in these Bylaws.
- E. To make necessary and appropriate action to collect assessments from members, including the filing of liens and prosecution of foreclosures as provided in these Bylaws.
- F. To call meetings of the Association, both annual and special, and to preside over such meetings and to give appropriate notice of such meetings as required by these Bylaws.
- G. To formulate and introduce resolutions at the meetings of the Association.
- H. To hold meetings of the Board of Directors as are necessary to conduct Association affairs.
- I. To exercise ultimate decisional power in and on all matters affecting the Association.
- J. To pay the expenses of the Association, including all taxes or assessments and to contract and pay for such insurance as may be necessary in the best interests of the Association, and to provide for the use and disposition of the insurance proceeds in the event of loss or damage.
- K. To fill vacancies on the Board by agreement of the two remaining members; should the vacancy not, however, be filled by the Board, it may be filled by an election at an annual or special meeting wherein each membership interest shall have one (1) vote.
- L. To maintain lists of members.
- M. To keep records in a good and businesslike manner of all assessments made, all expenditures, and the status of each member's payments of assessments; and to make such records accessible at reasonable times to all members.
- N. To promote, conserve and preserve the premises.
- O. To do any and all things necessary to carry into effect these Bylaws and to implement the purposes as stated herein and in the Twin Knob Ranches and Nugget Bench Road Users' Association.

- P. To deal with agencies, officers, boards, commissions, departments and bureaus or other governmental bodies in a federal, state, county and local basis to carry out the above powers, duties and responsibilities.
- Q. To establish accounts for operating and/or development funds as set out in these Bylaws.
- R. To select a chairman of the Board of Directors.

ARTICLE IX

ASSESSMENTS

The Association, acting through the Board of Directors, shall have the power to levy assessments on its members. The assessments levied by the Association shall be used exclusively for the maintenance, weed control, dust control, snow removal, surfacing, reconstruction and fire protection of the Rights of Way and/or Easements appurtenant to the subject properties.

The annual assessments provided for herein shall commence as to all lots subject to assessment on the 1st day of the month following the conveyance of the first lot by the incorporation to any third party or entity.

Assessments shall be made on an annual basis on the 1st day of January to and including the 31st day of December of each year and notice thereof shall be mailed by the Secretary of the Board to each member at his or her address of records.

All assessments become due ten (10) days after the date of mailing and must be paid within thirty (30) days of said due date, after which they will become delinquent. The Board shall have authority to impose reasonable interest charges and penalties on amounts which are overdue. Any assessment not paid within thirty (30) days as set forth above shall bear interest at the maximum amount allowed by law. The Association may bring an action against the owner personally obligated to pay the assessment, or foreclose a lien against the property. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use or abandonment of his lot.

All assessments shall be based upon the total number of lots, tracts and parcels within the boundaries of lands described above, at the time of such assessment. The assessments must be made on a prorate basis equally against all of said lots, tracts and parcels, including those owned by the developer.

ARTICLE X

BUDGETS

On or before the 15th day of December of each year, the Board shall prepare and mail to each member a budget for the assessments for the forthcoming calendar year. The budget shall be divided by the total number of lots, tracts and parcels in the subdivisions at the time, and assessments shall be made against each membership interest on the basis of such division. The Board shall cause a copy of an operating statement to simultaneously be prepared showing income and disbursements for the preceding fiscal year, which statement shall be mailed to each member within thirty (30) days at the end of the fiscal year.

ARTICLE XI

LIENS FOR ASSESSMENTS AND FORECLOSURES

All sums assessed, but unpaid for either capital or operating assessments, shall constitute a lien against any lot, tract or parcel where the said assessment remains unpaid after three (3) months following the date when the same became delinquent, as set forth in paragraph IX above. Such lien shall be superior to all other liens and encumbrances, except for tax and special assessment liens placed by a statutory authority, other statutory liens, and the lien of any first mortgage or a first trust indenture of record.

To evidence such liens, the Association shall prepare a written notice of lien assessment, setting forth the amount of such unpaid indebtedness, the amount of the accrued interest, the late charges thereon, the name of the owner of the lot, tract or parcel and a description of the parcel of real property. Such notice shall be signed and verified by the Chairman of the Board of Directors and shall be recorded in the office of the County Clerk and Recorder. Such lien shall attach from the date of the recording of such notice. Such lien may be enforced by the foreclosure of the defaulting membership interest by the Association in like manner as a mortgage on real property as otherwise provided by law upon the recording of a notice or claim thereof. In any such proceedings, the owner may be required to pay the costs, expenses and attorney's fees incurred for filing a lien, and, in the event of foreclosure proceedings, additional costs, all expenses and reasonable attorney's fees incurred.

ARTICLE XII

QUORUM

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ARTICLE XIII

VOTING INTEREST

Whenever any lot, tract, or parcel is owned or leased by two or more persons or by an entity, such person or persons or entity must, prior to a meeting where voting may be allowed, among and between themselves determine who is entitled to vote the membership interest and in what manner it shall be voted. If, in the judgment of the Board, a bona fide and irreconcilable dispute arises as to the voting or right to vote a membership interest, such interest may be declared to be a dispute and for the time such interest is in dispute, it shall have no voting rights.

ARTICLE XIV

SECRETARY

The Secretary of the Board of Directors shall maintain a record of all membership interests in the Association. In order to make a determination of membership interest for any purpose stated in these Bylaws or the laws of the State of Montana, the Board may order the record closed for a stated period of time. Notice of assessments and liability for assessments shall be in the name of the registered owner on the membership list at the time assessments are declared by the Board.

ARTICLE XV

BOARD MEMBERS

The Board of Directors shall be three (3) persons. Said Board of Directors shall be appointed at the first meeting of the Association.

At such time as the Board in its discretion believes it to be in the best interest of the Association, it may increase the Board upon resolution.

Members of the Board and their agents acting in good faith on behalf of the Association:

(1) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith;

(2) shall have no personal liability in contract to an Owner or any other person or entity under the agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such;

(3) shall have no personal liability in tort to any Owner or any person or entity, except for their own willful misconduct or bad faith;

(4) shall have no personal liability arising out of the use, misuse or condition of the subject property which might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as such.

ARTICLE XVI

TERMS AND REPLACEMENT

The terms of office for members of the Board shall be two (2) years. Positions on the Board of Directors shall be filled in the manner hereinafter described. At the first annual meeting of the Association, the members shall elect by majority vote the members of the initial Board. Immediately following such tri-annual meeting of the Board of Directors, the members by majority vote shall elect a new Board of Directors, as provided in Article VI above, cumulative voting being allowed.

Any vacancy created by resignation shall be filled immediately by appointment by the remaining Board members. Such appointment must be approved by a majority of the members of the Association at the next meeting of the Association, whether general or special. If the appointment is not approved, then the members shall fill the vacancy by a majority vote. At any time and for any such reason that a vacancy occurs on the Board and an agreement cannot be reached on a successor, then such vacancy shall be filled by the membership interest at large at a special meeting held for that purpose. At such election, any membership interest may nominate candidates from the floor and voting shall be by ballot and each membership interest shall have one (1) vote. The person receiving the highest number of votes shall be deemed to be elected to the vacant position on the Board of Directors.

At any meeting, whether general or special, any or all of the members of the Board may be removed and replacements elected upon a majority vote of the total membership interests outstanding and eligible to vote at that time.

ARTICLE XVII

COMMITTEES

Pursuant to the Title 35, Chapter 2, M.C.A. and subject to the restrictions stated therein the Board may appoint committees to act for the Board and to exercise the authority of the Board on matters referred to them by the Board. Such committees may be dissolved at any time by the Board of Directors.

ARTICLE XVIII

INSURANCE

The Board may purchase insurance policies to protect the property of the Association against casualty loss and to protect the Association and the Board members, when acting in their official capacity, from liability. The extent and specific nature of coverage shall be determined by the Board.

ARTICLE XIX

OFFICERS

The Board of Directors shall appoint a Secretary for the Association. The Board of Directors may, as its discretion, appoint additional officers to generally supervise and control the business of this corporation and delegate certain powers, duties and responsibilities to such officers. The manner of selection, the qualifications, salaries, the terms of office, the method of removal, the scope of duties and responsibilities, and the number of such officers shall be determined by the Board of Directors.

ARTICLE XX

COMPENSATION

Board members shall be reimbursed for any out-of-pocket expenses incurred while acting on their official capacity and may be entitled to a nominal fee for their services as members of the Board of Directors.

ARTICLE XXI

SEVERABILITY

A determination of invalidity of any one or more of the provisions or conditions hereof by judgment, order, or decree of a court shall not affect in any manner the other provisions hereof, which shall remain in full force and effect.

ARTICLE XXII

INTERPRETATION AND AMENDMENT

The Board of Directors shall have the power to interpret all the provisions of these Bylaws and such interpretation shall be binding on all persons. These Bylaws may be amended from time to time, upon notice, whenever at least fifty-one (51%) of the membership interests shall have voted in favor of such amendment. Any amendments must not violate the terms of, or be inconsistent with, the Twin Knob Ranches and Nugget Bench Water Use Agreement.

THESE BYLAWS were adopted by the Board of Directors for Twin Knob Ranches and Nugget Bench, on the 15 day of April, 2008.

Name Printed: _____

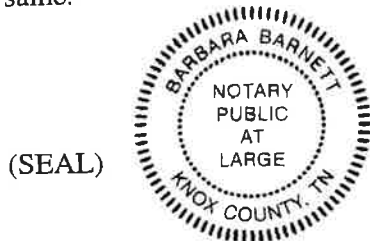
Name Printed: _____

Name Printed: Tyler Kelly

Thomas A. Butler
Name Printed: Thomas A. Butler

STATE OF ~~Tennessee~~ MONTANA)
County of KNOX) ss.

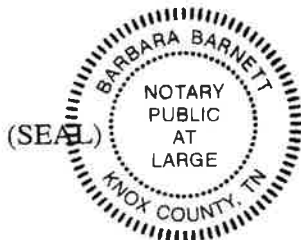
On this 10 day of April, 2008, before me, a Notary Public for the State of ~~Montana~~ Tennessee, personally appeared Thomas A. Butler, known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Water Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.



Barbara Barnett
Notary Name Printed: Barbara Barnett
Notary Public for the State of Montana
Residing at: 7709 S Northshore Knoxville
My Commission expires: Sept 6, 2011

STATE OF ~~Tennessee~~ MONTANA)
County of KNOX) ss.

On this 10 day of April, 2008, before me, a Notary Public for the State of ~~Montana~~ Tennessee, personally appeared Tyler Kelly, known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Water Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.



Barbara Barnett
Notary Name Printed: Barbara Barnett
Notary Public for the State of ~~Montana~~ Tennessee
Residing at: 7709 S Northshore Knoxville
My Commission expires: Sept 6, 2011

ARTICLE XX

COMPENSATION

Board members shall be reimbursed for any out-of-pocket expenses incurred while acting on their official capacity and may be entitled to a nominal fee for their services as members of the Board of Directors.

ARTICLE XXI

SEVERABILITY


A determination of invalidity of any one or more of the provisions or conditions hereof by judgment, order, or decree of a court shall not affect in any manner the other provisions hereof, which shall remain in full force and effect.


ARTICLE XXII

INTERPRETATION AND AMENDMENT

The Board of Directors shall have the power to interpret all the provisions of these Bylaws and such interpretation shall be binding on all persons. These Bylaws may be amended from time to time, upon notice, whenever at least fifty-one (51%) of the membership interests shall have voted in favor of such amendment. Any amendments must not violate the terms of, or be inconsistent with, the Twin Knob Ranches and Nugget Bench Water Use Agreement.

THESE BYLAWS were adopted by the Board of Directors for Twin Knob Ranches and Nugget Bench, on the ____ day of _____, 2008.


Name Printed: MORRIS E. FRANKLIN JR.


Name Printed: JAVIER De la MAZA

Name Printed: _____

Morris E. Franklin Jr
Name Printed: MORRIS E. FRANKLIN, JR.

STATE OF TEXAS)
~~MONTANA~~) ss.
County of Bexar)

On this 8th day of April, 2008, before me, a Notary Public for the State of Montana, personally appeared MORRIS E. FRANKLIN JR. known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Water Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.

(SEAL)



Margaret S. Forbess
Notary Name Printed: Margaret S. Forbess
Notary Public for the State of ~~Montana~~ TEXAS
Residing at: San Antonio Bexar County
My Commission expires: 10-28-09

STATE OF Texas)
~~MONTANA~~) ss.
County of Hidalgo)

On this 15 day of April, 2008, before me, a Notary Public for the State of Montana, personally appeared Javier Enrique de la Garza known to me to be one of the Board of Directors of Twin Knob Ranches and Nugget Bench Water Users' Association, and who executed this instrument and acknowledged to me that he/she executed the same.

(SEAL)



Humberto Barberena
Notary Name Printed: Humberto Barberena
Notary Public for the State of ~~Montana~~ Texas
Residing at: McAllen, TX 78501
My Commission expires: November 8, 2010