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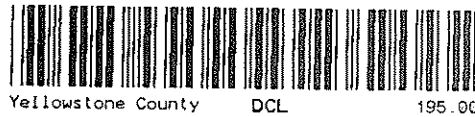
DECLARATION OF UNIT OWNERSHIP FOR JOSEPHINE COTTAGES

McCALL DEVELOPMENT, INC., owner of all of the lots described below, does hereby make and submit for filing the following Declaration under the Unit Ownership Act of the State of Montana, Section 70-23-101, et seq. Montana Code Annotated.

1. DEFINITIONS.

In the interpretation of this Declaration and Bylaws of Josephine Cottages Owners Association, the following definitions shall apply:

- (a) "Association" means the Josephine Cottages Owners Association, a Montana non-profit corporation, being all the unit owners acting as a group in accordance with this Declaration and duly adopted Bylaws.
- (b) "Building" means a single family home comprising a part of the Josephine Cottages property.
- (c) "Capital Expenses" means the expense of capital improvements to common areas; "capital improvements" are improvements to the common areas not constructed by Developer, e.g., construction of a tennis court or pool on the common elements.
- (d) "Common elements" means the general common elements and the limited common elements.
- (e) "Declaration" means this Declaration of Unit Ownership for Josephine Cottages.
- (f) "Developer" is McCALL DEVELOPMENT, INC., or any person or entity to whom McCALL DEVELOPMENT, INC. transfers or assigns its development rights hereunder. A grant of a deed to a single completed unit by Developer shall not be deemed a transfer of development rights.
- (g) "Eligible Mortgage Holder" means the holder of a first mortgage or trust indenture on any unit who has requested, in writing, that the Association notify it of any proposed action requiring the consent of a



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specified percentage of eligible mortgage holders.

- (h) "General Common Elements" are defined in Section 6(a) of this Declaration, and include expansion land if that land has been subjected to the provisions of this Declaration. Any portion of the project not identified as part of a unit or as a limited common element shall be a general common element.
- (i) "Home" means a single unit, as defined in Section 5 of this Declaration.
- (j) "Limited Common Elements" means those common elements designated in this Declaration or by agreement of the unit owners as reserved for the use of fewer than all of the unit owners.
- (k) "Unit" is defined in Section 5 of this Declaration.
- (l) "Unit Owners" or "Owner" means the person, partnership, LLC or corporation owning a unit, including a contract purchaser if a Notice of Purchaser's Interest is recorded with the Yellowstone County Clerk and Recorder, and including co-owners. A lessee of a unit shall not be considered a unit owner, unless as designated by the owner of record, following the procedures set forth in 70-23-102(16), MCA.

2. SUBMISSION TO UNIT OWNERSHIP.

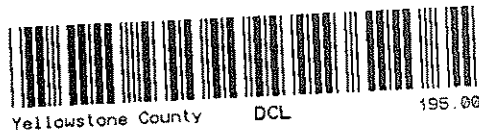
The purpose of this Declaration is to submit the real property described below and the improvements constructed thereon to the form of ownership and use provided by Chapter 23, Title 70, MCA, hereinafter referred to as the "Montana Unit Ownership Act". The definition of terms in this Declaration and the Bylaws of the Association shall be those definitions used in the Montana Unit Ownership Act, except as otherwise provided above. The real property included within the project, which shall be named "JOSEPHINE COTTAGES", is located in Yellowstone County, Montana, is owned in fee simple by McCALL DEVELOPMENT, INC., and is more particularly described as follows:

Lots 2 and 3, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

The provisions of this Declaration and the Bylaws of Josephine Cottages Owners Association shall be covenants running with the land and shall be binding on all owners, their tenants and guests, for so long as the real property described herein is subject to the provisions of the Montana Unit Ownership Act.

3. DESCRIPTION OF INITIAL PROJECT.

The initial project, as currently planned, will consist of 28 buildings, with one home in each building. The planned locations of the buildings are shown on the site



plan, attached hereto as Exhibit "B". The buildings shall be of wood frame construction with fiber cement siding and asphalt shingle roof. Each home will have a concrete foundation. Interior walls are of sheetrock. All homes will be either one or two stories with a finished or unfinished full basement or a slab on grade foundation and an attached one or two car garage. The floor plans which Developer plans to use are shown on attached Exhibit "A", and by this reference is included herein. The dimensions of each unit and the approximate square footage of each unit is indicated on Exhibit "A". Developer does reserve the right and the power, pursuant to 70-15-301 MCA, to modify or change the plans shown on Exhibits "A" and "B", to add additional floor and site plans, and to change the number and locations of individual buildings upon the real property described above, without consent of any other owner or any lender.

4. EXPANSION AND CONSTRUCTION OF PROJECT.

Developer hereby reserves the right, in Developer's sole discretion, or that of its assigns, to expand the Josephine Cottages project by adding the following described real property to the project. Developer presently plans to build 15 buildings, having 15 additional homes on Lot 4, but reserves the right to construct additional buildings and common area improvements upon said property without the consent of any unit owner, mortgagee, or trustee or beneficiary of any trust indenture:

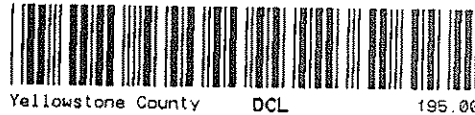
Lot 4, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

The above-described lot is hereafter referred to as the expansion lot. The anticipated locations of the buildings on the expansion lot are shown on the attached site plan.

Developer may proceed with expansion subject to the following conditions:

- (a) Developer, or its assigns, may add the expansion lot to the project at any time. Prior to conveyance of the first unit upon the expansion lot, Developer shall execute and record an amendment to this Declaration, adding the expansion lot to the provisions of this Declaration and submitting the expansion lot to the provisions of the Montana Unit Ownership Act. The Amendment shall set forth a reallocation of the percentage of undivided interest of each unit in the common elements. Upon addition of the expansion lot, the undivided interest in the common elements appurtenant to each unit shall equal one divided by the total number of units in the Josephine Cottages project.

As each home on the expansion lot is completed, Developer shall



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record floor plans for the home to be built upon the expansion lot, and a site plan showing the location of the home if different from the plans attached to this Declaration.

(b) From and after the recording date of such amendment, the following consequences shall ensue:

(i) The provisions of this Declaration shall be applicable to all of the property included in the Josephine Cottages project and to all persons who use the facilities of the project.

(ii) The owners of each expansion home shall have nonexclusive rights to use general common areas to the same extent as the owners of all other completed homes.

(iii) The owners of each new completed expansion home shall be assessed in accordance with their ownership interest in the common elements.

(iv) Each home shall be treated as a part of the project, developed as a whole from the beginning. From and after the date of the amendment, the new homes shall be treated as though they had been developed, held, occupied and used by the owners as part of a single, undivided project.

(c) The buildings on the expansion lot shall be similar in materials and quality of construction to the existing buildings. However, it is Developer's intent that each building will be unique with different exterior color combinations and styles.

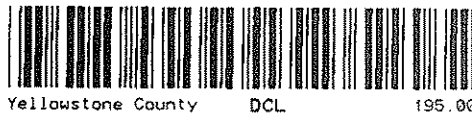
To facilitate expansion of the project, Developer hereby:

(d) Reserves an easement over and upon common elements for the purpose of access for constructing additional homes and common elements.

(e) Reserves solely to Developer the power pursuant to 70-15-301, MCA, to grant utility easements reasonably necessary to the ongoing development of the project, without approval of any unit owner.

(f) Reserves the right to use water and electricity provided to the above-described property or any home for construction purposes, provided that Developer shall reimburse the Association for the reasonable cost of such water and electricity.

(g) Reserves the power, pursuant to 70-15-301 MCA to amend this Declaration, without approval of any unit owner or any lender, to create additional general or limited common elements, to provide that the project has been terminated and no further homes will be constructed, to change the locations of the buildings on the expansion lot, to add a more complete description of expansion homes, to record additional plats and plans to supplement or modify those included herein, and to amend the percentage of interest in common elements attached to each home, in accordance with the provisions of this



Declaration. Each unit owner, and each holder of a mortgage or trust indenture on a home, by acceptance of a deed to the home or by recordation of a mortgage or trust indenture on the home, shall be deemed to consent to amendment of this Declaration ~~and to grant unto GREGORY J. McCALL, his successors and assigns, a limited irrevocable power of attorney to amend this Declaration~~ in accordance with this plan of expansion. Recordation of amendments modifying the percentage of interest in common elements attached to each home shall be deemed a conveyance, transferring title in the common elements in accordance with the amendment.

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(h) Any liens arising as a result of Developer's ownership of and construction of additional units shall not attach to the interests of existing unit owners or those of first mortgagors of existing units.

5. DESCRIPTION OF UNIT.

Each home consists of the area bounded by the exterior surfaces of the walls of the building, the soil under the concrete floor and the exterior of the roof. The land beneath a home, and the land beneath the garage, private driveway, porch or deck, and walkways serving only one home shall be a part of the unit. The driveway, the air conditioning compressor, if any, the porch or deck, and the sidewalk serving the home are also part of the unit. Utility lines and pipes which serve only one home shall be a part of the unit from the interior of the unit to the point where they join public utility lines.

6. COMMON ELEMENTS.

- (a) The general common elements include the unfenced front yard area, the vinyl fences installed by Developer, if any, wells and pumps used for irrigation, the underground sprinkler system, the private lanes designated as Carriage Lane 5A and Carriage Lane 6A on the attached site plan, the storm water detention system, the water and sewer lines serving more than one unit, the park located on Lot 4, if Lot 4 is included in the project, and all other elements of the project which serve all units, all subject to each unit owner's right to exclusive use of the limited common elements.
- (b) The yard on the south side of each home, designated as LC on the attached site plan, is a limited common element reserved for the use of the single unit served.

7. MEMBERSHIP IN JOSEPHINE COTTAGES OWNERS ASSOCIATION.

Each unit owner shall be a member of Josephine Cottages Owners Association. Membership shall be appurtenant to and may not be separated from ownership of a unit. Owners shall be entitled to one vote for each unit owned. When more than one person owns an interest in any unit, all such persons shall be members. The vote for such unit shall be exercised as the owners determine, but in no event shall



more than one vote be cast with respect to a single unit.

8. OWNERSHIP.

Each unit, an appurtenant undivided interest in the common elements, the use of limited common elements reserved for that unit, and the assessment account for that unit shall be inseparable and may be conveyed, devised or encumbered only as a whole. 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.

Each unit owner shall be a fee simple owner of such unit and of an undivided interest in the common elements, subject to the provisions of this Declaration and the Bylaws of the Josephine Cottages Owners Association.

The undivided interest in the common elements appurtenant to each home in the initial project shall be 1/28; if the project is expanded, or if the number of units on Lots 2 and 3 is changed, the undivided interest in the common elements appurtenant to each unit shall equal one divided by the total number of units in the Josephine Cottages project.

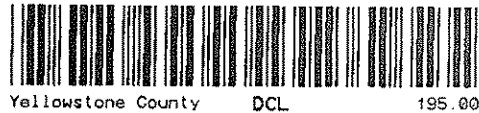
9. USE.

The primary use for which each unit is intended is that of a residential dwelling. Additional restrictions on use are set forth in the Bylaws of the Association.

10. COMMON EXPENSES.

All the following Association expenses shall be charged to the unit owners as a common expense, according to each unit owner's percentage of undivided ownership interest in the common elements:

- (a) Routine administrative expenses of the Association, including management, accounting and legal fees incurred by the Association;
- (b) The Association's costs of enforcing this Declaration and the Bylaws and rules and regulations of the Association to the extent such costs are not paid by the violating member;
- (c) The cost of maintenance, repair and replacement of units and common elements for which the Association is responsible, including the cost of maintenance and repair of the exterior of the buildings, except glass and doors, maintenance and repair of the wells, pumps and underground sprinkler systems, the cost of maintenance and repair of the fences installed by Developer, the cost of snow removal from the private roads, driveways and front sidewalks, the cost of mowing, fertilizing and maintaining all lawns and landscaping, the cost of maintenance and repair of the water and sanitary sewer lines serving



two or more units, and the cost of maintenance and repair of the storm water detention system for the Josephine Cottages project;

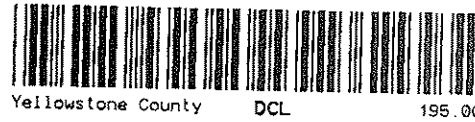
- (d) Insurance premiums for all insurance purchased by the Association, as required or authorized by Section 7 of the Bylaws of Josephine Cottages Owners Association;
- (e) The amount of the insurance deductible payable by the Association, if any, as provided in the Bylaws of the Association;
- (f) The cost of water and sewer provided to each unit in Josephine Cottages and to the common areas;
- (g) Capital expenses for capital improvements approved by owners of 90% of the units, and the cost of maintenance and repairs to those improvements;
- (h) Income taxes payable by the Association and corporation fees payable to the Montana Secretary of State;
- (i) Any other common expense described in this Declaration or the Bylaws of the Association.

Co-owners of a unit shall be jointly and severally liable for payment of common expenses for the unit owned.

Expenses for maintenance or repairs due to the misuse or neglect or that of the owner's family members, tenants and guests, shall be charged to such unit owner.

11. WATER AND SEWER

There is one water meter vault and one water meter for Lots 1, 2, 3 and 4, Block 2, of Josephine Crossing Subdivision. The meter vault is heated and lighted and has a security system along with a separate meter for electricity to the vault. The Association will receive one water and sewer bill for water used by the occupied units located upon all four of these lots, one bill for the security system and one bill for the electricity serving the meter vault. All of these bills are collectively referred to below as the water and sewer bills. The cost of water and sewer provided to all occupied units on all four lots and the bills for the security system and electricity to the meter vault shall be paid by the Josephine Cottages Owners Association. The Mansion Homes Owners Association and the owners of Lot 4, or the Owners Association for Lot 4, if Lot 4 is not included in the Josephine Cottages project, are obligated to reimburse Josephine Cottages Owners Association for their share of the water and sewer bills. The share of each water and sewer bills payable by the Association for each lot served by the meter vault shall equal the number of



completed, occupied units on each Lot served, divided by the number of occupied units on all Lots served. If the Mansion Homes Owners Association or the owners of occupied homes on Lot 4 fail to pay their share of the monthly water and sewer bills prior to the date the bills are due, this Association shall have all of the remedies for collection described in Section 13 below, including shutting off the water to all non-paying occupied homes and including filing and foreclosing a lien against all occupied non-paying homes. An occupied home shall be any unit or home which has been sold by Developer, whether or not the owner is present in the home.

Josephine Cottages share of the water and sewer bills shall be a common expense.

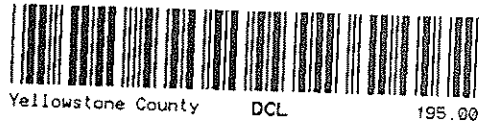
12. COVENANT TO PAY MAINTENANCE ASSESSMENTS.

Assessments shall be made by the Association for all common expenses described above, or described elsewhere in this Declaration, or the Bylaws of the Association. Assessments will begin at the time Developer closes the sale of the first unit in the project. Thereafter, the obligation to pay assessments for a unit shall start upon completion of that unit. The Developer, for each completed unit owned by it, and each unit owner, by acceptance of a deed, whether or not it shall be expressed in said deed, is deemed to covenant and agree to pay to the Josephine Cottages Owners Association all regular and special assessments made by the Association for common expenses and to waive any right said owner may have, under the laws of the United States or the State of Montana, to claim a homestead exemption for said assessments. Assessments shall not include costs attributable to units under construction, and units not yet built.

If a mortgagee, a beneficiary of a first trust indenture, or other purchaser obtains title to a unit by purchasing at a foreclosure sale on a first mortgage or first trust indenture, such acquirer of title and its successors and assigns, shall be liable for unpaid regularly budgeted common expense assessments chargeable to such unit which became due prior to the foreclosure sale to the extent allowed by Montana law, but in no event shall any mortgage holder be liable for more than six months of the assessments unless expressly assumed by them. The mortgagee, beneficiary of a first trust indenture, or other purchaser, shall also be liable for any fees and costs incurred by the Association in attempting to collect unpaid assessments.

13. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS.

All unpaid sums assessed by the Association for common expenses chargeable to any unit, and all other monies owed by a unit owner to the Association, together with interest, late payment fees, collection costs, costs of suit or arbitration and



reasonable attorney fees, shall constitute a lien on such unit, and if filed of record, may be foreclosed in the same manner as a construction lien. During any such foreclosure, the unit owner shall be required to pay a reasonable rental for the unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the rent.

Each assessment, together with interest, late payment fees, collection costs and costs of suit or arbitration, and reasonable attorney fees, shall also be the personal obligation of the owner of the unit against which the assessment was made at the time the assessment fell due, and a suit or arbitration proceeding to recover a money judgment for unpaid assessments or for other monies owed to the Association shall be maintainable by the Association against said owner without foreclosing or waiving the lien securing the same.

In addition to the foregoing remedies, the Association may also shut off the water to the unit of any owner who fails to pay an assessment within fifteen days after the due date, and may continue to withhold water to the unit until such time as all assessments, together with accrued interest and the cost of shutting off and turning on the water, if any, are paid by the owner. The Association shall not shut off the water to any unit unless, at least ten days before shutting off the water, it notifies the unit owner of its intent to shut off the water, by letter sent certified mail to the most recent address provided by the owner to the Association.

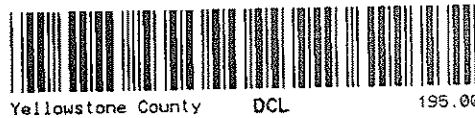
All costs of collection of delinquent assessments, including but not limited to, court costs, costs of filing liens, and attorney fees shall be the obligation of the non-paying unit owner and may be added to the next regular assessment for that unit. Such costs shall be a lien on the unit of the non-paying owner and, if unpaid, the lien may be foreclosed in the same manner as a lien for unpaid common expenses.

14. PROCESS.

Service of process in the cases provided for in Section 70-23-901, MCA, shall be made upon BRADLEY R. McCALL, of 1536 Mallowney Lane, Suite 100, Billings, Montana 59101. This provision may be amended in the manner provided in Section 70-23-902, MCA.

15. RIGHTS AND OBLIGATIONS OF DEVELOPER.

For each completed unit owned by it, Developer shall have all of the rights and duties afforded to any Owner under the terms of this Declaration, the Bylaws of the Association, and Montana law.



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16. PAYMENTS BY DEVELOPER.

Until all units are built and sold, Developer shall pay the real property taxes for units not yet built, or built but not yet sold by it. Developer shall insure, to the extent it deems necessary, all units under construction, and pay the cost of such insurance.

17. EASEMENTS.

There shall exist for the benefit of each unit and as a burden on the other units the following easements:

- (a) Easement through the general common elements for ingress and egress for all persons making use of such common elements in accordance with the terms of this Declaration; each unit owner shall have an unrestricted right of ingress and egress across the general common elements to his or her unit.
- (b) Easements through the units and common elements for maintenance, repair and replacement of the units and common elements. Use of these easements, however, for access to the interior of units shall be limited to reasonable hours, except that access may be had at any time in case of emergency.
- (c) Easements through the units and common elements for all facilities necessary to furnish utility services to any building or the common area, which facilities shall include but not be limited to conduits, ducts, plumbing and wiring; provided that the easements for such facilities through a unit shall be only substantially in accordance with the plans of the building.
- (d) Easements for encroachments (and maintenance thereof) of any portion of the general common elements or limited common elements upon a unit or units so long as they stand, and easements for encroachments (and maintenance thereof) of any portion of a unit upon the general common elements, limited common elements, and upon an adjoining unit or units, so long as they stand.

Such encroachments and easements shall not be considered or determined to be encumbrances either on the general common elements, the limited common elements, or on the units for purposes of marketability of title.

18. GRANT OF EASEMENTS FOR SERVICES

The undersigned hereby grants an easement over and across the common elements and the driveways and sidewalks for mail service, solid waste services, fire service, police protection, other emergency vehicles and other publicly-owned vehicles being used for official federal, state, or local governmental purposes.

19. GRANT OF UTILITY EASEMENTS

The undersigned hereby grants unto Montana-Dakota Utilities, Co., to



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Northwestern Energy, to Qwest, to Bresnan, to Bresnan Broadband, to the City of Billings, and to all other providers of utilities, cable television and internet access, an easement across the above-described real property for the purpose of providing underground utilities, cable television and internet service to each unit, together with the right of ingress and egress for the purpose of installing, maintaining, repairing and replacing all necessary underground pipes, lines and cables. To the extent that they can conveniently do so, all grantees shall use the same trench for placement of pipes, lines and cables serving each of the units. This easement may not be used for providing utilities, cable television and internet service to any real property not described in this Declaration.

20. UNITS SUBJECT TO DECLARATION. BYLAWS. RULES AND REGULATIONS. AND RESTRICTIVE COVENANTS.

All present and future owners of units shall be subject to, and shall comply with the provisions of this Declaration, the Bylaws, restrictive covenants, and rules and regulations adopted by the Association, as these instruments may be amended from time to time. 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. All owners shall be responsible for ensuring compliance by their tenants, family members, other occupants of their unit and their guests. The provisions of this Declaration and the Bylaws, restrictive covenants and rules and regulations adopted by the Association shall be covenants running with the land and shall bind any person having an interest in such unit as though the provisions were recited and fully stipulated in each deed or conveyance thereto. The invalidity of any provision of this Declaration shall not affect in any manner the validity or enforceability of the remainder of the Declaration. No provision in this Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

21. RESTRICTIONS ON LEASING.

Any lease or rental agreement shall be in writing and shall subject the tenant to the provisions of this Declaration, the Bylaws for the Association, and all rules and regulations adopted by the Association. Owners shall be responsible for any violation of the provisions of this Declaration, the Bylaws of the Association or any rules and regulations adopted by the Association by their Tenants unless the owner has designated the tenant as the unit owner pursuant to the procedure set forth in 70-23-102(16) MCA.

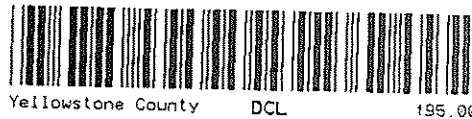
22. ARBITRATION AND RIGHTS OF ACTION.

Josephine Cottages Owners Association and any aggrieved unit owner shall have the right to binding arbitration, and to maintain an action for specific performance to compel arbitration or enforce a decision of an arbitrator, against any unit owner or the Association for failure to comply with the provisions of this Declaration or the Bylaws of the Association, or any rules and regulations adopted by the Association, except for claims of non-payment of assessments, fines or other monies owed the Association by any owner, and foreclosure of the lien for unpaid assessments, fines, or other monies owed the Association, which claims shall be enforced by Court action.

The prevailing party in any such action and in binding arbitration shall be entitled to recover its costs and attorney fees actually incurred from the losing party. In addition, the Association shall be entitled to recover from any owner violating the provisions of this Declaration, the Bylaws of the Association, or Rules and Regulations duly adopted by the Association, including failure to pay assessments or other monies owed the Association when due, all costs and attorney fees incurred in compelling compliance or collection without filing for arbitration or bringing a court action. Owners shall be responsible for non-compliance by their tenants, unless the tenant has been designated as the owner pursuant to 70-23-102(16) MCA.

23. EMINENT DOMAIN.

- (a) If a portion of the common elements only is acquired by eminent domain and if a separate award is not made to each unit owner, the award shall be allocated to each unit owner in proportion to each unit owner's percentage of undivided interest in the common elements.
- (b) If a part of the project which includes one or more individual units is acquired by eminent domain, the award shall be allocated to unit owners as follows:
 - (1) The owner of each individual unit taken shall receive the fair market value of his unit, including his interest in the common elements, whether or not any common elements are actually taken. Thereafter, the unit owner shall be divested of his entire property interest in the project attributable to the unit taken and shall have no further property interest in the property, including the common elements. In addition, the owner of each individual unit taken, following compensation, shall have no further voting rights in the project as owner of the unit taken.
 - (2) The remainder of the award, if any, shall be divided among the remaining unit owners in proportion to each owner's



percentage of undivided interest in the common elements.

- (c) If all of the project is acquired by eminent domain and a separate award is not made to each unit owner, each unit owner and any holders of mortgages or liens on the unit shall receive the fair market value of the unit, excluding its appurtenant interest in the common elements; the balance of the award, less any costs incurred by the Association in determining the fair market value of each unit, shall be divided equally among the unit owners.
- (d) Payment of any award shall be made jointly to the owners of a unit and the lender(s) having a mortgage on the unit, if any.
- (e) The Directors of the Association shall represent the unit owners in any eminent domain negotiations, legal proceedings, settlements or agreements; each unit owner, by acceptance of a deed, irrevocably appoints the Association as that owner's attorney in fact for this purpose.

24. PROTECTION OF LENDERS.

(a) Eligible Mortgagee Protection. Except as specifically provided in this Declaration or in the Montana Unit Ownership Act, no provision of this Declaration shall be construed to grant to any owner or to any other person, any priority over any lien rights of an Eligible Mortgage Holder pursuant to its Security Interest in the case of distributions of insurance proceeds or condemnation awards.

(b) Subordination. Notwithstanding any contrary provision of this Declaration, the lien of any assessment for common expenses upon any unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of an Eligible Mortgage Holder; provided, however, that such subordination shall apply only to assessments on a unit which have become due and payable prior to a sale or transfer of such unit pursuant to a decree of foreclosure, or to any deed or other proceeding in lieu of foreclosure, and any such sale or transfer in foreclosure or in lieu of foreclosure shall not relieve the purchaser of the unit from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment.

(c) Notice to Eligible Mortgage Holders. The Association shall give prompt written notice to each Eligible Mortgage Holder of:

- (i) Any condemnation loss or any casualty loss which affects a material portion of the condominium or any unit in which there is a security interest held by such Eligible Mortgage Holder;
- (ii) Any delinquency in the payment of common expense assessments owed by an owner whose unit is subject to a first security interest held by such Eligible Mortgage Holder, which remains uncured for a period of 60 days;



- (iii) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (iv) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders; and
- (v) Any judgment rendered against the Association.

(d) Inspection of Books. The Association shall permit any Eligible Mortgage Holder to inspect the books and records of the Association during normal business hours.

(e) Financial Statements. The Association shall provide any Eligible Mortgage Holder, which submits a written request, with a copy of an annual financial statement within 90 days following the end of each fiscal year of the Association. Such financial statement may be audited by an independent certified public accountant if any Eligible Mortgage Holder requests it, in which case the Eligible Mortgage Holder shall bear the cost of the audit. The Association shall require that the cost of audit be paid in advance.

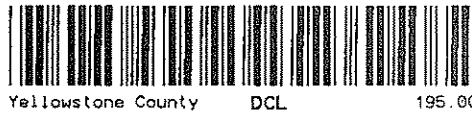
(f) Enforcement. The provisions of this article are for the benefit of Eligible Mortgage Holder and their successors, and may be enforced by any of them by any available means, at law, or in equity.

(g) Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which an owner may attend.

25. AMENDMENT.

Prior to completion of construction by Developer, including construction of buildings on the expansion lot, Developer reserves the right and the power, pursuant to 70-15-301 MCA to amend this Declaration, and any subsequently recorded Declaration, as provided in Sections 3, 4 and 8 above, or to comply with any FHA, VA, Freddy Mac, or FNMA requirements for guaranteeing or purchasing loans on the units. All unit owners and all mortgagees of a unit, by acceptance of a deed, mortgage or trust indenture to any unit, shall be deemed to consent to any such amendment by Developer, and to execution, acknowledgment and recording of such amendments by either Gregory J. McCall or Bradley R. McCall, as representative of Developer.

Except as otherwise provided in this Declaration, the provisions of this Declaration shall be amended only by affirmative vote of the owners of 90% of the units; if a unit has more than one owner, only one owner of that unit need consent. No such amendment shall be effective prior to completion of construction of all



units, including expansion units, unless approved by Developer. Amendments of a material adverse nature to eligible mortgagees must be approved by eligible mortgagees that represent at least 51% of the votes of units that are subject to mortgages. Approval shall be assumed when an eligible mortgagee fails to submit a response to any written proposal for an amendment within sixty days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

All amendments to the Declaration shall be recorded in the office of the Yellowstone County Clerk and Recorder, Billings, Montana.

26. CONFLICTS.

In the event of any conflict between this Declaration and the provisions of the Bylaws of Josephine Cottages Owners Association, the provisions of this Declaration shall govern and apply.

27. WARRANTY.

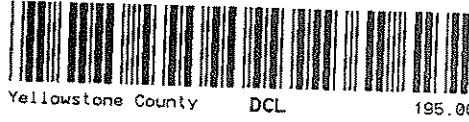
Developer will provide each initial purchaser with a written limited warranty on the unit purchased at the time of closing of the sale.

DEVELOPER SPECIFICALLY DISCLAIMS ANY LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGE TO ANY PERSON, THE UNITS AND COMMON ELEMENTS, OTHER COMPONENTS OR ANY OTHER REAL OR PERSONAL PROPERTY RESULTING FROM A CONSTRUCTION DEFECT. ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF WORKMANSHIP, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND HABITABILITY, ARE EXPRESSLY DISCLAIMED AND DO NOT APPLY.

DATED this 11 day of May, 2009.

McCALL DEVELOPMENT, INC.

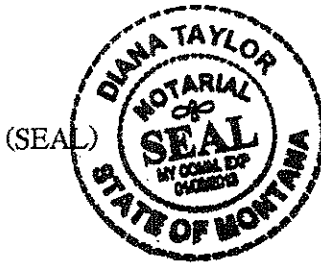
By: [Signature]
Its: Vice President



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Page: 16 of 25
05/21/2009 04:25P

STATE OF MONTANA)
County of Yellowstone) : ss.

On this 11 day of May, 2009, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Greg McCall as Vice President of McCALL DEVELOPMENT, INC.



Diana Taylor
DIANA TAYLOR
(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires 1-8, 2013



Yellowstone County

DCL

195.00

CONSENT OF LENDER

The undersigned Beneficiary of a Trust Indenture on the above-described real property hereby consents to submission of said property to the provisions of the Montana Unit Ownership Act and to the recordation of this Declaration of Unit Ownership as modified on May 19, 2009.

WESTERN SECURITY BANK

By: *Ken R. Wright*
Its *Vice President*

"LENDER"

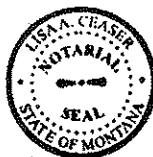
STATE OF MONTANA)
)
) : ss.
County of Yellowstone)

On this 19th day of May, 2009, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Ken R. Wright known to me to be the Vice President of WESTERN SECURITY BANK the corporation that executed the within instrument, and acknowledged to me to be the person who executed the within instrument on behalf of the corporation therein named and acknowledged to me that such corporation executed the same.

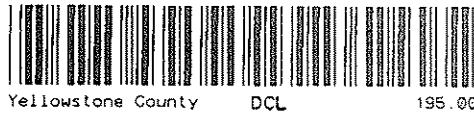
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

Lisa A. Ceaser
Lisa A. Ceaser
(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana Laurel
My Commission Expires July 23, 2012

(SEAL)



LISA A. CEASER
NOTARY PUBLIC for the
State of Montana
Residing at Laurel, Montana
My Commission Expires
July 23, 2012



CERTIFICATE

The undersigned, being the duly authorized agent of the Department of Revenue of the State of Montana, within the County of Yellowstone, herewith executes the following certificate relating to JOSEPHINE COTTAGES situated on the following described real property:

Lots 2, 3 and 4, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

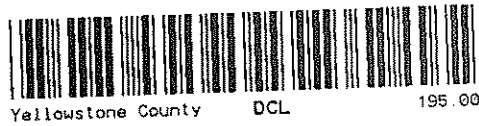
The undersigned herewith certifies that:

1. The name "JOSEPHINE COTTAGES" is in compliance with 70-23-303, MCA, and
2. All taxes and assessments due and payable for the said real property have been paid to date.

DATED this 4th day of May, 2009.

MONTANA DEPARTMENT OF REVENUE

By: Whitney Japtski



CERTIFICATE

The undersigned, being the duly authorized agent of the Planning and Community Services Department for the City of Billings, Yellowstone County, Montana, herewith executes the following Certificate relating to JOSEPHINE COTTAGES situated on the following real property:

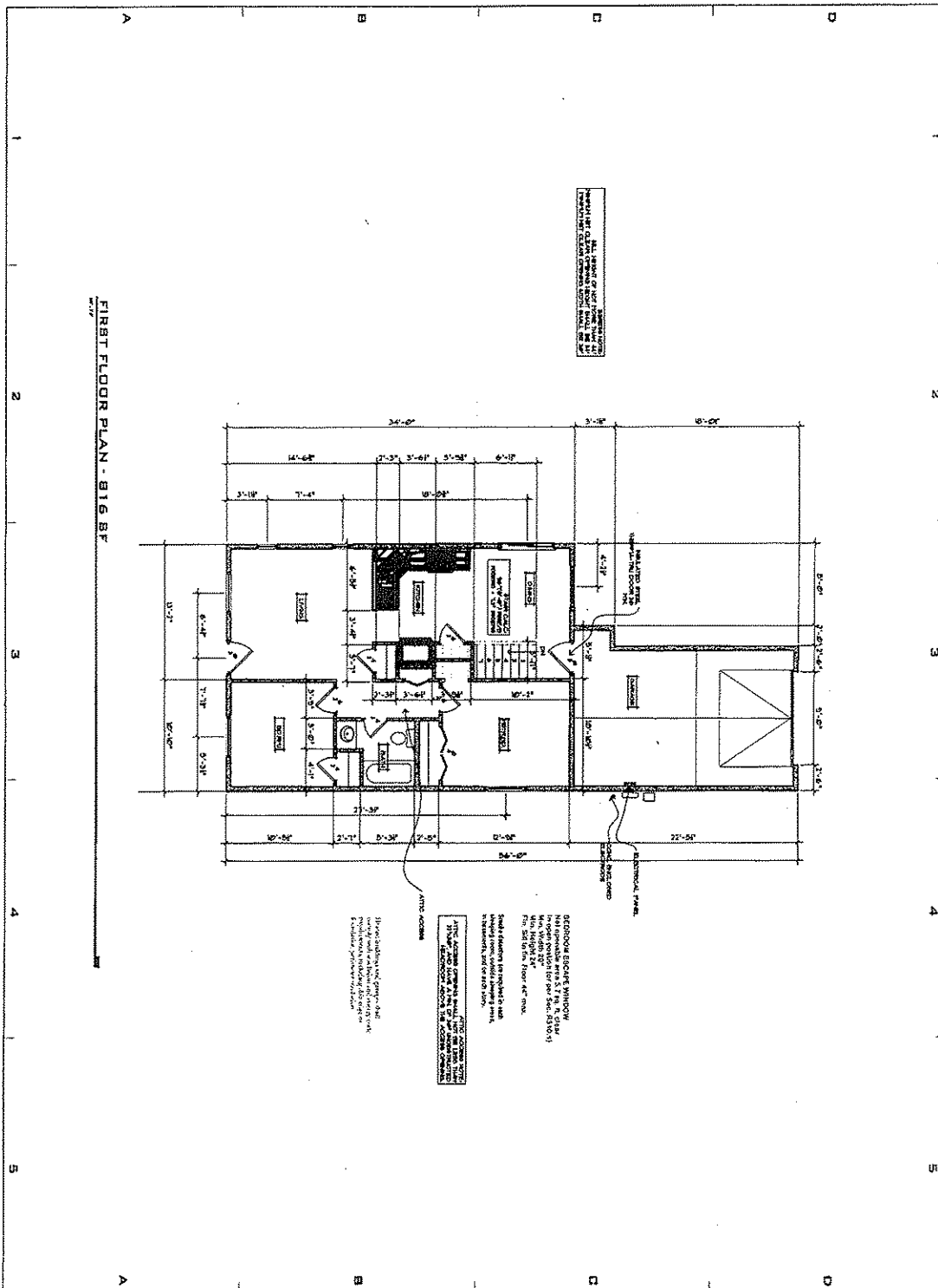
Lots 2 and 3, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

The undersigned herewith certifies that:

1. The condominium units are exempt from 76-3-203, MCA because they comply with zoning based on the approved master site and landscaping plans.
2. Any changes to the site or landscaping plans must be reviewed by the planning department.

DATED this 13 day of May, 2009.

By: Karen Miller
Planning and Community Services
Department, City of Billings,
Yellowstone County, Montana



SET: _____

PROPERTY NO. _____
DRAWING NO. _____
CHECKED BY _____
DATE _____

DATE: _____

FIG. _____
C.A. _____
C.B. _____
C.C. _____
C.D. _____
C.E. _____
C.F. _____
C.G. _____
C.H. _____
C.I. _____
C.J. _____
C.K. _____
C.L. _____
C.M. _____
C.N. _____
C.O. _____
C.P. _____
C.Q. _____
C.R. _____
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C.U. _____
C.V. _____
C.W. _____
C.X. _____
C.Y. _____
C.Z. _____

SHEET: _____

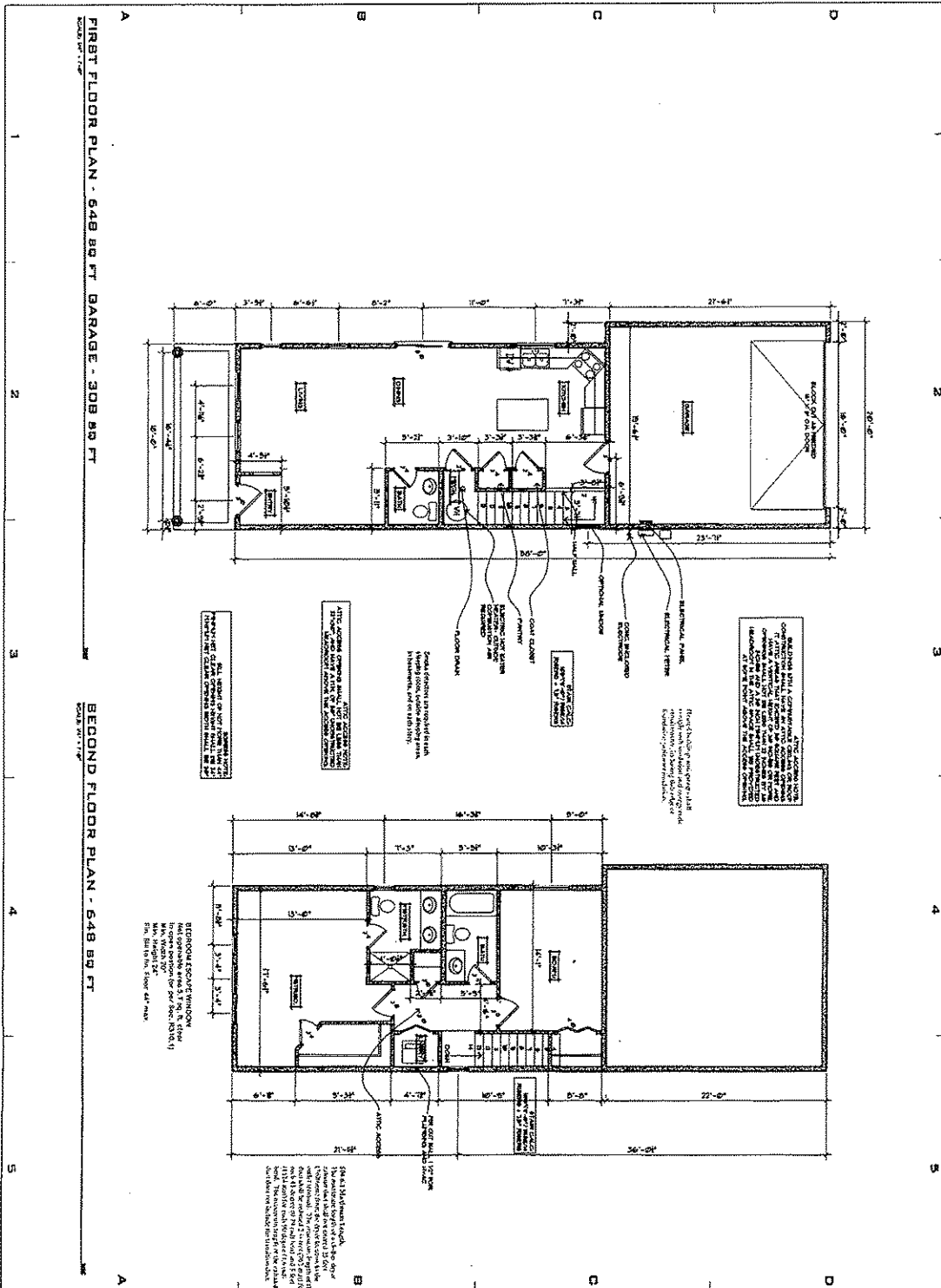
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REVISIONS

The Willow Creek
Craftsman
Josephine Crossing
Billings, Montana



EXHIBIT A, plan 1



PROJECT:

OWNER: The Boulder

LOCATION: Billings, Montana

DATE: 05/21/2009

BY: [Signature]

SCALE: 1/4" = 1'-0"

SHEET: 1.1

FLOOR PLANS

The Boulder

Josephine Crossing

Billings, Montana

STUDIO 41

ARCHITECTS

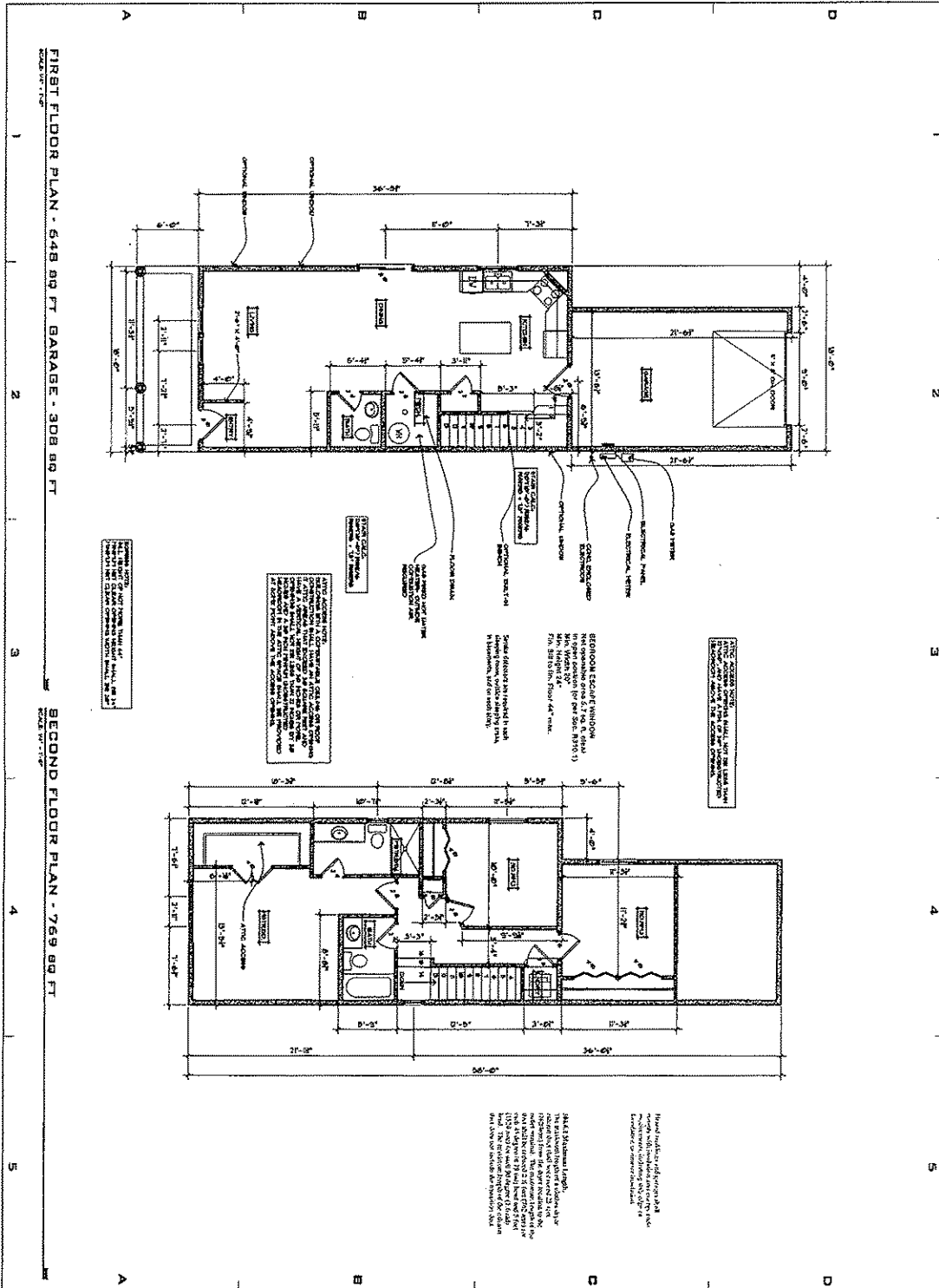
3415 SOUTH 10TH

BOULDER, MONTANA 59001

TEL: 406.243.1111

WWW.STUDIO41ARCHITECTS.COM

EXHIBIT A, plan 2



PROJECT:

OWNER:

DATE:

BY:

CHECKED:

APPROVED:

THE BIGHORN

RIVER

McCALL

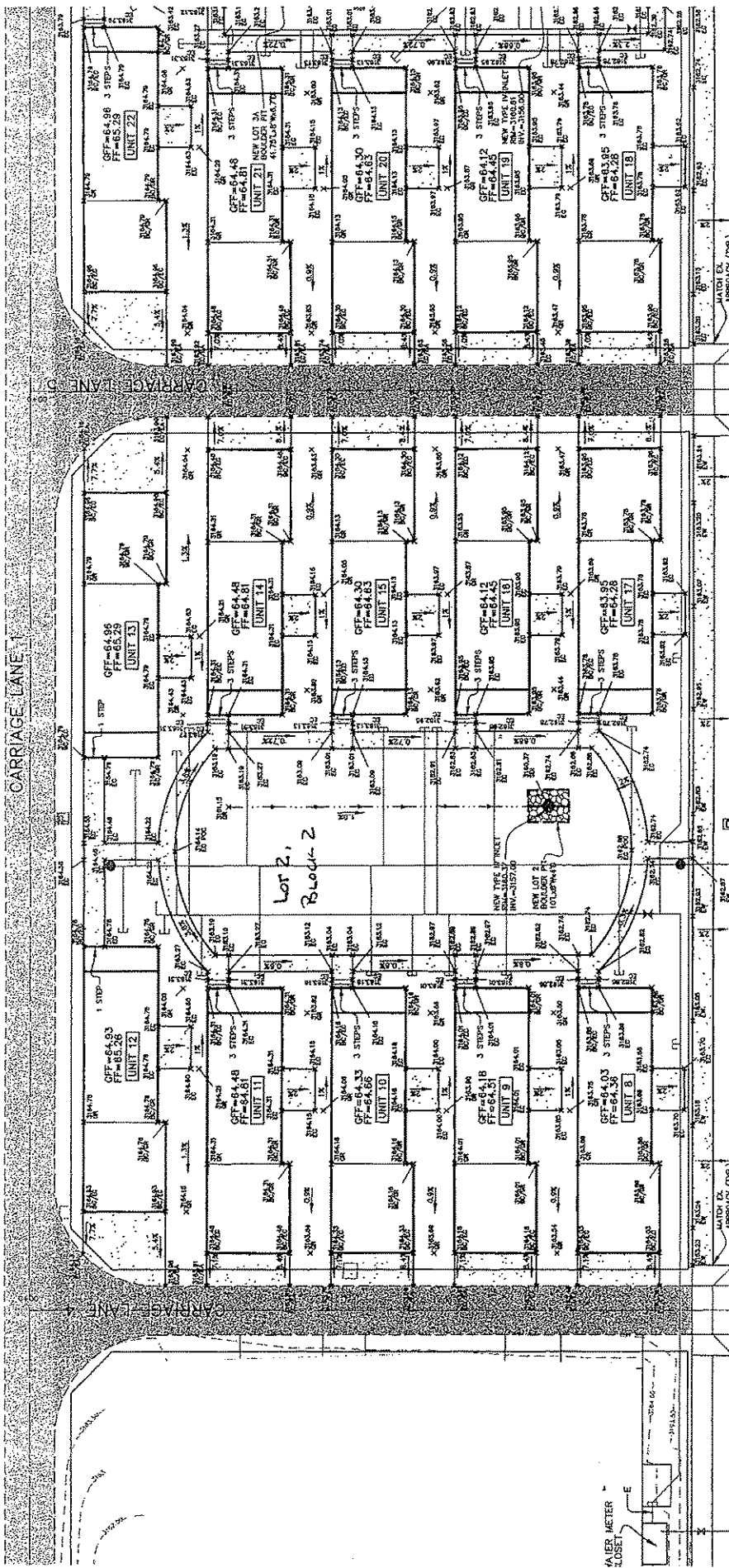
Josephine Crossing

Billings, Montana

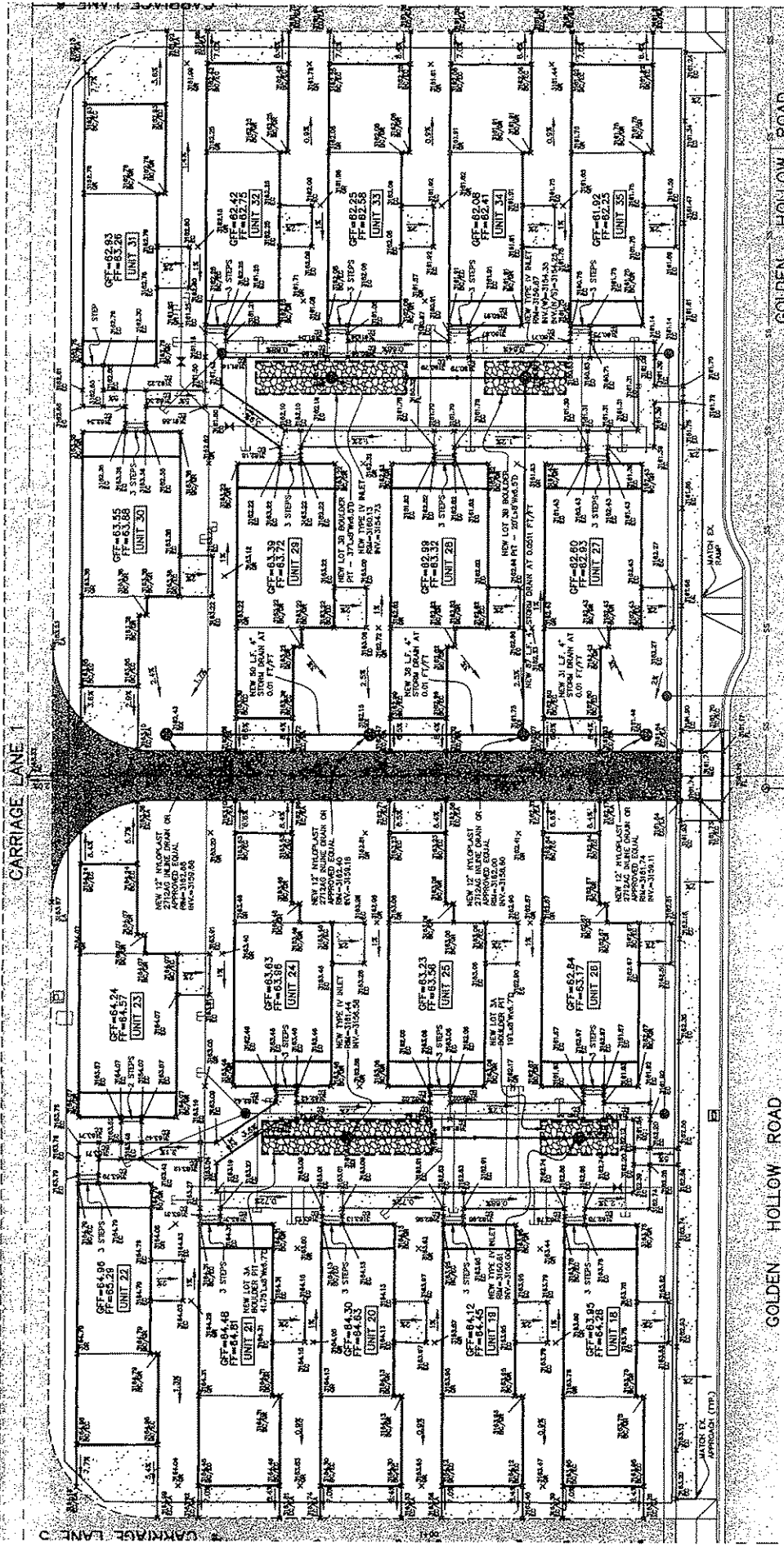
1.1

PLAN

EXHIBIT A, PLAN 3



LOT 3, BLOCK 2



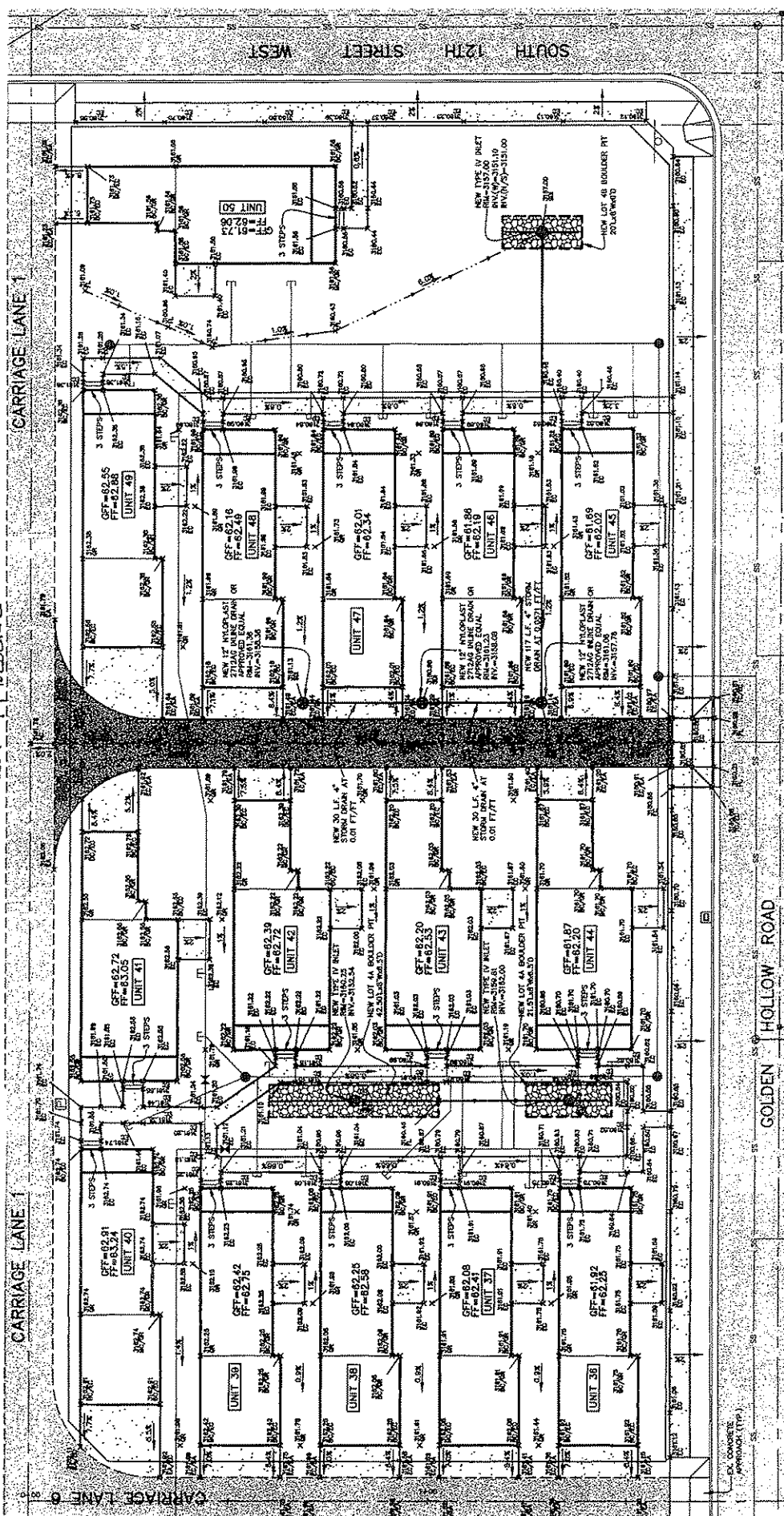
GOLDEN HOLLOW ROAD

GOLDEN HOLLOW ROAD

EXHIBIT B, p. 2

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Yellowstone County DCL 195.00

Lot 4 - Block 2



GOLDEN HOLLOW ROAD

3508299

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05/21/2009 04:25P

Yellowstone County DCL

25.55
18.11

Exhibit B, p. 3



3508300
Page: 1 of 21
05/21/2009 04 25P

Yellowstone County

DCL

167.00

Return To:
Pedersen & Hardy
1001 South 24th St. W., Suite 110
Billings MT 59102
Copyright 2009
File No. 38041

BYLAWS OF JOSEPHINE COTTAGES OWNERS ASSOCIATION

1. APPLICABILITY OF BYLAWS.

The provisions of these Bylaws are applicable to the Josephine Cottages Owners Association which have been submitted to the provisions of the Montana Unit Ownership Act pursuant to the Declaration of Unit Ownership for said homes. Josephine Cottages are located upon the following described real property located in Billings, Yellowstone County, Montana:

Lots 2 and 3, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

All present or future owners, tenants, or any other person who might use the facilities of the above-described property in any manner, are subject to the provisions of these Bylaws. The acquisition, rental, or occupancy of any of the units will signify that these Bylaws are accepted, ratified, and will be complied with.

Developer, or its assigns, has the right, but is not obligated, to expand the Josephine Cottages project in the future, to include all or part of the following real property, hereinafter referred to as the expansion property:

Lot 4, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

In the event an amendment to the Declaration of Unit Ownership for Josephine Cottages, which includes the expansion property in the Josephine Cottages project, is placed of record in the office of the Yellowstone County Clerk and Recorder, the provisions of these Bylaws shall thereafter be applicable to all of the property included in the Josephine Cottages project and to all persons who use the

THESE BYLAWS PROVIDE FOR BINDING ARBITRATION OF DISPUTES



facilities of the project.

2. **MEMBERSHIP, MEETINGS AND VOTING.**

(a) **Membership.** Each unit owner shall be a member of the JOSEPHINE COTTAGES OWNERS ASSOCIATION, a Montana non-profit corporation, hereinafter called "the Association". However, if the ownership of any unit is vested in more than one person, and while each such owner shall be a member, the co-owners or joint owners of the unit shall be deemed to be one member for the purpose of voting and the determination of any required quorum. Until completion or termination of the project, Developer shall be deemed the owner of each unit not yet sold, including expansion units, whether or not construction of the unit has begun, and shall have one vote for each such unit.

(b) **Ownership.** Ownership shall be determined according to the records of the Clerk and Recorder of Yellowstone County, Montana, except that a personal representative, conservator, or trustee shall be deemed to be the owner of any unit owned or held by him or her in such capacity, whether or not the same shall have been transferred to his or her name by a duly recorded conveyance. Owners shall also include those purchasing units under purchase contracts who have an equitable interest in the unit as disclosed by the public record in the office of the Yellowstone County Clerk and Recorder. In such an event, the equitable owner shall be considered as the only owner of such unit. Tenants shall be deemed to be owners only if the record owner has complied with the provisions of Section 70-23-102(16), MCA.

(c) **Voting.** The owners of each unit shall be entitled to one vote per unit, and the vote for any unit owned by more than one person shall be exercised as such co-owners may among themselves determine. Whenever a unit is owned by two or more persons, any one of such owners may vote in the absence of protest by the other or others. Votes may be cast in person or by proxy. The owner of the expansion property shall have one vote for each expansion unit, even if the expansion unit has not yet been added into the project, unless that owner has filed a notice with the Yellowstone County Clerk and Recorder stating that the expansion property will not be added to the project.

(d) **Proxies.** Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the Secretary on or before the appointed time of the meeting.

(e) **Annual and Special Meetings.** The annual meeting of the Association shall be held on the second Saturday of June of every year at a time to be



determined by the Board. Additional regular and special meetings of the Association may be held at such times and places as shall be agreed upon by the unit owners. Notice of all meetings shall be given to each member personally or by mail, telephone, or facsimile at least 10 days prior to the day named for such meeting. The presence, in person or by proxy, of owners of a majority of the units at such meetings of the Association shall be required for the transaction of any business by the Association.

The agenda for the annual meeting shall include the following:

- (1) Determination of quorum;
- (2) Approval of minutes of last annual meeting;
- (3) Presentation of financial report for past year and budget for coming year;
- (4) Report Board opinion of adequacy of limits on insurance coverage;
- (5) Election of Directors;
- (6) Appointment of Arbitrator, as provided below;
- (7) Old business, if any; and
- (8) New business.

Meetings shall be conducted in accordance with Roberts Rules of Order.

(f) Arbitrator. At each annual meeting, the owners shall mutually agree upon and appoint one person who is not a member to serve as Arbitrator for the Board and members for the coming year. In the event of a dispute or disagreement between the directors or members which cannot otherwise be resolved without a lawsuit, except non-payment of assessments or fees owed to the Association, the issue shall be presented to the Arbitrator and the decision of the Arbitrator shall be binding upon the Association, its members, and its Board of Directors. The Arbitrator shall be paid a reasonable amount for the arbitration services. If an Arbitrator is not selected by the members, one or more Arbitrators shall be appointed in the manner provided by the Montana Uniform Arbitration Act, or any successor to that Act. Claims of non-payment of assessments and foreclosure of a lien for unpaid assessments are not subject to binding arbitration.

(g) Manner of Obtaining Approval of Unit Owners. Approval of all decisions and resolutions of the Association which require the approval of unit owners may be obtained by vote at an annual or special meeting, or by written



ballot or petition, circulated among the owners.

3. **BOARD OF DIRECTORS.**

(a) **Number of Directors.** The affairs of the Association shall be governed by a Board of Directors composed of three owners. Directors shall be elected by the members, provided, however, that GREGORY J. McCALL and BRADLEY R. McCALL, as representatives of Developer, shall serve as two of the three elected Directors until 75% of the units, including expansion units, are sold, and BRADLEY R. McCALL shall serve as one of the three Directors until all of the units, including expansion units, are sold. After sale of all units, including expansion units, the number of Directors may be increased upon affirmative vote of 75% of the members entitled to vote.

(b) **Term of Office.** One Director shall be elected at the first annual meeting of the Association for a two year term. GREGORY J. McCALL and BRADLEY R. McCALL shall serve as the remaining Directors for a one year term of office. Thereafter, the term of office of each Director shall be for two years, subject to the requirement that GREGORY J. McCALL must be one of these three Directors until sale of 75% units, and BRADLEY R. McCALL must be one of the three Directors until sale of all units.

(c) **Nomination and Election.** Except for GREGORY J. McCALL and BRADLEY R. McCALL, candidates for Director positions shall be nominated from the floor at each annual meeting. Each unit owner shall be entitled to one vote for each vacancy in the Board of Directors; cumulative voting shall be permitted. If votes are cast by the owners of a majority of the units, the candidates receiving the greatest number of votes shall serve for the following term. If a quorum cannot be obtained for an annual meeting, the existing Directors shall continue to serve until the next annual or special meeting is held and new Directors are elected. Alternatively, the existing Directors may contact members to determine who is willing to serve as a Director and may thereafter deliver a written ballot to all owners for voting. The ballot shall contain the names of all owners willing to serve for the term(s) to be filled.

(d) **Qualifications of Directors.** Directors must be members of the Association. In the case of members which are partnerships, LLCs, LLPs, or corporations, Directors shall be the designated representative of the partnership, LLC or LLP, or corporation.

(e) **Compensation.** No compensation shall be paid to directors for their services as directors unless salaries for directors are approved by an affirmative vote



of owners of 90% of the units. However, directors shall be reimbursed for actual expenses incurred in the performance of their duties.

(f) **Meetings.** Regular and special meetings of the Board of Directors may be held at such times and places as shall be determined by the directors. Notice of such meetings shall be given by the Secretary to each director and to the Treasurer and President of the Association, personally or by mail, telephone, or facsimile at least three days prior to the day named for such meeting. Two of the Directors shall be needed for a quorum. Directors may have telephone meetings, so long as all Directors are present or are given the opportunity to be present, and so long as each Director is able to speak to and be heard by the others. Unless otherwise agreed by all Directors, meetings shall be conducted in accordance with Roberts Rules of Order. In any event, all Directors shall be given an opportunity to briefly speak without repeated interruptions, and formal votes shall be taken and recorded. Information concerning major actions by the Board shall be promptly disseminated to all members of the Association in a manner to be determined by the Board. Owners may attend Board meetings but their participation in the meetings may be limited to the extent determined by the Directors present at the meeting.

(g) **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law, the Declaration, or these Bylaws directed to be exercised by the members. In addition, the Board of Directors shall have the following powers and duties:

- (1) To enforce the provisions of the Declaration of Unit Ownership and these Bylaws by appropriate action.
- (2) To determine the amount of any assessments payable by the unit owners for common expenses and to allocate and assess said expenses among unit owners in proportion to their respective interests in the common elements. Assessments shall include reasonable reserve funds. The Board shall have the authority to invest reserve funds in any manner not inconsistent with the needs of the Association.
- (3) In its discretion, to impose special assessments for approved capital expenses and for emergencies as they are incurred.
- (4) To send written notice of any change in the regular assessments and written notice of any special assessment to each owner at least 30 days before its due date.
- (5) To record and foreclose a lien against any unit for unpaid assessments or to bring an action at law against the owner personally obligated to pay the same.



- (6) To shut off the water to the unit of any owner who is more than 15 days delinquent in payment of monthly assessments and to give written notice to that owner of the intent of the Board to shut off the water at least 10 days prior to shut off.
- (7) To promptly provide the Directors of Mansion Homes Owners Association with a copy of the shared water and sewer bill for Lots 1, 2, 3 and 4, Block 2, of Josephine Crossing Subdivision, together with the amount of the bill owed by the Mansion Homes Owners Association and its members and to collect the water and sewer fees owed the Association by the Mansion Homes Owners Association if not paid prior to the date the water bill payment is due.
- (8) To promptly provide the owners of occupied homes on Lot 4, if Lot 4 is not included in the Josephine Cottages project, with a copy of the shared water and sewer bill for Lots 1, 2, 3 and 4, Block 2, of Josephine Crossing Subdivision, together with the amount of the bill owed by the owners of occupied homes on Lot 4, and to collect the water and sewer fees owed the Association by owners of occupied homes on Lot 4, if Lot 4 is not included in the Josephine Cottages project, if not paid prior to the date the water bill payment is due.
- (9) To adopt a schedule of late payment fees.
- (10) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
- (11) To adopt a schedule of reasonable fines for violation of the Declaration, these Bylaws, or the duly adopted rules and regulations of the Association.
- (12) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
- (13) To procure and maintain insurance required or authorized to be purchased by the Association.
- (14) To pay all debts of the Association.
- (15) To grant and accept easements, permits and licenses on behalf of all unit owners, as necessary for the proper operation of the project.
- (16) To contract for repairs, maintenance, alterations, additions and improvements which are the obligation of the Association.
- (17) Upon written request from any person, agency or corporation having an interest or prospective interest in a unit, to prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding tax year, at the requesting party's expense.

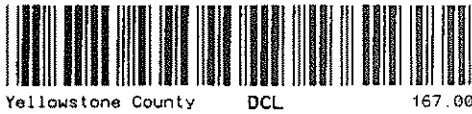


- (18) To review and approve or disapprove all requests from unit owners to modify, alter or add to the exterior surface of any unit or any common element. Except as otherwise specifically provided herein or in the Declaration of Unit Ownership for Josephine Cottages, no owner shall modify, alter or add to the exterior surface of a unit or any common element without prior approval of the Board and of the Architectural Review Committee for Josephine Crossing Subdivision; provided, however, that Developer shall not be required to obtain approval of the Board or the Committee for new units and common area improvements being constructed by Developer.
- (19) To file annual corporate reports with the Montana Secretary of State and to pay the required fee.
- (20) To prepare income tax returns for the Association, if required by state or federal law, and to pay all taxes owed.
- (21) To provide any notices required by these Bylaws or the Declaration of Unit Ownership for Josephine Cottages.
- (22) In its discretion, to delegate any of the above-mentioned powers and duties to one or more officers or employees of the Association, or to an independent contractor or agent.
- (23) To engage the services of a paid manager or managing agent. If the Board hires a professional management agent, the contract with that agent must permit termination of the contract by either party, without penalty, after 90 day advance notice of termination is given.
- (24) To supervise all officers, agents, and employees of the Association, to ensure that they properly perform their duties.

(h) Directors as Agent and Attorney-in-Fact for Unit Owners. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the unit owners of all of the units and for each of them to manage, control and deal with the interests of such unit owners in the common elements and the exterior of the homes as necessary to permit the Board of Directors to fulfill all of its powers, rights, functions and duties.

The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each unit owner, each mortgagee, other named insureds, and their beneficiaries and any other holder of a lien or other interest in the homes or the property to:

- (1) adjust and settle all claims arising under insurance policies purchased by the Board of Directors;
- (2) execute and deliver releases upon the payment of claims; and
- (3) act on their behalf in any condemnation proceeding or act of eminent domain.



Yellowstone County

DCL

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The mortgagee and guarantor of the mortgage on any unit shall have the right to timely written notice of any condemnation or casualty loss that affects a material portion of the project or the unit securing its mortgage.

(i) **Resignation and Removal of Directors.** Any Director, except Bradley R. McCall or Gregory J. McCall, may be removed from office by the majority vote of the unit owners. In the event of resignation or removal of a Director, the vacancy shall be filled at a special meeting of the unit owners, or by written ballot circulated among the owners, in the manner provided for the election of directors, with the person so elected serving the balance of the unexpired term.

4. **OFFICERS.**

(a) **Board Elects Officers.** The Board of Directors shall annually elect a President, a Secretary, and a Treasurer. The Board in its discretion may also elect a Vice-President. No two offices may be held by the same person except the offices of Secretary and Treasurer. The officers of the Association shall hold office at the pleasure of the Board and may be removed by the Board, with or without cause. In the event of a vacancy, the Board shall elect a successor at any regular meeting or at any special meeting called for such purpose. GREGORY J. McCALL and BRADLEY R. McCALL shall serve as interim President and Secretary respectively, until the first annual meeting of the Association.

(b) **Qualifications of Officers.** Directors may also serve as officers but are not required to do so. Officers may be Directors, other members of the Association, or persons who are not members.

(c) **Duties.** The President shall preside at all meetings of the Association and of the Board of Directors, shall supervise the affairs of the Association and its officers, shall have all of the powers and duties usually vested in the office of President, and shall perform such other duties as from time to time may be imposed by the Board of Directors. The Vice-President, if any, shall act in the place of the President and shall have such other duties as may be assigned by the Board of Directors. The Secretary shall keep all books and records of the Association and the Board of Directors and record all minutes of meetings of both, shall keep a record of all members of the Association, and shall serve all required notices. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate itemized accounts of all receipts and disbursements in books belonging to the Association, in chronological order. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may



from time to time be designated by the Board of Directors. All checks over \$500.00 shall be signed by two officers. Officers signing checks must be members of the Association. If the Association hires a manager, the manager shall not have the right to sign checks.

(d) Compensation. Any officer may be compensated, in a reasonable amount, as determined by the Board of Directors.

5. LIABILITY OF OFFICERS AND DIRECTORS.

The Officers and Directors of the Association shall not be liable to the Association or any unit owner for any mistake of judgment, negligent or otherwise, except for their own individual willful misconduct or bad faith. Except to the extent that such damages and expenses are satisfied by Officer's and Director's liability insurance, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the person is or was an Officer or Director of the Association. Said indemnification shall be against damages and expenses, including attorney fees, judgments, fines and amounts paid in settlement incurred by the person in connection with such action, suit or proceeding, if the Officer or Director acted in good faith and in a manner the Officer or Director reasonably believed to be in, or not opposed to, the best interest of the Association.

6. INSPECTION OF RECORDS.

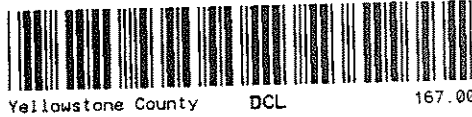
The books, records and papers of the Association and a copy of the current Declaration of Unit Ownership, Bylaws, Articles of Incorporation, and rules and regulations, if any, for Josephine Cottages, shall be open for inspection by any unit owner and by holders, insurers, and guarantors of first mortgages on units at any reasonable time, after reasonable notice to the Secretary.

7. EMERGENCY ACCESS.

Directors shall have the right to enter any unit in case of an emergency originating in or threatening such unit whether or not the owner or occupant is present at the time.

8. INSURANCE.

(a) Except as otherwise provided in subsection (k) below, the Board of Directors shall ensure all of the homes and all common element improvements, including every part of every building and all fixtures attached or affixed to any part of a building by screws, nails, glue, cement or other building material, against loss or damage by fire and other casualty in an amount representing the full insurable value thereof, less a deductible in an amount to be determined by the



Board. Such insurance shall be "all-in" coverage. Works of art or purely decorative items normally not considered to be part of the real estate when a home is sold are not fixtures, even though temporarily attached to a wall with nails or screws.

(b) The Board of Directors shall purchase public liability and property damage insurance, insuring the Association and the unit owners for liability for personal injuries to, or the death of, any person, and for damage to property resulting from the ownership, use, or occupancy of the common areas, with policy limits to be determined by the Board, but no less than \$1,000,000.00 per occurrence and \$2,000,000.00 per aggregate.

(c) The Board of Directors shall purchase fidelity insurance coverage for all persons handling Association monies, naming the Association as insured, in an amount equal to the maximum funds held by the Association. If the Board employs a management agent, the agent must have its own fidelity insurance policy providing the same coverage required above.

(d) The Board shall purchase Officer's and Director's liability insurance covering each member of the Board and each officer of the Association; the amount of coverage shall be determined by the Board.

(e) The cost of all insurance purchased by the Association shall be a part of the common expense.

(f) All insurance policies shall be issued by an "A" rated or better company approved by FNMA; Directors shall seek to obtain the best insurance value, considering the coverage, the price, the financial stability of the insurer, and the history of the insurer in promptly and properly handling claims.

(g) In the event of a loss exceeding one thousand dollars (\$1,000.00), all Association insurance proceeds shall be paid to the Board of Directors as trustee for disbursement.

(h) Each policy shall contain a standard mortgagee clause in favor of each mortgagee, or trust indenture beneficiary, or contracts of sale shall contain endorsements in favor of the contract sellers of any units, and shall each require the insurer to notify the Association, each unit owner, and each first mortgage holder or trust indenture beneficiaries, in writing, of any lapse, cancellation or substantial change to the policy at least 10 days prior to the date on which such cancellation or change takes effect. Duplicate originals of all new insurance policies and of all policy renewals, together with proof of payment of premiums, shall be delivered to all mortgagees, trust indenture beneficiaries, and contract sellers of units at least 10 days prior to expiration of the then current policies.



(i) The Board of Directors shall annually review the adequacy of limits of coverage of insurance policies, shall obtain a valuation from an insurance company or other knowledgeable person or business of the full replacement value of the covered improvements, without deduction of depreciation, for the purpose of determining the amount of property insurance required under this section, and report its findings and opinion regarding insurance to the membership of the Association at its annual meeting.

(j) Insurance policies shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured.

(k) Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation and provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner. Insurance purchased by the Association shall not cover personal items, such as furniture or clothing inside the units. Owners must insure their personal property and obtain liability insurance to cover injury or damage occurring on or within their unit, if they wish such insurance coverage. If any major improvements are made to the interior of a unit after initial purchase of the unit, (for example, if an owner later finishes an unfinished basement), those improvements (betterments) must be insured for fire or other casualty on the owner's personal insurance policy, if the owner wishes to have insurance. Insurance on such betterments will not be purchased by the Association.

(l) Insurance payments for a fire or other property loss insured by the Association shall be applied by the trustee to repair or replacement of the damaged property. In the event of loss to one or more but not all units, any amount needed to repair or replace the unit, in excess of insurance payments, shall be paid by the owner of that unit. If insurance proceeds exceed the replacement cost of the units, excess proceeds shall be credited to the accounts of all unit owners. Units which are repaired or replaced after a loss shall conform in style, quality, and appearance to the unit as it existed prior to the loss.

(m) The deductible for the policy purchased by an owner shall be paid by the owner. The deductible for policies purchased by the Association shall be paid by the Association, except when the damage is caused by an owner, or the owner's family members, tenants, or guests; in such event the deductible shall be paid by that owner.



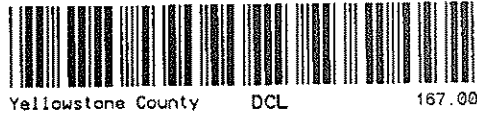
9. PROPERTY LOSS.

Property damaged by fire or other casualty must be repaired or rebuilt unless there is a total loss of all units, all unit owners agree not to rebuild, and there is agreement not to rebuild by mortgagees that represent at least 51% of the votes of the units that are subject to mortgages. Insurance payments for a property loss insured by the Association shall be applied by the Board, or its designated Trustee, to repair or replacement of the damaged property except in the event of a total loss of all units and a unanimous decision of all owners not to rebuild. Units which are repaired or replaced after casualty shall conform in style, quality, and appearance to the unit as it existed prior to the casualty.

10. ASSESSMENTS FOR COMMON EXPENSES.

(a) When Assessments Begin. The owner of each completed unit shall be obligated to pay monthly and special assessments for common expenses beginning on the 1st day of the month following completion.

(b) Amount. Prior to the annual meeting, the Board of Directors shall prepare an Association budget for the coming year. A copy of that budget, together with a statement of the amount of each monthly assessment for the coming year, shall be delivered to each unit owner at least one week before the annual meeting. Each monthly assessment for a unit shall be equal to the total estimated common expenses for the coming year, plus a reasonable reserve fund for replacement of improvements, divided by twelve, divided by the total number of completed units. Upon completion of all units, each monthly assessment shall equal the total estimated common expenses for the coming year, plus a reasonable reserve allowance for replacement of improvements, divided by twelve, multiplied by the percent of undivided interest in the common elements for the assessed unit. Assessments shall be due and payable on the first day of each month. If an annual budget is not prepared as required, the monthly assessment due shall be equal to the amount of the monthly assessment for the previous year until changed by the Board of Directors, after preparation of a new budget. The regular monthly assessments may be changed by the Board at any time it determines that the change is necessary or advisable. Written notice of the amount of any changed monthly assessment shall be given, by mail or otherwise, to each unit owner at least 30 days in advance of the first payment due date for the assessment. Except for changes in the amount of the monthly assessments, no bills or other notices that monthly assessments are due need be given by the Association. Assessments must be based upon and computed by using the percentile interest that each unit owner has in the common elements.



(c) Record Keeping. All assessments collected by the Association may be commingled in a single fund from which shall be paid the expenses for which the assessments are made. Separate records of payments received shall be kept for each unit.

(d) Interest and Late Fees. Assessments paid more than 10 days after the date when due shall bear interest at the rate of ten percent (10.0%) per annum from the date when due until paid; in addition, late paying owners shall be obligated to pay a late fee if a schedule of late payment fees has been adopted by the Board of Directors. All payments upon assessments shall be applied first to late fees, then to interest and then to the earliest assessment due.

(e) Special Assessments. Special assessments may be made by the Board of Directors for capital improvements only upon an affirmative vote of 90% of the members entitled to vote; provided, however, that no assessments for capital improvements shall be made until all of the units, including expansion units, have been constructed and sold by the Developer. The Board may impose special assessments for unanticipated emergency expenses without a vote of the members.

(f) No Exemption from Payment. No unit owner is exempt from payment of any common expense by waiver of the use or enjoyment of those items paid for or by abandonment of the unit.

(g) Account Balance Transfers with Unit. No unit owner shall be entitled to receive the balance in that owner's assessment account upon sale of the owner's unit. The account balance shall pass with sale of the unit to the credit of the new unit owner. This provision shall not be deemed to prohibit a selling owner from collecting the balance of that owner's assessment account from a purchaser.

(h) Remedies for Failure to Pay. The remedies for failure to pay assessments are set forth in the Declaration of Unit Ownership.

11. MAINTENANCE OF UNITS AND COMMON ELEMENTS.

(a) Unit Owner Responsibilities. Every unit owner shall be responsible for all maintenance of and repairs to the interior of his or her home, for replacement of broken glass in the unit, for repairs to glass and doors, and for routine maintenance of the front porch or deck which serves the unit. Each owner shall be responsible for all damages to the other units or to the common elements resulting from his or her failure to effect such maintenance and repair. Each unit owner shall be responsible for paying all taxes and assessments on his or her unit and for payment for all utilities provided to his or her unit, except water and sewer. All utility lines and pipes, fixtures, and equipment serving only one unit shall be maintained,



replaced, and kept in good repair by the unit owner.

All maintenance and repairs for which an owner is responsible shall be paid for by the owner. In the event an owner or tenant fails or refuses to provide adequate maintenance or repairs, the Association may, after ten (10) day advance written notice to the owner, enter into the owner's unit and make the needed repairs or do the maintenance, and charge the actual cost of such repairs or maintenance to the unit owner. Any such costs shall be a lien on the unit on which repairs were made or maintenance was done, and if unpaid, may be foreclosed in the same manner as a lien for common expenses.

Each owner shall use a reasonably high standard of care in performing the maintenance and repairs for which the owner is responsible so that the entire Josephine Cottages project will reflect a high pride of ownership. The Board of Directors of Josephine Cottages Owners Association shall be the final authority in determining whether an owner is providing adequate maintenance.

(b) Association Responsibilities. The Association shall be responsible for any maintenance, repair, and replacement of general and limited common elements, including water and sanitary sewer lines serving two or more units, and including the storm water detention system. The Association shall also be responsible for maintenance and repair of the exterior of the buildings, except as otherwise provided above. The Association shall pay for mowing lawns, for fertilization and other maintenance of lawns, trees and shrubs, and for snow removal from the driveways and front sidewalks. The Association shall be responsible for watering the landscaping in the public rights of way adjoining the project. The Association may employ personnel necessary for all required maintenance, upkeep, and repair. The Association shall use a reasonably high standard of care in providing such maintenance, management, and repair so that Josephine Cottages project will reflect a high pride of ownership.

(c) Maintenance of Storm Water Detention System. The storm water detention system for Josephine Cottages includes underground pipes with storm inlets and a sump beneath each inlet, below ground boulder pits and surface ponds for collection of storm water. The Association shall be responsible for keeping the inlets free of debris, for periodically cleaning debris and silt out of the sumps beneath the inlets and for keeping the surface ponds mowed. No vegetation other than grass shall be planted in the surface ponds. The finished grade of the land in the project must not be changed after completion without prior review and approval of a civil engineer and, if required, by the Montana Department of Environmental

Quality.



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12. **RESTRICTIONS ON USE**

The following restrictions apply to use of all units and common areas:

(a) **Types of Uses Allowed.** The property shall be used only for residential purposes except that an owner may use a portion of his or her unit for an office so long as the activities therein shall not interfere with the quiet enjoyment or comfort of any other owner or occupant and provided the use complies with the applicable zoning ordinances of the City of Billings. In addition, Developer shall have the right to maintain a construction office and a sales office on the property until all units are sold.

(b) **Pets.** A maximum of one dog and one cat, or two cats or two dogs, shall be permitted in each unit only if kept under the owner's control at all times. No pets shall be allowed to run loose on the common area. Owners shall be responsible for promptly cleaning up after their pets and for payment for any damage caused by their pets. Owners shall pay a fine, imposed by the Board, of \$50.00 for a second violation of any of these pet restrictions and a fine of \$100.00 for each violation thereafter. Such fines shall be a common expense, payable only by the offending unit owner. In addition, the Board may require an owner to either keep a pet inside or permanently remove it from the Josephine Cottages project if the Board receives two bona fide complaints that the animal is a nuisance from one or more other owners within a six (6) month period.

No wolf hybrids or vicious breeds of dog, including, but not limited to, pitbulls, rottweiler, staffordshire or mastiffs shall be permitted in the Josephine Cottages project.

(c) **No Livestock or Poultry.** No domestic livestock or poultry may be kept or raised in or on any unit or the common areas.

(d) **Hot Tubs.** Hot tubs may be installed on the limited common area on the south side of the home and must be screened from view of the neighboring units. All hot tubs must be installed in a manner that minimizes noise and vibration. Hot tubs shall be permitted only if they do not disturb neighbors. The Board shall notify any owner, in writing, of complaints about the owner's hot tub received by the Board from any neighboring unit owner. After sending 3 such notices within any 12 month period, the Board shall have the authority to require the owner to remove the hot tub.

(e) **Nuisances.** No nuisances or unlawful activities shall be allowed on or within any unit or the common areas, nor shall any use or practice be allowed which



interferes with the peaceful possession or proper use of the property.

(f) Alterations to Buildings and Common Elements. Nothing shall be done in, on, or to any unit or in, on or to the limited or general common elements which will impair the structural integrity of any building. Except as otherwise provided herein, no unit owner or occupant shall erect or place any building or structure, including fences, walls, patios and decks, on any common area, add or remove landscaping, nor make any other additions or alterations to any common areas or to the exterior of his or her unit, except in accordance with plans and specifications approved by the Architectural Review Committee for Josephine Crossing Subdivision and by the Board of Directors. If plans and specifications have not been approved in writing, by the Board within 45 days after submission, they shall be deemed disapproved. This restriction does not apply to Developer during construction of units and landscaping of common areas. Owners may, at their own expense, fence their limited common yard, or plant additional landscaping in the limited common yard after the type and height of the fence or the type of landscaping is approved by the Board. Only plants requiring little watering may be planted within three feet of concrete improvements. Owners shall reimburse the Association for all additional maintenance costs incurred because of the fencing and/or additional landscaping.

(g) Antennas and Satellite Dishes. No antennas or satellite dishes exceeding one meter in diameter or diagonal measurement, and no air-conditioning units, wiring, or any other device shall be installed on the exterior of any building, in a yard, or on common elements without prior written approval of the Board. Owners may install a small satellite dish or antenna not exceeding one meter in diameter or diagonal measurement in their yard at the back or side of their home or on the exterior surface of their home without prior approval of the Josephine Cottages Board of Directors. The location of the satellite dish must comply with the applicable ordinances of the City of Billings.

(h) Garbage. All garbage and trash must be placed in the proper receptacles designated for refuse collection, and no garbage or trash shall be placed elsewhere on any common element; all trash containers, except dumpsters which belong to or are leased by the Association, if any, must be kept inside the garage except on collection days.

(i) Noise. Residents and their guests shall exercise care about making noise which may disturb other residents. No unit owner shall make or permit noise on common areas between the hours of 11:00 p.m. and the following 7:00 a.m. if such noise shall disturb or annoy occupants of the other unit.

(j) **Parking.** No vehicle parking is allowed on common areas, or on any of the Carriage Lanes serving Josephine Cottages. Unit owners shall not park vehicles in such a manner as to block sidewalks, driveways, or Carriage Lanes, nor shall they permit any member of their family, guests, or tenants to do so. Junked or non-operational vehicles, boats and trailers, and motorhomes shall not be parked in driveways for a period exceeding five consecutive days or 30 total days in any one calendar year. Improperly parked vehicles may be removed at the owner's expense.

(k) **Blocking Access.** Owners shall not take or permit any occupant or guest to take any action which impairs vehicle or pedestrian access to another unit.

(l) **Fire Prevention.** No unit owner shall perform any act or store anything within or immediately adjacent to his or her unit which might increase the rate of insurance for any home or increase the probability of fire as a result of such act or the storage of such items.

(m) **Water.** Owners and occupants shall not transport water away from the Josephine Cottages property.

(n) **Fines.** The Board of Directors is hereby authorized to adopt a schedule of fines for violation of any of the provisions contained in this Section and for violation of any additional rules and regulations adopted by the Board pursuant to Section 13 below, and to assess such fines against all owners who violate these provisions. The owner of each unit shall be responsible for fines resulting from the conduct of the occupants of the unit and their guests.

In the event any owner, occupant, or guest of any occupant fails to abide by the provisions of this Section, or the rules adopted pursuant to Section 13 below, the Board shall be entitled to recover from the unit owner all costs and attorney fees incurred by it in compelling compliance, with or without initiating arbitration or filing a lawsuit, including collection of fines imposed for violations. If an owner wishes to dispute the imposition of a fine against that owner, the owner must submit the dispute to the Arbitrator within six (6) weeks after receipt of written notice of the fine; failure of an owner to submit the dispute to arbitration within six (6) weeks shall be deemed an admission that the fine was properly imposed by the Board. All fines shall be a lien on the unit of the owner against whom they are imposed, and if unpaid, the lien may be foreclosed in the same manner as a lien for common expenses.



13. **RULES AND REGULATIONS.**

Administrative rules and regulations concerning the use of the common elements may be promulgated and amended by the Board of Directors with the approval of 75% of the members entitled to vote, provided however, that no restrictions on the use of the common elements in addition to those established in these Bylaws shall be effective until such time as all units, including expansion units have been completed and sold or occupied, unless approved by Developer.

A copy of the current rules and regulations shall be provided to each unit owner by the Secretary of the Association, without cost, upon receipt of a request therefor.

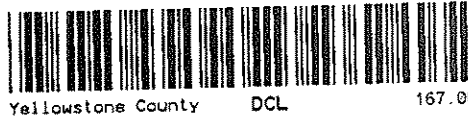
14. **WORKING CAPITAL.**

Developer, as agent of the Board of Directors, shall collect from the initial purchaser of each unit, at the time of closing, an initial capital payment equal to the Buyer's prorata share of insurance for the year plus an amount equal to 2 months assessments for the unit. Developer shall be entitled to retain the Buyers pro-rata share of insurance for the current premium period if Developer paid the premium for the unit sold for that period; otherwise, the premium shall be paid to the Association's insurance agent. The remainder of each initial capital payment collected from the buyers shall be delivered to the Board of Directors to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, including insurance, initial maintenance, equipment, supplies, organizational costs, furnishings for common areas and other start up costs, and such other purposes as the Board of Directors may determine. These funds may not be used by Developer to defray any of its expenses, construction costs, or other financial obligations, and this payment shall not be considered to be prepayment of regular monthly assessments.

In addition, at closing, Developer shall collect from the initial purchaser each unit the buyer's pro-rata share of the assessment for that month.

15. **LIABILITY OF THE ASSOCIATION AND UNIT OWNERS.**

The Association shall not be liable to any unit owner or any occupant of a unit for any failure to provide services paid for as a common expense, or for any uninsured injury or damage to person or property caused by the elements, or resulting from water, snow or ice which may leak or flow from any portion of the common elements or from any pipe, drain, conduit, appliance or equipment onto a unit. The Association shall not be liable to any unit owner or any occupant of a unit for uninsured loss or damage, by theft or otherwise, of articles which may be stored



upon any of the common elements. This shall not be deemed to be a waiver of any liability between unit owners. No diminution or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or from any action taken by the Association to comply with any law, ordinance, or order or directive of any government authority. The Association shall not be liable to any unit owner or any occupant of a unit for uninsured injury or damage to person or property caused by another unit owner. Any such liability shall be attributed solely to the responsible unit owner. The Association shall not be liable to any unit owner or any occupant of a unit for uninsured personal injuries or uninsured injuries to property occurring on common elements.

16. AMENDMENT.

6 Prior to completion of construction of the entire project, including expansion units, these Bylaws may be amended by Developer. Each owner, by acceptance of a deed to any unit, shall be deemed to consent to any such amendment by Developer, and to have granted to Developer the power, pursuant to Section 70-15-301, MCA, to make such amendments. *GM BM*

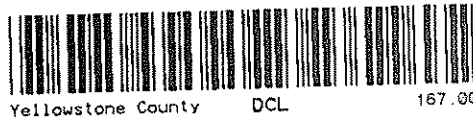
(a) These Bylaws may be also amended by the Association in a duly constituted meeting called for such purpose or by written petition, circulated among the owners; provided, however, that no amendment shall take effect without the approval of the Developer, until such time as all units, including those on expansion lots, have been sold by the Developer. No such amendment shall take effect unless approved by at least 75% of the unit owners entitled to vote and until a copy of the Amendment, certified by the President and Secretary of the Association, is recorded in the office of the Clerk and Recorder of Yellowstone County, Montana; provided, however, that the Bylaws shall always include those particulars required to be included therein by the Montana Unit Ownership Act.

(b) The consent of at least fifty-one (51%) percent of the eligible mortgage holders shall be required for a change in any of the following:

- (i) Changes in insurance requirements; and
- (ii) Changes in any provisions which expressly benefit mortgage holders, insurers, or guarantors.

17. BYLAWS ARE COVENANTS.

The provisions of these Bylaws shall be covenants running with the land and shall be binding on all owners, their tenants and guests, for so long as the real



property described herein is subject to the provisions of the Montana Unit Ownership Act.

18. **ENFORCEMENT AND WAIVER.**

These Bylaws may be enforced in the manner set forth in the Declaration of Unit Ownership for Josephine Cottages and in these Bylaws. In the event the Board of Directors shall refuse or neglect to enforce the provisions of these Bylaws, the Declaration of Unit Ownership, or duly adopted Rules and Regulations, any unit owner shall have the right to do so.

Failure of the Association, its Board of Directors or any of its members to enforce the provisions of these Bylaws or the Declaration of Unit Ownership of Josephine Cottages or any Rules and Regulations adopted by the Association shall not be deemed a waiver of the right to do so in the future.

The losing party in any lawsuit or arbitration proceeding brought to enforce these Bylaws or the Declaration or to foreclose a lien described in the Declaration or these Bylaws shall be obligated to pay the reasonable attorney fees incurred by the prevailing party, together with costs incurred in the lawsuit or arbitration proceeding. In the event the services of an attorney are used by the Association or its Board of Directors to enforce these Bylaws without filing a lawsuit or initiating arbitration, the party violating these Bylaws shall be obligated to pay the attorney fees incurred by the Association; the attorney fees shall be a lien on the unit of the violating owner. The lien may be enforced in the same manner as a lien for unpaid assessments for common expenses.

19. **DEFINITIONS.**

The terms used herein shall have the definitions set forth in the Declaration of Unit Ownership for Josephine Cottages.

20. **HEADINGS.**

The headings used in these Bylaws are for convenience only and shall not be deemed to limit the provisions of these Bylaws.

21. **NOTICE.**

Any written notice required or provided for in these Bylaws or in the Declaration of Unit Ownership for Josephine Cottages shall be hand-delivered or mailed by certified mail, return receipt requested, to the last address provided by the owner to the Association. A notice sent by certified mail shall be deemed delivered three days after the date when mailed, whether or not actually received by the owner to whom it was sent.



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IN WITNESS WHEREOF, the undersigned, being the interim President and Secretary of the Association, have executed this instrument as evidence of the adoption of the aforesaid Bylaws of the Association and hereby certify that the foregoing is a true and correct copy of the Bylaws of the Association.

DATED this 11 day of May, 2009.

JOSEPHINE COTTAGES OWNERS ASSOCIATION

By: [Signature]
GREGORY J. McCALL, President

By: [Signature]
BRADLEY R. McCALL, Secretary-Treasurer

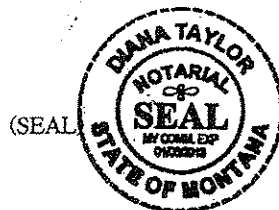
STATE OF MONTANA)

County of Yellowstone)

: ss.

On this 11 day of May, 2009, before me, the undersigned, a Notary Public for the State of Montana, personally appeared GREGORY J. McCALL, known to me to be the President of the JOSEPHINE COTTAGES OWNERS ASSOCIATION, and BRADLEY R. McCALL, known to me to be the Secretary-Treasurer of the JOSEPHINE COTTAGES OWNERS ASSOCIATION, whose names are subscribed to the foregoing Bylaws and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.



[Signature]
DIANA TAYLOR
(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires 1-8, 2013



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Yellowstone County DCL 33.00

Return To:
McCall Development, Inc.
1536 Mallowney Lane, Suite 100
Billings, MT 59101
File #38041

**FIRST AMENDMENT TO THE DECLARATION OF UNIT OWNERSHIP
FOR JOSEPHINE COTTAGES**

Pursuant to the provisions of Section 4, EXPANSION AND CONSTRUCTION OF PROJECT, contained in the Declaration of Unit Ownership For Josephine Cottages, recorded May 21, 2009, under Document No. 3508299, records of Yellowstone County, Montana, (the Original Declaration), **McCALL DEVELOPMENT, INC.** hereby amends the above described Declaration of Unit Ownership as follows:

1. Lot 4, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, (the expansion lot), is hereby submitted to the provisions of the Montana Unit Ownership Act and is hereby added to and included in the JOSEPHINE COTTAGES project. Units 36 through 49 will be located on the expansion Lot. A site plan showing the planned location of each home on the expansion lot, the unit number of each new home, and additional common elements which are part of the project is attached hereto as Exhibit "B-1"; Exhibit "B-1" replaces page 3 of Exhibit "B" attached to the Original Declaration.

JOSEPHINE COTTAGES is now located upon the following described real property:

Lots 2, 3 and 4, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

The undivided interest in the common areas of the entire expanded project appurtenant to each unit in the project is 1/42 as provided in Section 8 of the Original Declaration.



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Page: 2 of 3
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In all other respects the above-described Original Declaration shall remain as written.

DATED this 25 day of January, 2011.

McCALL DEVELOPMENT, INC.

By: [Signature]
Its: Vice President

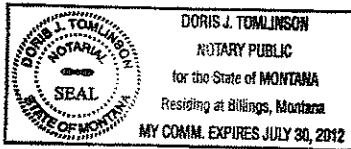
STATE OF MONTANA)
County of Yellowstone) ss.

This instrument was acknowledged before me on January 25, 2011, by Grega J. McCall, as Vice President, of McCALL DEVELOPMENT, INC., a Montana corporation.

[Signature]
Doris J. Tomlinson
(print or type name of notary)

(SEAL)

Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires July 30, 2012



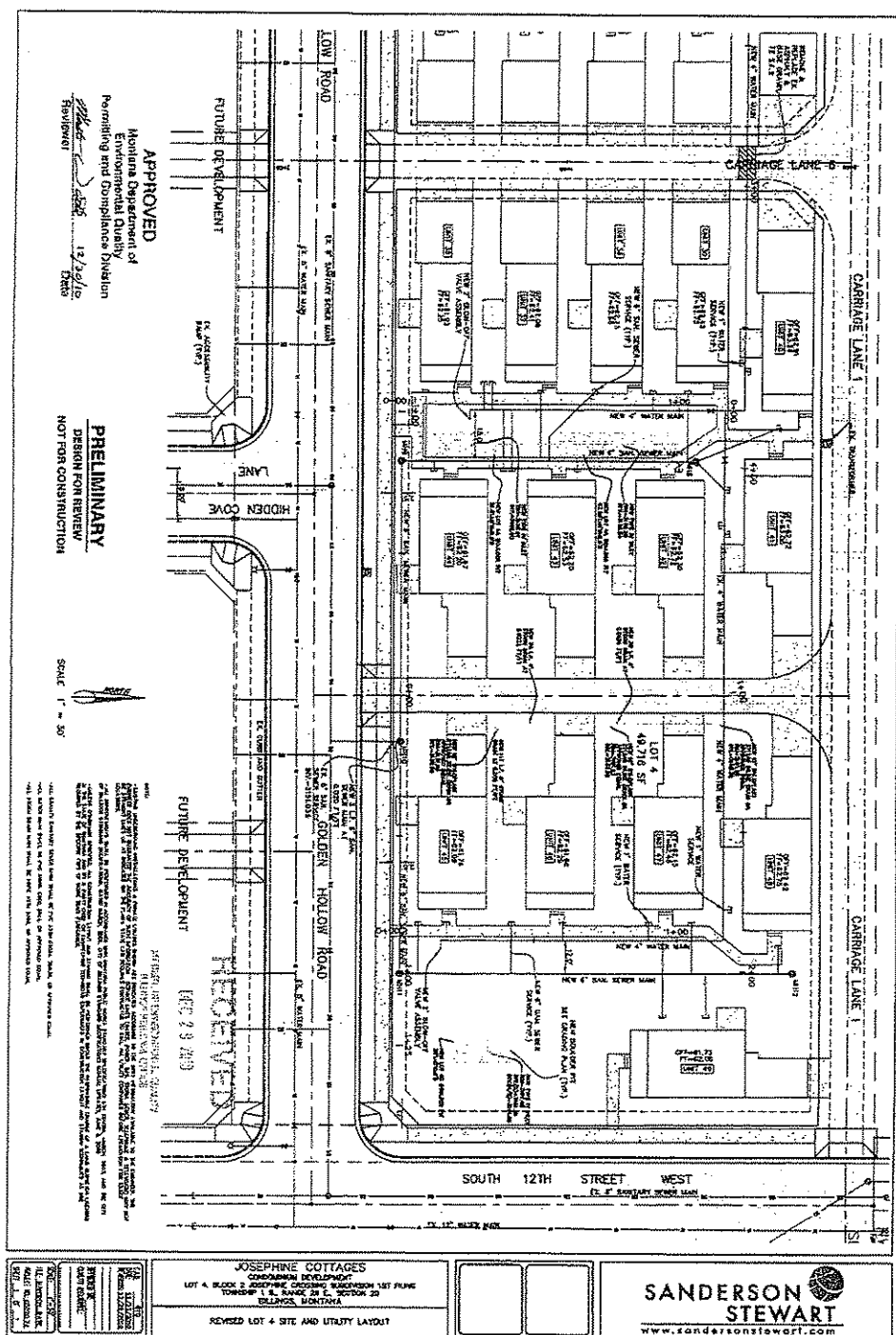


Exhibit "B-1"



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STATE OF MONTANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF SUBDIVISION APPROVAL
(Section 76-4-101 et seq., MCA)

TO: County Clerk and Recorder
Yellowstone County
Billings, Montana

E.Q. #11-1506

THIS IS TO CERTIFY THAT the plans and supplemental information relating to the subdivision known as **Rewrite of Lot 4 of Josephine Crossing Subdivision (Josephine Cottages)**:

Located in the Northwest Quarter of Section 20, Township 1 South, Range 26 East, P.M.M,
City of Billings, Yellowstone County, Montana

consisting of one lot that has been reviewed by personnel of the Permitting and Compliance Division,
and,

THAT the documents and data required by ARM Title 17 Chapter 36 have been submitted and found
to be in compliance therewith, and,

**THAT this Certificate supersedes EQ # 09-2375 dated the 8th day of July, 2009, for Lot 4 only,
and all previous copies should be marked superseded, except that the original conditions not
changed by this approval are still in effect, and,**

THAT the approval of the Plat is made with the understanding that the following conditions shall be
met:

THAT the lot size as indicated on the Plat to be filed with the county clerk and recorder will not be
further altered without approval, and,

THAT Lot 4 shall be used for a total of 14 condominium units (Units 36 through 49), and,

THAT the public water supply system and public sewage treatment system will be provided by the City
of Billings, and,

THAT the extension to the public water supply system will consist of approximately 370 lineal feet of 4-
inch diameter PVC water main, including valves, fittings, and appurtenances, and,

THAT the extension to the public sewage treatment system will consist of approximately 435 lineal feet
of 6-inch diameter PVC sewer main, including five manholes and appurtenances, and,

THAT stormwater water runoff controls will consist of three inline drains, three Type IV inlets,
approximately 270 lineal feet of HDPE storm drain piping, three boulder pits and appurtenances, and,

THAT the extensions to the public water and sewage treatment systems and the stormwater runoff
controls will be constructed in accordance with the Montana Public Works Standard Specifications,
latest edition, and approved plans and specifications received by the department on July 2, 2009, and
July 7, 2009 under the seal of Gary T. Owen, P.E. registration number 15378PE (previously approved
under EQ 09-2375), and,

THAT the water, sewer, and storm drainage system will be owned by the condominium unit owners as
provided in the Unit Ownership Act, Section 70-23-403, MCA. The water, sewer, and storm drainage
system will be managed and operated by the Josephine Cottages Home Owners Association, and,



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Page 2 of 2

Josephine Crossing Subdivision, Lot 4 (Josephine Cottages)

Yellowstone County

E.Q.# 11-1506

THAT instruments of transfer for this property shall contain reference to these conditions, and,

THAT the developer and/or owner of record shall provide the purchaser of property with a copy of the Plat, and a copy of this document, and,

THAT plans and specifications for any proposed sewage treatment systems will be reviewed and approved by the county health department and will comply with local regulations and ARM, Title 17, Chapter 36, Subchapters 3 and 9, before construction is started, and,

THAT construction will be completed within three years of the approval date. If more than three years elapse before completing construction, plans and specifications must be resubmitted and approved before construction begins. This three-year expiration period does not extend any compliance schedule requirements associated with a Department enforcement action against a public water or sewage system, and,

THAT within 90 days after construction is completed upon a public water system, wastewater system, or storm drainage system, or upon an extension of or addition to such a system, the professional engineer shall certify to the Department that the construction, alteration or extension was completed in accordance with the plans and specifications approved by the Department, and,

THAT project certification shall be accompanied by a complete set of "as-built" drawings bearing the signature and seal of the professional engineer, and,

THAT departure from any criteria set forth in the approved plans and specifications and Title 17, Chapter 36, Sub-Chapters 1, 3, and 6 ARM when erecting a structure and appurtenant facilities in said subdivision without Department approval, is grounds for injunction by the Department of Environmental Quality.

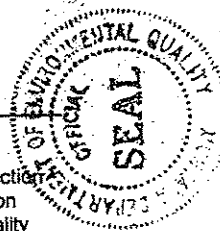
Pursuant to Section 76-4-122 (2)(a), MCA, a person must obtain the approval of both the reviewing authority under Title 76, Chapter 4, MCA, and local health officer having jurisdiction, before filing a subdivision plat with the county clerk and recorder.

YOU ARE REQUESTED to record this certificate by attaching it to the filed in your office as required by law.

DATED this 30th day of December, 2010

RICHARD OPPER
DIRECTOR

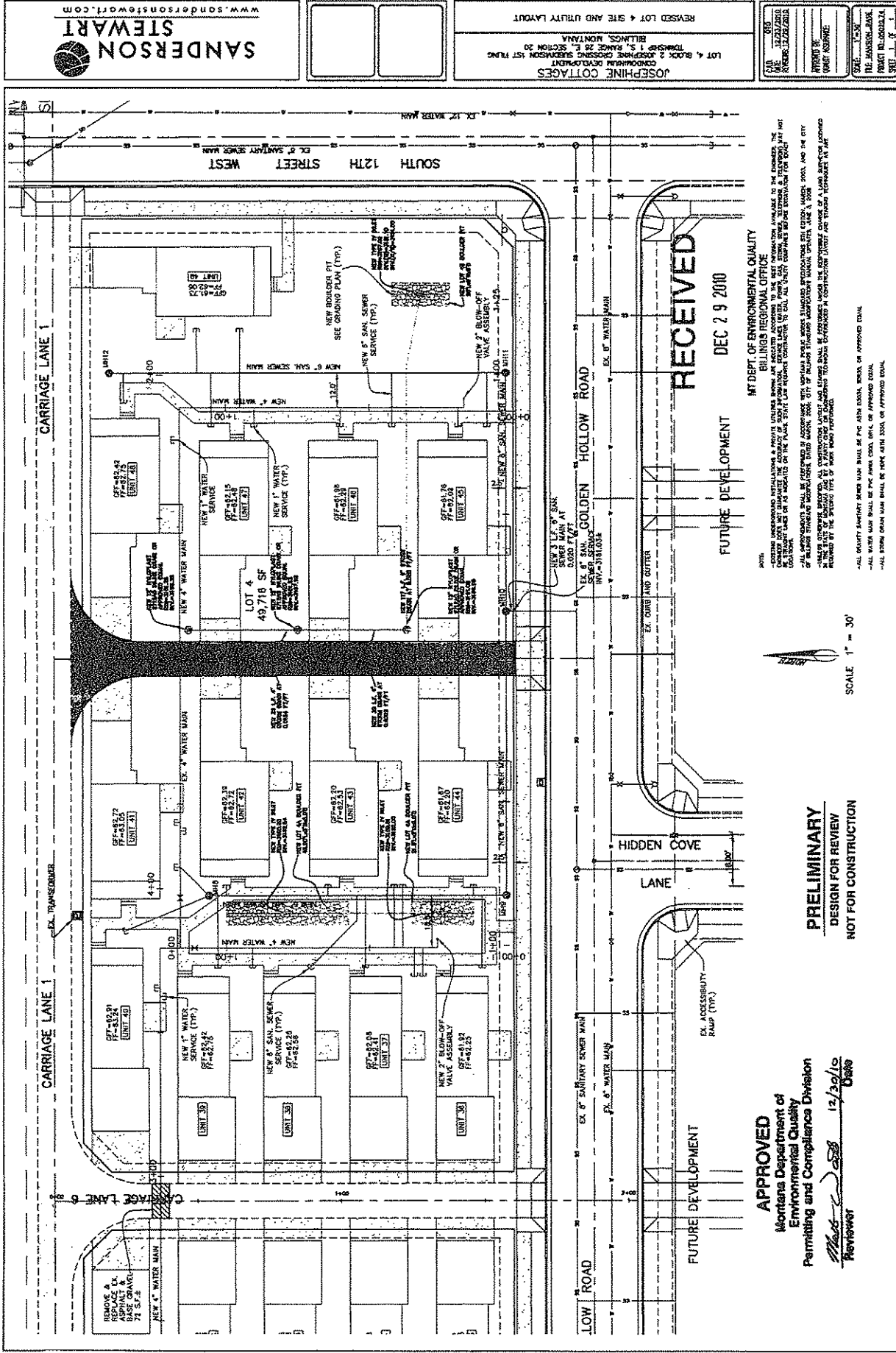
By: *Steve Kilbreath*
For: Steve Kilbreath, Supervisor
Subdivision Review Section
Public Water and Subdivisions Section
Permitting and Compliance Division
Department of Environmental Quality



Owner's Name: McCall Development, Inc.



P:\CADD\002-1 AND REV-PROJ\05020-19-1\BPA\T01-1-4-BLK2-005PHINE-COTIACF-COURT.Plot



APPROVED
Montana Department of
Environmental Quality
Permitting and Compliance Division
Madison 12/30/10
Date
Reviewer

PRELIMINARY
DESIGN FOR REVIEW
NOT FOR CONSTRUCTION

MT DEPT. OF ENVIRONMENTAL QUALITY
BILLINGS REGIONAL OFFICE
NOTES:
-EXISTING UNDERGROUND INSTALLATIONS & PRIVATE UTILITIES SHOWN ARE ACCURATE ACCORDING TO THE BEST INFORMATION AVAILABLE TO THE ENGINEER. THE ENGINEER HAS CONDUCTED VISUAL INSPECTIONS OF THE PROJECT SITE AND HAS BEEN ADVISED BY THE PROPERTY OWNER THAT THERE ARE NO OTHER UTILITIES OR STRUCTURES LOCATED AT OR ADJACENT TO THE PROJECT SITE. THE ENGINEER HAS BEEN ADVISED BY THE PROPERTY OWNER THAT THERE ARE NO OTHER UTILITIES OR STRUCTURES LOCATED AT OR ADJACENT TO THE PROJECT SITE.
-ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH MONTANA STATE ENGINEERING REGULATIONS AND THE CITY OF BILLINGS ENGINEERING REGULATIONS. THE CITY OF BILLINGS ENGINEERING REGULATIONS ARE AVAILABLE AT THE CITY OF BILLINGS ENGINEERING DEPARTMENT, 2000 SOUTH 12TH STREET, BILLINGS, MONTANA 59102.
-ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE MONTANA STATE ENGINEERING REGULATIONS AND THE CITY OF BILLINGS ENGINEERING REGULATIONS. THE CITY OF BILLINGS ENGINEERING REGULATIONS ARE AVAILABLE AT THE CITY OF BILLINGS ENGINEERING DEPARTMENT, 2000 SOUTH 12TH STREET, BILLINGS, MONTANA 59102.
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SCALE 1" = 30'

SANDERSON STEWART
www.sanderSONstewart.com

JOSEPHINE COTTAGES
CONDOMINIUM DEVELOPMENT
LOT 4, BLOCK 2, CARRIAGE LANE WEST
BILLINGS, MONTANA
REVISED LOT 4 SITE AND UTILITY LAYOUT

| | |
|-------------|----------|
| DATE | 12/29/10 |
| BY | MS |
| CHECKED BY | MS |
| APPROVED BY | MS |
| DATE | 12/29/10 |

Candace L. Kimmert
Karell Dyre Haney PLLP
175 N. 27th St, Ste 1303
Billings MT 59101



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BYLAWS OF JOSEPHINE CROSSING
OWNERS' ASSOCIATION
(a non-profit corporation)

The initial Board of Directors of JOSEPHINE CROSSING OWNERS' ASSOCIATION, a Montana non-profit corporation, ("the Association"), hereby adopts the following Bylaws:

DEFINITIONS

In the interpretation of these Bylaws the following definitions shall apply:

"Developer" means McCall Development, Inc., or any person or entity to whom McCall Development, Inc. transfers or assigns its development rights hereunder.

"Original Declaration" means the Declaration of Conditions, Covenants and Restrictions for Josephine Crossing, to which these Bylaws are attached.

"Subdivision" is Josephine Crossing Subdivision, all filings, located in Yellowstone County, Montana.

OFFICES

1. **Principal Office.** The principal office of this Association is situated at 1536 Mallowney Lane, Suite 100, Billings, Montana 59101. The Board of Directors may change the principal office.

MEMBERS

2. **Membership.** Developer and each subsequent owner of the lots described on Exhibit "B" attached to the Original Declaration shall be a Member of the Association, together with the owners of additional Lots which are subjected to the provisions of the Original Declaration.

Co-owners, or joint owners of a Lot shall be deemed to

EXHIBIT "D"

File No. 34143-A

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Jeff Martin Clerk & Recorder, Yellowstone MT



be one Member for the purposes of voting and assessment. If any Lot is subsequently subdivided, the owners of each subdivided Lot shall be members of the Association. Upon sale or transfer of any lot, the membership shall transfer to the new owner(s).

3. **Classes of Membership and Voting Rights.** The Association initially shall have two classes of membership: Single Family Lot Members, and the Developer. They are each defined as follows:

- (a) Single Family Lot Members. Single Family Lot Members shall be all owners of residential single-family lots, except the Developer if it owns any single family lots. Single Family Lot Members shall have one equal vote for each Lot owned.
- (b) Developer Member. McCall Development, Inc., or all assignees of the development rights of McCall Development, Inc., shall be the Developer Members of the Association. The Developer Members shall have one vote for each lot owned by it.

Class voting shall be required on all issues which require a vote of the Members. Resolutions must be approved by a majority of the Members in each class entitled to vote, or by 2/3 of the Members of each class present and entitled to vote at the time the vote is taken, whichever is less.

4. **Annual Meeting.** The annual meeting of the Members for election of Directors, approval of an annual budget, and for the transaction of such other business as may properly come before them shall be held at the principal office of this Association or at such other place that shall be set forth in the Notice of meeting. The annual meeting shall be held on the first Saturday of June, 2007, at 1:00 o'clock P.M. and on the first Saturday of June of each and every year thereafter.

5. **Notice of Annual Meeting.** The Secretary-Treasurer of this Association shall give written notice stating the place, day and hour of the meeting by delivering the same not less than ten (10) days prior to the date of the meeting if notice is personally delivered, or not less than thirty days,



nor more than fifty (50) days before the date of the meeting, if notice is delivered by mail, to each Member of record entitled to vote at such meeting. The notice shall be deemed delivered when deposited, postage prepaid, in the United States mail addressed to the Member at the Member's address as it appears on records of the Association.

6. **Special Meeting.** Special meetings of the Members may be called by the Board of Directors or by not less than 25% of all Members in each class entitled to vote at the meeting. Notice of said special meeting shall be given in the same manner as notice for the annual meeting as outlined in Section 5 above, except that the notice, in addition to all other requirements, must state the purpose or purposes for which the meeting is called. No business other than that specified in the Notice of Meeting shall be transacted at any such special meeting.

7. **Quorum of Members.** A majority of the Members in each class, represented in person or by proxy, shall constitute a quorum at a meeting of Members. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If a quorum is present, the affirmative vote of the majority of Members represented at the meeting and entitled to vote on the subject matter shall be the act of the Members unless the vote of a greater number is required by the Articles of Incorporation, these Bylaws, or the Original Declaration or any amendment thereto.

If a meeting cannot be organized because a quorum is not present, those present may adjourn the meeting from time to time until a quorum is present and at which time any business may be transacted that could have been transacted at the meeting as originally called.

8. **Proxies.** Every proxy must be dated and signed by the Member and given to the Secretary-Treasurer before or at the time of the meeting. No proxy shall be valid after the



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expiration of eleven (11) months from the date of its execution. Every proxy shall be revocable by the Member executing it. Said revocation must be in writing, dated and signed by the Member and given to the Secretary-Treasurer before or at the time of the Association's next meeting.

9. **Order of Business.** The order of business at all meetings of the Members shall be as follows:

- (a) Proof of notice of meeting or waiver of notice.
- (b) Reading of minutes of preceding meeting.
- (c) Reports.
- (d) Business.

10. **Conduct of Meetings.** Meetings shall be conducted in accordance with Roberts Rules of Order.

11. **Informal Action.** Resolutions required or permitted to be approved by Members may be approved without a meeting of Members if the written resolution is signed by at least 51% of the Members in each class entitled to vote and by the Developer, as a Member of the Association, and filed with the corporate records.

BOARD OF DIRECTORS

12. **Directors.** The Association shall be governed by a Board of five persons, all of whom shall be Members of the Association and who shall be elected by majority vote of the Members present at the annual meeting. Until sale by Developer of 75% of the land area in the Subdivision, Single Family Lot Members shall elect two Directors, and the Developer Members shall elect the remaining three Directors. After sale by Developer of 75% of the land area in the Subdivision, the Single Family Lot Members shall elect three of the Directors, and the Developer Members shall elect two Directors until all land in the Subdivision is sold by Developer. When there is no longer a Developer Member, the

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Single Family Lot Members shall elect all Directors. The Directors shall serve without compensation.

13. **Term.** Five Directors shall be elected at the first annual meeting of the Association. The term of the Directors elected by the Developer Member shall be fixed for one year. The term of the Directors elected by the Single-Family Lot Members shall be fixed at two years. At the expiration of the initial term of each Director, an election shall be held by the class entitled to elect a new Director; all successor Directors shall serve two-year terms. A Director may be re-elected to successive terms.

14. **Initial Directors.** Until the first annual meeting, BRADLEY R. McCALL, GREGORY J. McCALL and CAROLEE McCALL shall serve as the only Directors.

15. **Powers and Duties of Directors.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all acts and things as are not by law, by these Bylaws, by the Original Declaration, or by amendments to that Declaration directed to be exercised and done by the Members.

- (a) The Directors shall have the power to contract for improvements to and maintenance of the Common Property of Josephine Crossing Subdivision described in the original Declaration or subsequent Amendments to that Declaration, and such other maintenance as may be required by vote of a majority of the members of each class entitled to vote.
- (b) The Board shall have the power to levy and collect General and Special assessments for the purposes set forth in the original Declaration, and any amendments thereto.
- (c) The Board shall prepare an annual budget and obtain contractors' bids for insurance, and/or maintenance for which the Association is responsible.
- (d) The Board shall have the authority to take appropriate legal action to collect delinquent assessments, to file a lien against any Lot having delinquent assessments, and to levy penalties and interest in accordance with the Original Declaration and amendments thereto.





- (e) The Board shall have the power to enter into and carry out contracts as necessary to its duties herein.
- (f) The Board shall have authority to pay Members of the Architectural Review committee a reasonable fee for their services.
- (g) The Board shall have the power to establish a bank account for the Association and to keep records in accordance with common accounting procedures.
- (h) The Board shall have the power to employ and pay a Secretary-Treasurer, a management company, an accountant, an attorney and such other persons as it deems necessary or advisable. The Board may delegate its responsibilities to a management company but shall be obligated to supervise the actions of that management company.
- (i) The Board shall have the power to appoint an Architectural Review Committee for the Association subject to the requirements set forth in the Original Declaration as amended from time to time.
- (j) The Board shall file annual corporate reports with the Montana Secretary of State and pay the required fee, arrange for preparation and filing tax returns for the Association and pay any taxes due.
- (k) The Board shall have the power to enforce the provisions of the Original Declaration and any amendments to that Declaration.

16. Removal of Directors. At any regular or special meeting of the Association called for that purpose, any Director may be removed for good cause by a vote of a majority of the Members in the Class which elected the Director. In the event of such removal, a successor may then and there be elected to fill the vacancy thus created by the Members of the class which removed the Director.

17. Vacancies in Board of Directors. Vacancies in the Board of Directors caused by resignation of a Director shall be filled by a vote of the Members of the class which elected the Director who resigned. Each person so elected shall serve for the remainder of the term of the resigning Director.



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18. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held during each calendar year. Notice of such regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, e-mail, or facsimile at least three days prior to the date of such meeting.

19. **Special Meetings.** Special meetings of the Board of Directors may be called by any Director or by the President on three days' notice to each Director. Notice may be given personally, or by mail, telephone, e-mail, or facsimile and shall state the time, date, place, and purpose of the meeting.

20. **Telephone Meetings.** Directors may have telephone meetings so long as all Directors are present or are given the opportunity to be present, and so long as each Director is able to speak to and be heard by the others.

21. **Quorum.** A quorum of the Board for transaction of business at any meeting shall be a majority of the Directors.

22. **Proxies.** Only Directors will be allowed an official vote. No proxies shall be allowed under any circumstances.

23. **Conduct of Meetings.** Unless otherwise agreed by all Directors, meetings shall be conducted in accordance with Roberts Rules of Order.

OFFICERS

24. **Designation.** The Officers of this Association shall be a President, a Vice-President, and a Secretary-Treasurer.

25. **Election and Term of Officers.** The Officers shall be elected by the Board of Directors for a one-year term. Officers may be re-elected for successive terms. The President and Vice-President shall be Members of the Association; the Secretary-Treasurer need not be a Member of the Association. Directors may also serve as Officers but are not required to do so.

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26. **Payment of Officers.** The President and Vice-President shall serve without salary; the Secretary-Treasurer may be paid a reasonable salary, as determined by the Board.

27. **Removal of Officers.** Any Officer may be removed at any time with or without cause by vote of a majority of the Directors then in office.

28. **Filling Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by a vote of a majority of the Board of Directors. The newly elected Officer shall serve for the unexpired portion of the term.

29. **President.** The President shall be the chief executive officer of this Association and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the affairs of this Association. The President shall preside at all meetings of the Board of Directors and of the Members.

30. **Vice-President.** In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, the Vice-President shall have all the powers of the President and shall be subject to all the restrictions upon the President.

31. **Secretary-Treasurer.** The Secretary-Treasurer shall keep the minutes of every meeting held and conduct such correspondence as the Board deems necessary. The Secretary-Treasurer shall have the care and custody of and be responsible for all funds and securities of this Association and shall deposit such funds and securities in the name of this Association in such bank or safe deposit companies as the Board of Directors may designate. The Secretary-Treasurer shall also have authority to pay all bills of the Association as directed by the President or the Board of Directors. The Secretary-Treasurer shall keep at the principal office of this Association accurate books of accounts of all its business and transactions and shall at



all reasonable hours exhibit books and accounts to any Director or Member of this Association. The Secretary-Treasurer shall render a report of the condition of the finances of this Association, at each regular meeting of the Board of Directors and regular meeting of Members and shall perform all other duties incident to the office of Secretary-Treasurer.

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

32. **Contracts and Instruments.** The President or Vice-President shall sign and approve all contracts and instruments on behalf of this Association after authorization has been granted and approval obtained from a majority of the Board of Directors.

33. **Checks and Drafts.** All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness, issued in the name of or payable to this Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by any two of the Officers of this Association.

34. **Depository.** All funds of this Association shall be deposited from time to time to the credit of this Association in such banks, trust companies, or other depositories as the Board of Directors may select.

DEVELOPER RIGHTS

35. **Administration.**

(a) Right of Developer to Disapprove Actions. The Developer shall have a unilateral right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Developer would tend to impair rights of Developer under the original Declaration or these Bylaws, or interfere with development or





construction of any portion of the Subdivision, or diminish the level of services being provided by the Association. The Developer may exercise this right to disapprove in order to block proposed action or to require reversal of actions taken in violation of this Section. The Developer may not use its unilateral right to disapprove to reduce the level of services which the Association is obligated to provide; to prevent capital repairs; or to block any action or expenditure required to comply with applicable laws and regulations.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsection (b) below have been met and either the Developer has waived its right to disapprove, in writing, or a 15-day period has expired without the Developer exercising its right to disapprove after delivery of written minutes of the meeting. Any action taken in violation of this Section or in disregard of the Developer's exercise of such right of disapproval shall be outside the scope of the Association's authority and invalid and the Developer shall be entitled to pursue any and all remedies available at law or in equity, including damages or injunctive relief, to remedy such violation of its rights hereunder. In the event of such action, the prevailing party shall be entitled to collect its costs and attorney fees incurred in the action.

(b) Notice. The Developer shall be given written notice of all meetings to be held and actually held by the Association, the Board or the committee, and all proposed actions approved or to be approved at those meetings, or by written consent in lieu of a meeting. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address the Developer has registered with the Secretary of the Association. The notice shall set forth with reasonable particularity the decisions made at such meeting. The Developer shall also be given minutes of

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each such meeting, stating the actions approved at the meeting.

(c) Opportunity to be Heard. The Developer, as a Member of the Association, shall be given the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right to disapproval set forth herein.

MISCELLANEOUS PROVISIONS

36. **Waiver of Notice.** Whenever any notice is required to be given under the provisions of law or under the provisions of the Articles of Incorporation or these Bylaws, or the Original or Supplemental Declaration, a waiver thereof in a writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

37. **Amendment of Bylaws.** Class voting shall be required for any amendment to these Bylaws. Any amendment must be approved by a majority of the members of each membership class or two-thirds of the vote cast by the Members of each class, whichever is less. In addition, any amendment to these Bylaws must be approved, in writing, by Gregory J. McCall and by Bradley R. McCall until this right is relinquished by each of them in a writing signed by each. Amendments to these Bylaws shall become effective upon recordation with the Yellowstone County Clerk and Recorder unless a later effective date is specified therein.

38. **Transfer of Membership.** One Single Family Lot Membership is attached to each of the lots subject to the Original Declaration, as amended from time to time. Single Family Lot Memberships shall not be transferable except upon transfer of a Lot. Said Membership is appurtenant to and runs with the Lot.

39. **Expulsion of Members.** Members may not be expelled

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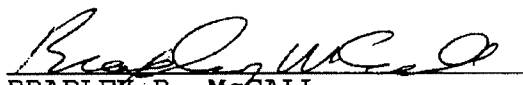


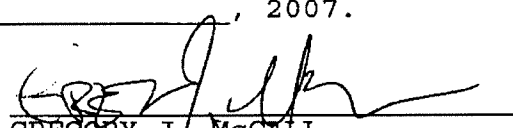
from the Association, their voting rights cannot be canceled and no Member may withdraw from the Association so long as that Member owns a Lot subject to the provisions of the Original Declaration, as amended from time to time.

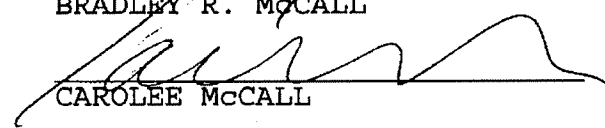
40. Reimbursement of Costs and Expenses. All Officers and Directors shall be reimbursed their costs and expenses directly incurred in work performed in furthering the purposes of this Association.

41. Dissolution. The Association shall be dissolved only if improvements or maintenance required to be done by the Association is assumed by some other entity. In the event of dissolution of the Association, the funds of the Association shall be divided equally among its Members after payment of all debts of the Association.

BYLAWS DATED 3-20, 2007.

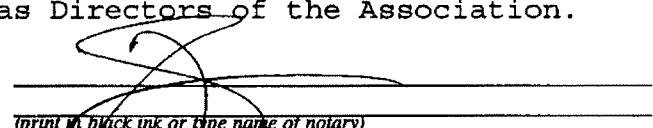

BRADLEY R. McCALL


GREGORY J. McCALL


CAROLEE McCALL

STATE OF MONTANA)
 : ss.
County of Yellowstone)

This instrument was acknowledged before me on March 20, 2007 by BRADLEY R. McCALL, GREGORY J. McCALL and CAROLEE McCALL as Directors of the Association.


(print in black ink or type name of notary)

Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires _____, 20__



TAMMY SHOVAR
NOTARY PUBLIC MONTANA
Residing in Laurel, Montana
MY COMM. EXPIRES AUG. 8, 2008





Return To:
McCall Development, Inc.
1536 Mullowney Lane, Suite 100
Billings, MT 59101
File #38041

**SECOND AMENDMENT TO THE DECLARATION OF UNIT OWNERSHIP
FOR JOSEPHINE COTTAGES**

Pursuant to the provisions of Sections 3, 4, and 25 contained in the Declaration of Unit Ownership For Josephine Cottages, recorded May 21, 2009, under Document No. 3508299, records of Yellowstone County, Montana, (the Original Declaration), **McCALL DEVELOPMENT, INC.** hereby amends the above described Original Declaration of Unit Ownership and the First Amendment to that Declaration, recorded January 25, 2011 in the office of the Clerk and Recorder of Yellowstone County MT as Document No. 3577807 as follows:

1. The following is hereby added to Section 5 Description of Unit:

Each unit is a townhome as defined in 70-23-102(14) MCA. The area of land which is included in, and part of each unit is shown on the attached Exhibit C. Exhibit C is hereby added to the Original Declaration.

2. Exhibit B-2, attached hereto shows the as-built location of each townhome unit in Josephine Cottages and shows the area of land, in square feet, included in each unit. Exhibit B-2 supplements all previously recorded site plans for Josephine Cottages.

In all other respects the above-described Original Declaration and the First Amendment to that Declaration shall remain as written.

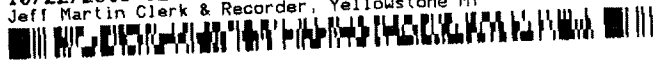
JOSEPHINE COTTAGES is located upon the following described real property:

Lots 2, 3 and 4, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

DCL

3687792

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Jeff Martin Clerk & Recorder, Yellowstone MT



DATED this 21 day of October 2013.

McCALL DEVELOPMENT, INC.

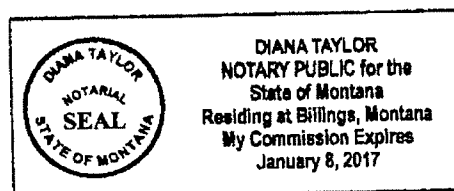
By [Signature]
Its Vice-President

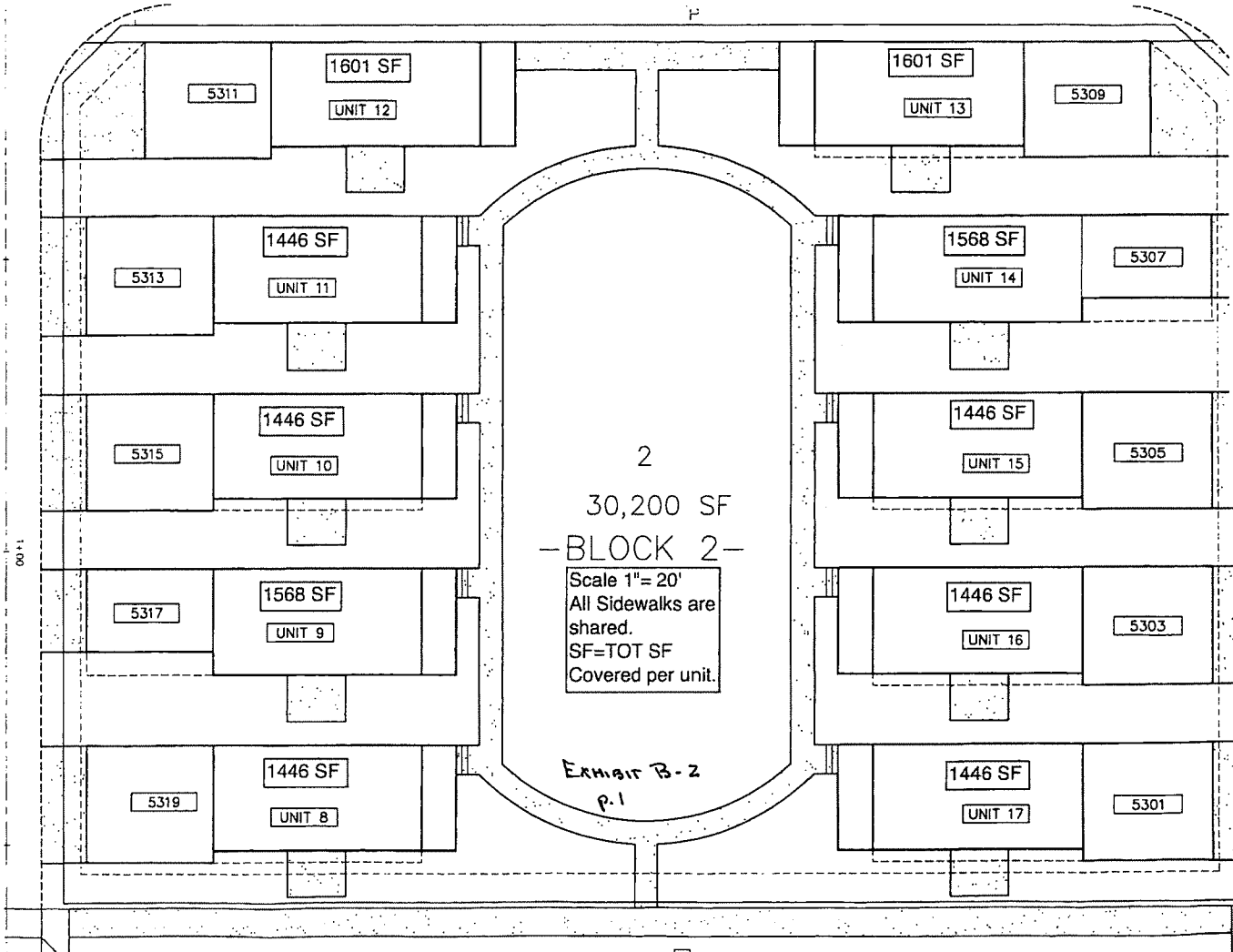
STATE OF MONTANA)
 : ss.
County of Yellowstone)

This instrument was acknowledged before me on October 21 2013
By Greg McCall, the Vice President of McCALL DEVELOPMENT,
INC.. a Montana corporation.

[Signature]
Notary Public for the State of Montana

(SEAL)

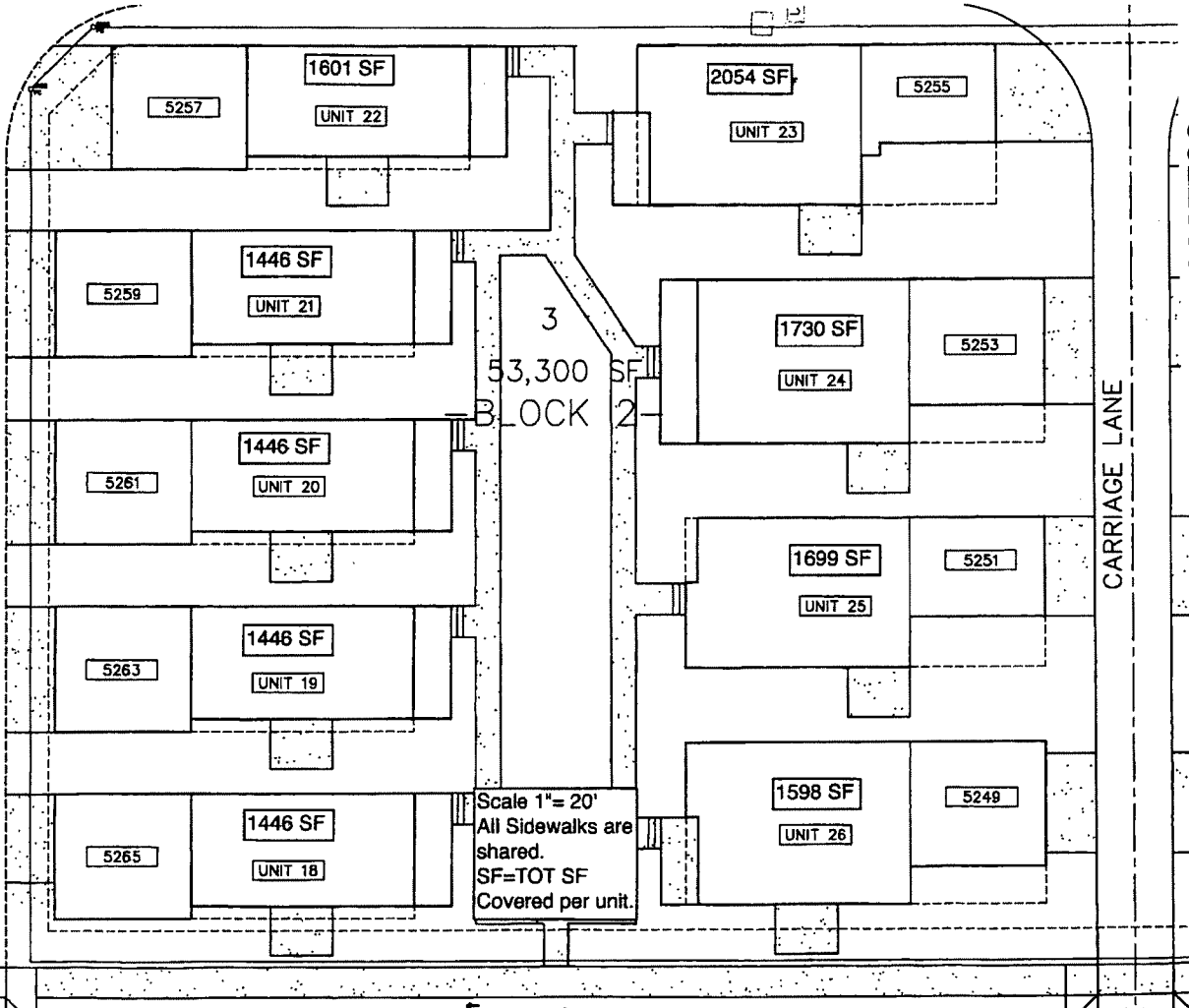




DCL 3687792
10/22/2013 02:12 PM Pages: 3 of 8 Fees: 66.00
Jeff Martin Clerk & Recorder
Jeff Martin Clerk & Recorder
Jeff Martin Clerk & Recorder

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CARRIAGE LANE

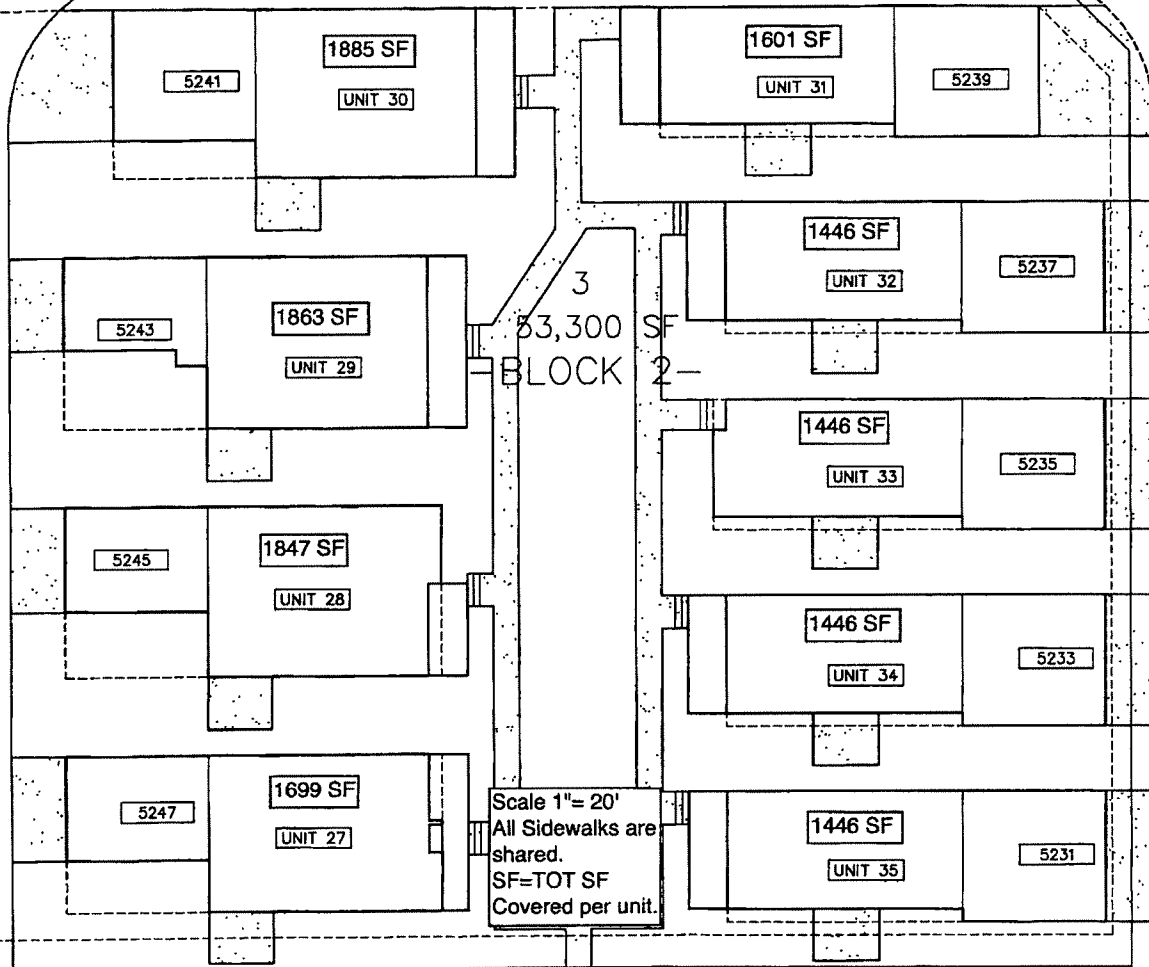


DCL 3687792

10/22/2013 02:12 PM Pages: 4 of 8 Fees: 66.00
Jeff Martin Clerk & Recorder, Yellowstone MT



CARRIAGE LANE

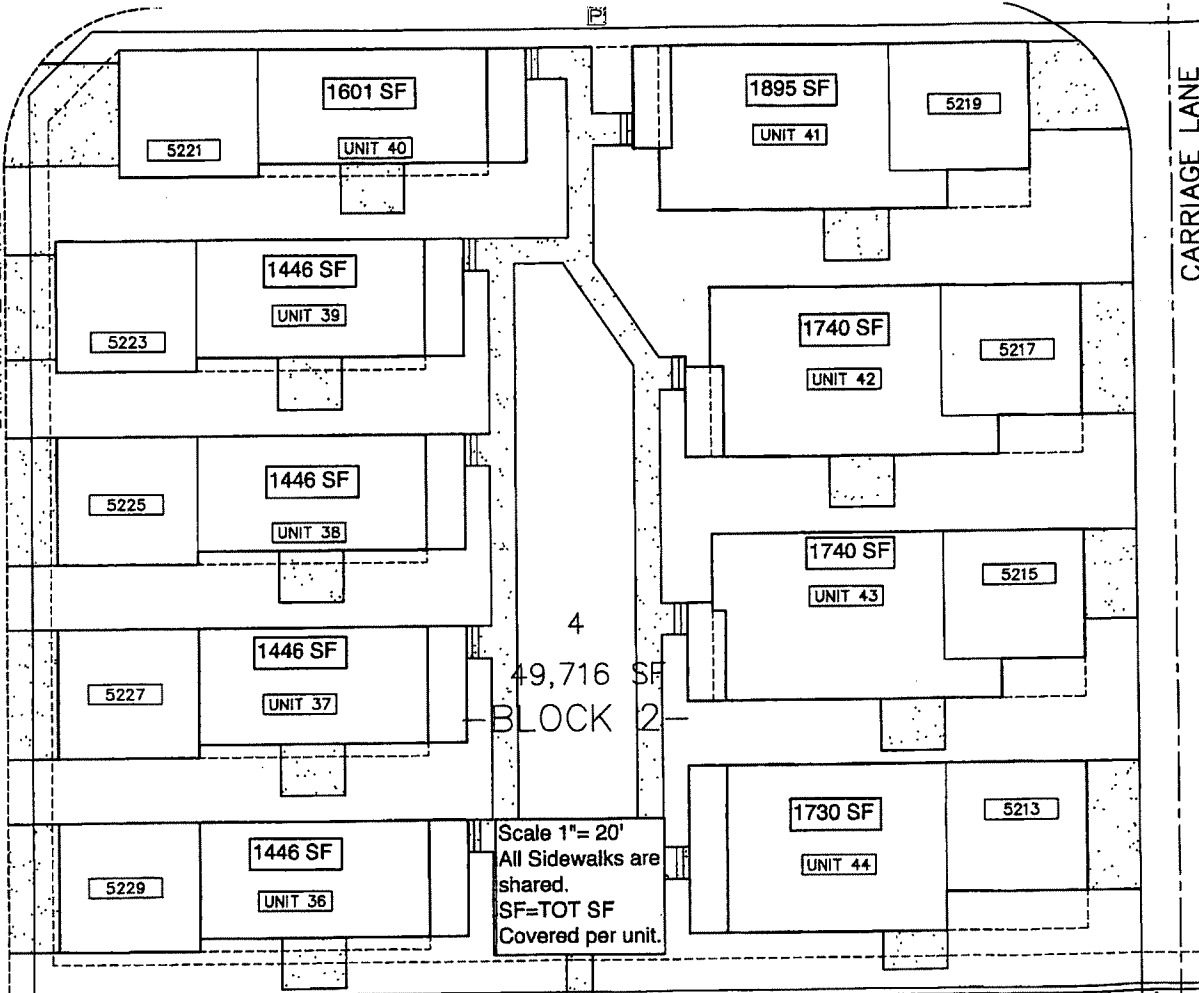


CARRIAGE LANE 6

EXHIBIT B-2, P.3

CARRIAGE LANE 6

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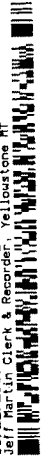


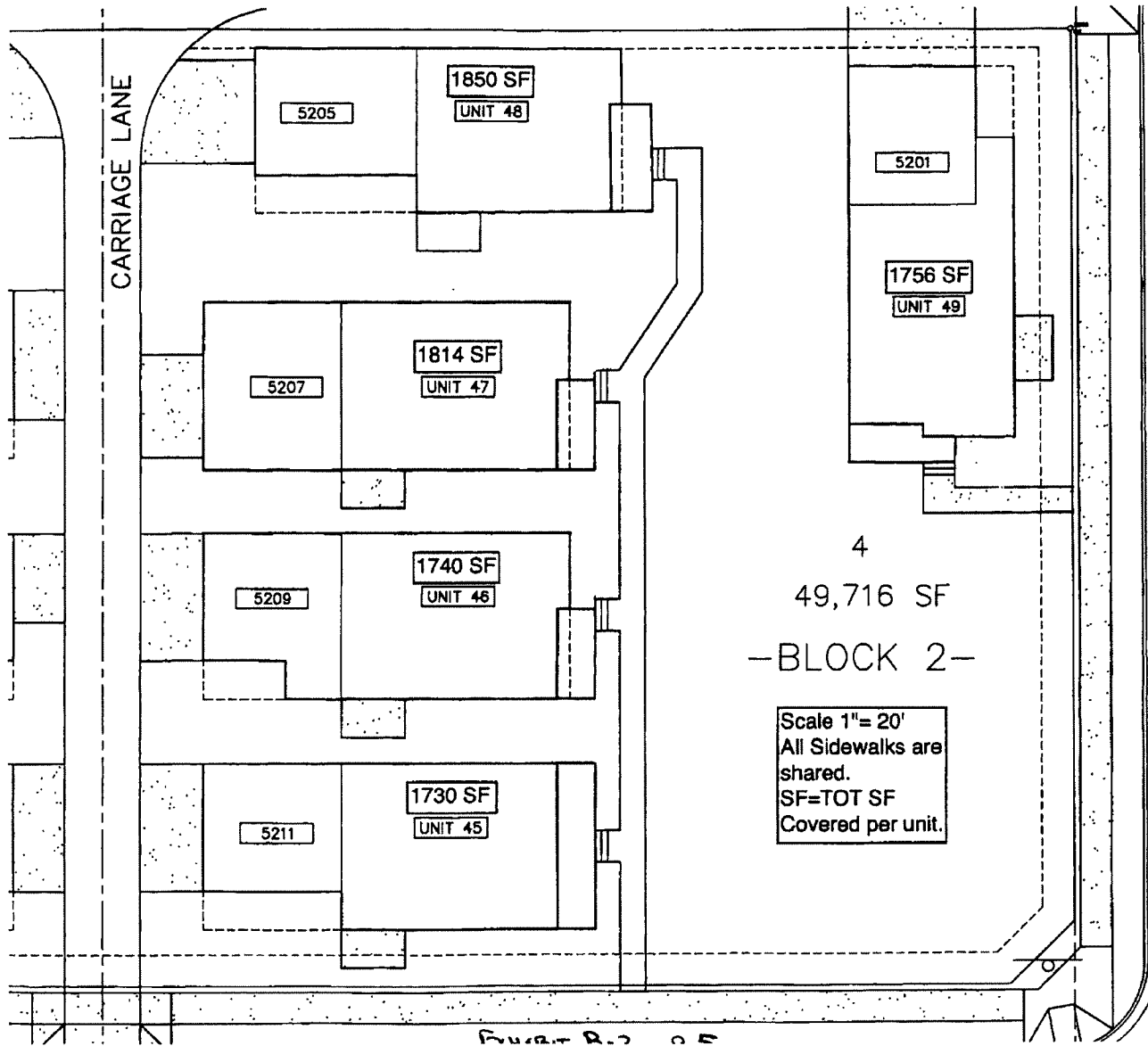
CARRIAGE LANE

3687792

DCL

07/22/2013 02:12 PM Page 5 of 8 Fees: \$6.00
10/7/2013 Clerk's Record: Yellowstone HT





CARRIAGE LANE

SOUTH 12TH STREET WEST

3687792

DCL

10/22/2013 02:12 PM Pages: 7 of 8 Fees: \$6.00
Jeff Martin Clerk & Recorder, Yellowstone MT



DCL**3687792**10/22/2013 02:12 PM Pages: 8 of 8 Fees: \$65.00
Jeff Martin Clerk & Recorder, Yellowstone MT

| Addresses | Unit # | Lot # Land w/ Unit, SF | Common Land SF |
|------------------------------|--------|------------------------|----------------|
| 5319 Golden Hollow Rd | 8 | 2 | 1446 |
| 5317 Golden Hollow Rd | 9 | 2 | 1568 |
| 5315 Golden Hollow Rd | 10 | 2 | 1446 |
| 5313 Golden Hollow Rd | 11 | 2 | 1446 |
| 5311 Golden Hollow Rd | 12 | 2 | 1601 |
| 5309 Golden Hollow Rd | 13 | 2 | 1601 |
| 5307 Golden Hollow Rd | 14 | 2 | 1568 |
| 5305 Golden Hollow Rd | 15 | 2 | 1446 |
| 5303 Golden Hollow Rd | 16 | 2 | 1446 |
| 5301 Golden Hollow Rd | 17 | 2 | 1446 |
| Total, Block 2, Lot 2 | | | 15014 |
| 5265 Golden Hollow Rd | 18 | 3 | 1446 |
| 5263 Golden Hollow Rd | 19 | 3 | 1446 |
| 5261 Golden Hollow Rd | 20 | 3 | 1446 |
| 5259 Golden Hollow Rd | 21 | 3 | 1446 |
| 5257 Golden Hollow Rd | 22 | 3 | 1601 |
| 5255 Golden Hollow Rd | 23 | 3 | 2054 |
| 5253 Golden Hollow Rd | 24 | 3 | 1730 |
| 5251 Golden Hollow Rd | 25 | 3 | 1699 |
| 5249 Golden Hollow Rd | 26 | 3 | 1598 |
| 5247 Golden Hollow Rd | 27 | 3 | 1699 |
| 5245 Golden Hollow Rd | 28 | 3 | 1847 |
| 5243 Golden Hollow Rd | 29 | 3 | 1863 |
| 5241 Golden Hollow Rd | 30 | 3 | 1885 |
| 5239 Golden Hollow Rd | 31 | 3 | 1601 |
| 5237 Golden Hollow Rd | 32 | 3 | 1446 |
| 5235 Golden Hollow Rd | 33 | 3 | 1446 |
| 5233 Golden Hollow Rd | 34 | 3 | 1446 |
| 5231 Golden Hollow Rd | 35 | 3 | 1446 |
| Total, Block 2, Lot 3 | | | 29145 |
| 5229 Golden Hollow Rd | 36 | 4 | 1446 |
| 5227 Golden Hollow Rd | 37 | 4 | 1446 |
| 5225 Golden Hollow Rd | 38 | 4 | 1446 |
| 5223 Golden Hollow Rd | 39 | 4 | 1446 |
| 5221 Golden Hollow Rd | 40 | 4 | 1601 |
| 5219 Golden Hollow Rd | 41 | 4 | 1895 |
| 5217 Golden Hollow Rd | 42 | 4 | 1740 |
| 5215 Golden Hollow Rd | 43 | 4 | 1740 |
| 5213 Golden Hollow Rd | 44 | 4 | 1730 |
| 5211 Golden Hollow Rd | 45 | 4 | 1730 |
| 5209 Golden Hollow Rd | 46 | 4 | 1740 |
| 5207 Golden Hollow Rd | 47 | 4 | 1814 |
| 5205 Golden Hollow Rd | 48 | 4 | 1850 |
| 5201 Golden Hollow Rd | 49 | 4 | 1756 |
| Total, Block 2, Lot 4 | | | 23380 |

Total Area of Common Land**65,677****EXHIBIT C**

After recording, please return to:
Candace L. Kimmet
Karell Dyre Haney PLLP
175 North 27th Street, Suite 1303
Billings, MT 59101

RES

3751751

08/19/2015 10:48 AM Pages: 1 of 9 Fees: 63.00
Jeff Martin Clerk & Recorder, Yellowstone MT



SECOND AMENDMENT
TO
DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS FOR
JOSEPHINE CROSSING

THIS SECOND AMENDMENT TO DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS FOR JOSEPHINE CROSSING (this "Second Amendment") is hereby made and entered into by **MCCALL DEVELOPMENT, INC.**, a Montana close corporation ("Developer"), to amend the Declaration of Conditions, Covenants and Restrictions for Josephine Crossing (the "Original Declaration") filed with the Clerk and Recorder for Yellowstone County on March 21, 2007 under Document No. 3414948, as amended by the First Amendment to Declaration of Conditions, Covenants and Restrictions for Josephine Crossing (the "First Amendment") filed with the Clerk and Recorder for Yellowstone County on September 12, 2012 under Document No. 3638201 (collectively, the "Declaration").

RECITALS

- A.** Under Section 6(b) of the Declaration, Developer reserved the right to modify, amend, and alter the Declaration without the consent of any other party until such time as Developer has conveyed all lots in Josephine Crossing Subdivision ("Developer's Right to Amend").
- B.** As more particularly described in the third major paragraph on Page 1 and Section 6(b) of the Declaration, Developer's Right to Amend includes the Developer's right to add and make subject to the Declaration, any additional lots in Josephine Crossing Subdivision.
- C.** Developer has not yet conveyed all lots in Josephine Crossing Subdivision.
- D.** This Second Amendment is hereby duly approved and adopted by Developer, as evidenced by its signature below, pursuant to Developer's Right to Amend and in accordance with the terms of the Declaration.

NOW THEREFORE, the Declaration is hereby amended as follows:

- 1. Exhibits "A" and "B".** Exhibits "A" and "B" of the Declaration are stricken in their entirety and replaced with Exhibit "A" and Exhibit "B", attached hereto.
- 2. Exhibit "C".** Exhibit "C" of the Declaration is hereby stricken in its entirety and the following reference to Exhibit "C" on page 1 of the Declaration is deleted in its entirety:



“Exhibit “C” is a map showing each of the included lots”

3. **Exhibit “D”.** Exhibit “D” of the Declaration is hereby stricken in its entirety and the second major paragraph on Page 2 of the Declaration is hereby amended to read as follows:

“**WHEREAS,** Developer has incorporated Josephine Crossing Homeowners Association, as a non-profit corporation, under the laws of the State of Montana (the “Association”), and has adopted Bylaws for the Association, a copy of which is recorded with the Clerk and Recorder of Yellowstone County, Montana.”

4. **Assessments.**

(A) ***Assessment for Reserve Budget.*** The following is hereby added to the end of Section 3(b)(1) of the Declaration:

“Assessments may also be made for the creation of a reserve budget. The Board or Management Company, on behalf of and pursuant to its contract with the Association, may, whenever necessary or appropriate, levy assessments in an amount sufficient to meet the projected reserve needs of the Association.”

(B) ***Payments.*** Section 3(b)(3) of the Declaration is hereby deleted in its entirety and replaced with the following:

“All assessments authorized hereunder (collectively, the “Assessments”) or any portion thereof which are not paid when due shall bear interest at a rate of twelve percent (12%) until paid and accrued interest, together with the collection costs and reasonable attorney’s fees, shall constitute a lien on the Lot on which it is assessed.”

(C) ***Liens.*** The first sentence of Section 3(b)(4) of the Declaration is hereby deleted in its entirety and replaced with the following:

“The Association or the Management Company, on behalf of and pursuant to its contract with the Association, shall have the right to collect all Assessments and such sums shall constitute a lien on such Lot.”

5. **Defined Terms.** Except as otherwise provided in herein, all capitalized terms used herein shall have the meanings ascribed to them in the Declaration.

6. **Ratification.** Except as specifically amended herein, the terms and conditions of the Declaration are hereby ratified.

RES

3751751

08/19/2015 10:48 AM Pages: 3 of 9 Fees: 63.00
Jeff Martin Clerk & Recorder, Yellowstone MT



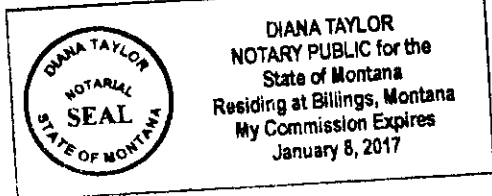
IN WITNESS WHEREOF, this Second Amendment is executed this 17th day of August, 2015.

MCCALL DEVELOPMENT, INC.

By: [Signature]
Its: Vice President

STATE OF MONTANA)
: SS.
County of Yellowstone)

This instrument was acknowledged before me on this 17th day of August, 2015,
by Gregory McCall, in his capacity as Vice President of
MCCALL DEVELOPMENT, INC., a Montana close corporation.



[NOTARIAL SEAL]

Diana Taylor
Print Name: Diana Taylor
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission expires 1-8, 2017

**EXHIBIT A**

The following lots in Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833:

- Block 1: Lots 3 through 16, inclusive, and Lots 21 through 24, inclusive,
- Block 2: Lots 1 through 4, inclusive,
- Block 3: Lots 1 through 11, inclusive, and Lots 18 through 40, inclusive,
- Block 4: Lots 1 through 3, inclusive, Lots 7 and 8, Lots 11 through 16, inclusive, Lots 19 through 26, inclusive, and Lots 32 through 40, inclusive, and
- Block 5: Lots 1 through 11, inclusive, and Lot 20,

Lots 1A and 2A, Block 1, Josephine Crossing Subdivision, First Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3439666,

Lots 4A and 6A, Block 4, Josephine Crossing Subdivision, First Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3456972,

Lots 9A and 10A, Block 4, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3563007,

Lots 12A, 13A, 14A, and 15A, Block 3, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3595249,

Lots 17A, 18A, 19A, and 20A, Block 1, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3595250,

Lots 12A and 13A, Block 5, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3617471,

Lots 14A-1, 15A, 16A, 17A and 18A, Block 5, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3617472,

Lots 16A-1 and 17A, Block 3, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3617473,



Lots 27A, 28A, 29A, 30A, and 31A, Block 4, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3617474,

Lots 17A and 18A, Block 4, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3621920,

The following lots in Josephine Crossing Subdivision, Second Filing in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3627576:

- Block 6: Lots 1 and 2, and Lots 7 through 11, inclusive,
- Block 7: Lots 1 through 5, inclusive, and
- Block 8: Lots 1 through 17, inclusive,

Lots 3A, 5A, and 6A, Block 6, Josephine Crossing Subdivision, Second Filing in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3654007,

The following lots in Josephine Crossing Subdivision, Third Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3664550:

- Block 1: Lots 25 through 32, inclusive,
- Block 5: Lots 19 through 25, inclusive, and Lots 28 through 50, inclusive,
- Block 6: Lots 12 through 18, inclusive,
- Block 8: Lots 19 through 21, inclusive, and Lot 26,
- Block 9: Lots 1 through 22, inclusive, and Lots 24 and 25, and
- Block 11: Lot 1,

Lots 22A, 23A and 25A, Block 8, Josephine Crossing Subdivision, Third Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3672077,

Lots 26A and 27A, Block 5, Josephine Crossing Subdivision, Third Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3682226,

The following lots in Josephine Crossing Subdivision, Fourth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3691426:

- Block 9: Lots 23 through 27, inclusive, and Lots 30 and 31, and
- Block 10: Lots 1 through 20, inclusive,

RES**3751751**08/19/2015 10:48 AM Pages: 6 of 9 Fees: 63.00
Jeff Martin Clerk & Recorder, Yellowstone MT

Lots 28A and 29A, Block 9, Josephine Crossing Subdivision, Fourth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3729851,

The following lots in Josephine Crossing Subdivision, Fifth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3738966:

- Block 1: Lots 33 through 76, inclusive,
- Block 8: Lots 27 through 34, inclusive, and
- Block 11: Lots 1 through 50, inclusive.

**EXHIBIT B**

The following lots in Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833:

- Block 1: Lots 3 through 16, inclusive, and Lots 21 through 24, inclusive,
- Block 2: Lots 1 through 4, inclusive,
- Block 3: Lots 1 through 11, inclusive, and Lots 18 through 40, inclusive,
- Block 4: Lots 1 through 3, inclusive, Lots 7 and 8, Lots 11 through 16, inclusive, Lots 19 through 26, inclusive, and Lots 32 through 40, inclusive, and
- Block 5: Lots 1 through 11, inclusive, and Lot 20,

Lots 1A and 2A, Block 1, Josephine Crossing Subdivision, First Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3439666,

Lots 4A and 6A, Block 4, Josephine Crossing Subdivision, First Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3456972,

Lots 9A and 10A, Block 4, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3563007,

Lots 12A, 13A, 14A, and 15A, Block 3, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3595249,

Lots 17A, 18A, 19A, and 20A, Block 1, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3595250,

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Lots 16A-1 and 17A, Block 3, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3617473,



Lots 27A, 28A, 29A, 30A, and 31A, Block 4, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3617474,

Lots 17A and 18A, Block 4, Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3621920,

The following lots in Josephine Crossing Subdivision, Second Filing in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3627576:

- Block 6: Lots 1 and 2, and Lots 7 through 11, inclusive,
- Block 7: Lots 1 through 4, inclusive, and
- Block 8: Lots 1 through 17, inclusive,

Lots 3A, 5A, and 6A, Block 6, Josephine Crossing Subdivision, Second Filing in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3654007,

The following lots in Josephine Crossing Subdivision, Third Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3664550:

- Block 1: Lots 25 through 32, inclusive,
- Block 5: Lots 19 through 25, inclusive, and Lots 28 through 47, inclusive,
- Block 6: Lots 12 through 18, inclusive,
- Block 8: Lots 19 through 21, inclusive, and Lot 26, and
- Block 9: Lots 1 through 22, inclusive,

Lots 22A, 23A and 25A, Block 8, Josephine Crossing Subdivision, Third Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3672077,

Lots 26A and 27A, Block 5, Josephine Crossing Subdivision, Third Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3682226,

The following lots in Josephine Crossing Subdivision, Fourth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3691426:

- Block 9: Lots 23 through 27, inclusive, and Lots 30 and 31, and
- Block 10: Lots 1 through 20, inclusive,

RES**3751751**08/19/2015 10:48 AM Pages: 9 of 9 Fees: 63.00
Jeff Martin Clerk & Recorder, Yellowstone MT

Lots 28A and 29A, Block 9, Josephine Crossing Subdivision, Fourth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3729851,

The following lots in Josephine Crossing Subdivision, Fifth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3738966:

- Block 1: Lots 33 through 49, inclusive, Lots 51 through 55, inclusive, Lots 57 through 61 inclusive, Lots 63 through 67, inclusive, and Lots 69 through 76, inclusive,
- Block 8: Lots 27 through 34, inclusive, and
- Block 11: Lots 1 through 7, inclusive, Lots 9 through 13, inclusive, Lots 15 through 19, inclusive, Lots 21 through 25, inclusive, Lots 27 through 44, inclusive, and Lots 46 through 49, inclusive.

After recording, please return to:
Candace L. Kimmet
Karell Dyre Haney PLLP
175 North 27th Street, Suite 1303
Billings, MT 59101

HOA

3755895

09/28/2015 03:40 PM Pages: 1 of 3 Fees: 21.00
Jeff Martin Clerk & Recorder, Yellowstone MT



**FIRST AMENDMENT TO THE BYLAWS OF
JOSEPHINE CROSSING OWNERS' ASSOCIATION**

THIS FIRST AMENDMENT TO THE BYLAWS OF JOSEPHINE CROSSING OWNERS' ASSOCIATION (this "**First Amendment**") amends the Bylaws of Josephine Crossing Owners' Association recorded with the Clerk and Recorder for Yellowstone County on June 26, 2015 under Document No. 3744391 (the "**Bylaws**"). As required by Section 8.4 of the Bylaws governing the amendment thereof, the amendments set forth in this First Amendment have been duly approved and adopted by (i) a two-thirds vote of approval cast by the members of each membership class of the Association pursuant to a written ballot, evidenced by the President of the Association's signature below on behalf of the Association, and (ii) **GREGORY J. MCCALL** and **BRADLEY R. MCCALL**, as evidenced by their signatures below.

NOW THEREFORE, the Bylaws are hereby amended as follows:

1. **Annual Meeting.** The last sentence of Section 4 of the Bylaws is hereby deleted in its entirety and replaced with the following:

"The annual meeting shall be held on the second Tuesday of June of each year or at another date and time as may be fixed by or under the authority of the Board of Directors."

2. **Notice of Annual Meeting.** Section 5 of the Bylaws is hereby deleted in its entirety and replaced with the following:

"The Secretary-Treasurer of this Association shall give written notice stating the place, day and hour of the meeting by delivering the same not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by private carrier, mail, electronic mail, or facsimile, by or at the direction of any officer or persons calling the meeting, to each Member of record entitled to vote at such meeting. Notice shall be deemed to be effective at the earliest of the following: (i) when received, (ii) when deposited in the United States mail, addressed to the Member at the Member's address shown in the Association's records, with postage thereon prepaid, (iii) when faxed to the intended recipient's facsimile number on file in the Association's records, or (iv) when sent by electronic mail to the intended recipient's electronic mail address on file in the Association's records."

3. **Quorum of Members.** The first sentence of Section 7 of the Bylaws is hereby deleted in its entirety and replaced with the following:

"One-third of the voting power of each class of Members entitled to vote on a matter must be represented at a meeting of Members to constitute a quorum on that matter."

4. **Informal Action.** Section 11 is hereby deleted in its entirety and replaced with the following:

"Informal Action. Resolutions required or permitted to be approved by Members may be approved without a meeting of Members if the written resolution is signed by at least 80% of the Members in each class entitled to vote, or any such other percentage approval allowed or required under Montana law for actions by written consent, and filed with the corporate records.

5. **Powers and Duties of Directors.** Section 15(b) is hereby deleted in its entirety and replaced with the following:

"(b) The Board shall have the power to levy and collect assessments for the purposes set forth in the original Declaration and any amendments thereto."

6. **Defined Terms.** Except as otherwise provided in herein, all capitalized terms used herein shall have the meanings ascribed to them in the Declaration of Conditions, Covenants and Restrictions for Josephine Crossing recorded with the Clerk and Recorder for Yellowstone County on March 21, 2007 under Document No. 3414948, as amended by the First Amendment to Declaration of Conditions, Covenants and Restrictions for Josephine Crossing filed with the Clerk and Recorder for Yellowstone County on September 12, 2012 under Document No. 3638201.

7. **Ratification.** Except as specifically amended herein, the terms and conditions of the Bylaws are hereby ratified.

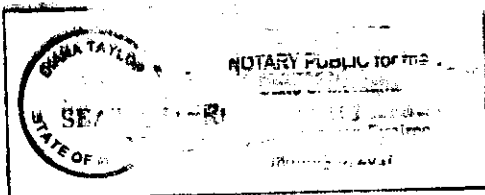
IN WITNESS WHEREOF, this First Amendment is executed this 28 day of September, 2015.

JOSEPHINE CROSSING OWNERS' ASSOCIATION

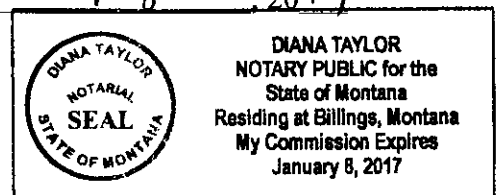
By: Cynthia M. Jessee
Its: VP

STATE OF MONTANA)
)
 : ss.
County of Yellowstone)

This instrument was acknowledged before me on this 28 day of September, 2015, by Cynthia M. Jessee, in his/her capacity as President of JOSEPHINE CROSSING OWNERS' ASSOCIATION.



Diana Taylor
Print Name: Diana Taylor
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission expires 1-8, 2017





Gregory J. McCall

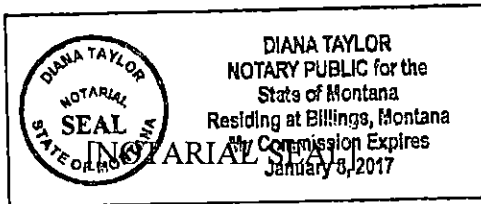
 GREGORY J. MCCALL

STATE OF MONTANA)

: ss.

County of Yellowstone)

This instrument was acknowledged before me on this 15 day of September,
 2015, by **GREGORY J. MCCALL**.



Diana Taylor

 Print Name: DIANA Taylor
 Notary Public for the State of Montana
 Residing at Billings, Montana
 My Commission expires 1-8, 2017

Bradley R. McCall

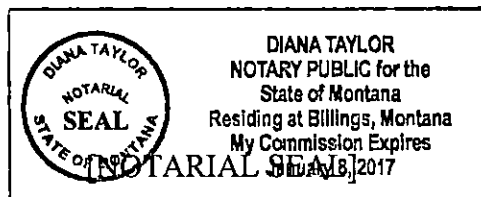
 BRADLEY R. MCCALL

STATE OF MONTANA)

: ss.

County of Yellowstone)

This instrument was acknowledged before me on this 15 day of September,
 2015, by **BRADLEY R. MCCALL**.



Diana Taylor

 Print Name: DIANA Taylor
 Notary Public for the State of Montana
 Residing at Billings, Montana
 My Commission expires 1-8, 2017

After recording, please return to:
Candace L. Kimmet
Karell Dyre Haney PLLP
175 North 27th Street, Suite 1303
Billings, MT 59101

DCL

3817703

06/22/2017 04:30 PM Pages: 1 of 2 Fees: 14.00
Jeff Martin Clerk & Recorder, Yellowstone MT



THIRD AMENDMENT
TO
DECLARATION OF UNIT OWNERSHIP FOR JOSEPHINE COTTAGES

THIS THIRD AMENDMENT TO THE DECLARATION OF UNIT OWNERSHIP FOR JOSEPHINE COTTAGES (this "Third Amendment") dated June 22, 2017 amends the Declaration of Unit Ownership for Josephine Cottages, recorded with the Clerk and Recorder for Yellowstone County on May 21, 2009 under Document No. 3508299, as amended by the First Amendment to the Declaration of Unit Ownership for Josephine Cottages recorded with the Clerk and Recorder for Yellowstone County on January 25, 2011 under Document No. 3577807 and the Second Amendment to Declaration of Unit Ownership for Josephine Cottages recorded with the Clerk and Recorder for Yellowstone County on October 22, 2013, under Document No. 3687792 (collectively, the "Declaration") relating to the following real property in Yellowstone County, Montana more particularly described as follows:

Lots 2 and 3, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

NOW THEREFORE, the Declaration is hereby amended as follows:

1. Description of Unit. The third sentence of Section 5 of the Declaration is hereby deleted in its entirety and replaced with the following:

"The driveway, the air conditioning compressor, if any, the porch, deck, the sidewalk, and the fencing installed by the Owner, if any, serving the home are also part of the unit."

2. Common Elements. The following reference is deleted from Section 6(a) of the Declaration: "the vinyl fences installed by Developer".

3. Common Expenses. The following is deleted from Section 10(c) of the Declaration: "including the cost of maintenance and repair of the exterior of the buildings, except glass and doors,".

4. Defined Terms. Except as otherwise provided in herein, all capitalized terms used herein shall have the meanings ascribed to them in the Declaration



5. **Ratification.** Except as specifically amended herein, the terms and conditions of the Declaration are hereby ratified.

CERTIFICATION

The undersigned, being the President and Secretary of Josephine Cottages Owners Association, a Montana nonprofit corporation, do hereby certify that the amendments to the Declaration contained in the foregoing Third Amendment, were duly approved effective July 1, 2017, by 90% of the unit owners of Josephine Cottages in accordance with the Section 25 of the Declaration governing the amendment thereof.

JOSEPHINE COTTAGES OWNERS ASSOCIATION

By: Linda Byam
Linda Byam, Its President

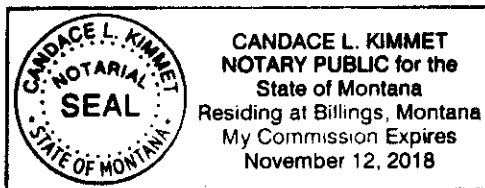
By: Phyllis Kindelman
Phyllis Kindelman, Its Secretary

STATE OF MONTANA)
) ss.
County of Yellowstone)

This instrument was acknowledged before me on this 22nd day of June, 2017, by Linda Byam, as President of **JOSEPHINE COTTAGES OWNERS ASSOCIATION** and Phyllis Kindelman, as Secretary of **JOSEPHINE COTTAGES OWNERS ASSOCIATION**.

[Notary Stamp]

Candace L. Kimmet
Candace L. Kimmet



After recording, please return to:
Candace L. Kimmet
Karell Dyre Haney PLLP
175 North 27th Street, Suite 1303
Billings, MT 59101

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3817704

06/22/2017 04:30 PM Pages: 1 of 8 Fees: 66.00
Jeff Martin Clerk & Recorder, Yellowstone MT



**FIRST AMENDMENT TO THE BYLAWS OF
JOSEPHINE COTTAGES OWNERS ASSOCIATION**

THIS FIRST AMENDMENT TO THE BYLAWS OF JOSEPHINE COTTAGES OWNERS ASSOCIATION (this "First Amendment") dated June 22, 2017 amends the Bylaws of Josephine Cottages Owners Association recorded with the Clerk and Recorder for Yellowstone County on May 21, 2009 under Document No. 3508300 (the "Bylaws") relating to the following real property in Yellowstone County, Montana more particularly described as follows:

Lots 2 and 3, Block 2, of Josephine Crossing Subdivision, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

NOW THEREFORE, the Bylaws are hereby amended as follows:

1. Insurance.

- (A) Section 8(a) of the Bylaws is hereby deleted in its entirety and replaced with the following:

"The Association shall insure the common element improvements, specifically the sprinkler system, against loss or damage by special perils in an amount representing the full insurable value thereof, less a deductible in an amount to be determined by the Board."

- (B) Section 8(i) of the Bylaws is hereby deleted in its entirety and replaced with the following:

"The Board shall from time to time, as it deems necessary, review the adequacy of limits of coverage of insurance policies obtained by the Association, shall obtain a valuation from an insurance company or other knowledgeable person or business of the full replacement value of the covered improvements, without deduction of depreciation for the purposes of determining the amount of property insurance required under this section, and report its findings and opinion regarding insurance to the members at an annual meeting."

- (C) Section 8(k) of the Bylaws is hereby deleted in its entirety and replaced with the following:



“(k) Each unit owner shall obtain the following insurance policies:

- (1) **Public Liability and Property Insurance.** Each unit owner shall obtain public liability and property damage insurance for liability for personal injuries to, or the death of, any person, or damage to property resulting from the unit ownership, use or occupancy of that owner’s unit, naming the Association as an additional insured.
- (2) **Special Perils Coverage.** Each unit owner shall insure the owner’s unit, including, but not limited to, the exterior of the building, the roof, windows, fencing and all other items which are attached to and/or incorporated into the unit, are for the exclusive use of that unit’s owner, and are not covered by the insurance required to be obtained by the Association hereunder, against loss or damage by special perils, naming the Association as an additional insured, in an amount not less than the full replacement value thereof. All elements of the unit which are repaired or replaced after a loss shall conform in style, quality and appearance as it existed prior to the loss.
- (3) **Owners’ Required Insurance Generally.** Unit owners must provide the Association with proof of the insurance required to be obtained by the owners hereunder upon (i) initial purchase of such insurance and (ii) 5 days’ after a receipt of a written request by the Board therefore. All policies obtained by unit owners shall satisfy the requirements of subsections 8(f), 8(h) and 8(j).
- (4) **Optional Insurance.** Unit owners shall not be prohibited from carrying insurance in addition to those policies required in subsection 8(k)(1) and (2); provided that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance carried by a unit owner. Insurance purchased by the Association shall not cover personal items, such as furniture or clothing inside the units. Unit owners must insure their own personal property if they wish such insurance coverage.”

(D) Section 8(l) of the Bylaws is hereby deleted in its entirety and replaced with the following:

“Insurance payments for a casualty loss insured by the Association shall be applied by the Board to repair or replace the damaged property. If such insurance proceeds exceed the replacement cost, excess proceeds shall be credited to the accounts of all owners. Any repairs or replacements after a loss shall conform in style, quality and appearance as it existed prior to the loss.”



2. **Property Loss.** The following sentence is hereby deleted from Section 9 of the Bylaws: "Insurance payments for a property loss insured by the Association shall be applied by the Board, or its designated Trustee, to repair or replacement of the damaged property except in the event of a total loss of all units and a unanimous decision of all owners not to rebuild."

3. **Maintenance of Units and Common Elements.**

- (A) The first sentence of Section 11(a) of the Bylaws is hereby deleted in its entirety and replaced with the following:

"Every unit owner shall be responsible for all maintenance, replacement and repairs to their own respective unit, interior and exterior, including the front porch, deck, and fencing that serves their unit."

- (B) The following sentence is hereby deleted from Section 11(b) of the Bylaws: "The Association shall also be responsible for maintenance and repair of the exterior of the buildings, except as otherwise provided above."

4. **Defined Terms.** Except as otherwise provided in herein, all capitalized terms used herein shall have the meanings ascribed to them in the Declaration of Unit Ownership for Josephine Cottages, recorded with the Clerk and Recorder for Yellowstone County on May 21, 2009 under Document No. 3508299, as amended by the First Amendment to the Declaration of Unit Ownership for Josephine Cottages recorded with the Clerk and Recorder for Yellowstone County on January 25, 2011 under Document No. 3577807 and the Second Amendment to Declaration of Unit Ownership for Josephine Cottages recorded with the Clerk and Recorder for Yellowstone County on October 22, 2013, under Document No. 3687792.

5. **Ratification.** Except as specifically amended herein, the terms and conditions of the Bylaws are hereby ratified.

[Signature page to follow]



CERTIFICATION

The undersigned, being the President and Secretary of Josephine Cottages Owners Association, a Montana nonprofit corporation, do hereby certify that the amendments to the Bylaws contained in the foregoing First Amendment, were duly approved effective July 1, 2017, by 75% of the unit owners of Josephine Cottages entitled to vote pursuant to a written ballot, in accordance with the Section 16 of the Bylaws governing the amendment thereof.

JOSEPHINE COTTAGES OWNERS ASSOCIATION

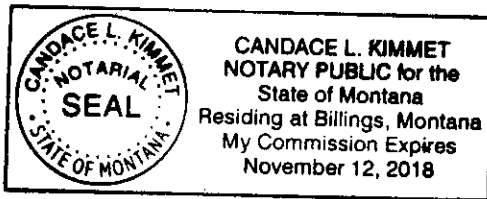
By: Linda Byam
Linda Byam, Its President

By: Phyllis Kindelman
Phyllis Kindelman, Its Secretary

STATE OF MONTANA)
: ss.
County of Yellowstone)

This instrument was acknowledged before me on this 22nd day of June, 2017, by Linda Byam, as President of **JOSEPHINE COTTAGES OWNERS ASSOCIATION** and Phyllis Kindelman, as Secretary of **JOSEPHINE COTTAGES OWNERS ASSOCIATION**.

Candace L. Kimmet
Candace L. Kimmet





CONSENT OF LENDER

The undersigned beneficiary of various Deeds of Trust secured by Unit No.[s] 5217, 5219, 5239, 5301 of Josephine Cottages, located on the following described real property, hereby consents to this First Amendment to Bylaws of Josephine Cottages Owners Association (the "First Amendment"), and to the recordation of the First Amendment:

Lots 2, 3 and 4, Block 2, of the Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

YELLOWSTONE BANK

By: *Gaelle Scott*

Its: VICE PRESIDENT

STATE OF MONTANA)

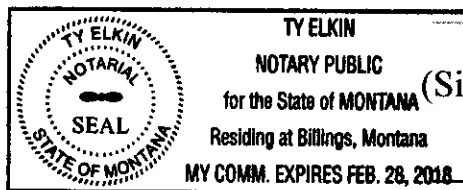
:SS

County of Yellowstone)

This record was acknowledged before me on MARCH 23RD, 2017 by

Gaelle Scott as VICE PRESIDENT of **YELLOWSTONE BANK**

[Official Stamp]



[Signature]
(Signature of notarial officer)

President
Title of officer (if not shown in stamp)

**CONSENT OF LENDER**

CR

The undersigned beneficiary of various Deeds of Trust secured by Unit No.[s] 5211, 5213, of Josephine Cottages, located on the following described real property, hereby consents to this First Amendment to Bylaws of Josephine Cottages Owners Association (the "First Amendment"), and to the recordation of the First Amendment:

Lots 2, 3 and 4, Block 2, of the Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

FIRST INTERSTATE BANKBy: Cindy ReissIts: Regional Mortgage Manager

STATE OF MONTANA)

:SS

County of Yellowstone)

This record was acknowledged before me on March 28, 2017 by
Cindy Reiss as Regional Mortgage Manager of **FIRST INTERSTATE BANK**

[Official Stamp]

(Signature of notarial officer)

Notary
Title of officer (if not shown in stamp)

JORDAN LAND
NOTARY PUBLIC for the
STATE OF MONTANA
Residing at Billings, Montana
My Commission Expires
JULY 17, 2019

**CONSENT OF LENDER**

The undersigned beneficiary of various Deeds of Trust secured by Unit No.[s] 5231, of Josephine Cottages, located on the following described real property, hereby consents to this First Amendment to Bylaws of Josephine Cottages Owners Association (the "First Amendment"), and to the recordation of the First Amendment:

Lots 2, 3 and 4, Block 2, of the Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

BILLINGS FEDERAL CREDIT UNIONBy: Its: Pres/CEO

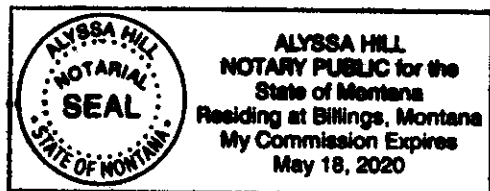
STATE OF MONTANA)

:SS

County of Yellowstone)

This record was acknowledged before me on March 28, 2017 byPRES/CEO as Tom Boos of **BILLINGS FEDERAL CREDIT UNION**

[Official Stamp]


(Signature of notarial officer)ASR
Title of officer (if not shown in stamp)

CONSENT OF LENDER

The undersigned beneficiary of various Deeds of Trust secured by Unit No.[s] 5201, 5209, 5215, 5221, 5227, 5243, 5249, 5255, 5261, 5303, 5307, 5309, 5311, 5317, 5257 of Josephine Cottages, located on the following described real property, hereby consents to this First Amendment to Bylaws of Josephine Cottages Owners Association (the "First Amendment"), and to the recordation of the First Amendment:

Lots 2, 3 and 4, Block 2, of the Josephine Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of said County, under Document No. 3402833.

Western Security Bank

By: [Signature]

Its: Vice President

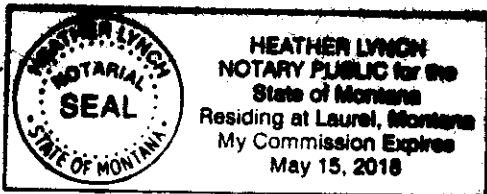
STATE OF MONTANA)

:SS

County of Yellowstone)

This record was acknowledged before me on March 24th, 2017 by

Terry Simonson as Vice President of Western Security Bank



[Signature]
(Signature of notarial officer)

Customer Service
Title of officer (if not shown in stamp)

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Jeff Martin Clerk & Recorder, Yellowstone MT

