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BYLAWS

OF

CATHERINA COURT COTTAGES OWNERS ASSOCIATION

THESE BYLAWS OF CATHERINA COURT COTTAGES OWNERS ASSOCIATION (these "Bylaws") apply to CATHERINA COURT COTTAGES OWNERS ASSOCIATION (the "Association") for Catherina Court Cottages which have been submitted to the provisions of the Montana Unit Ownership Act pursuant to the Declaration of Unit Ownership for Catherina Court Cottages (the "Declaration") and are located on real property in Yellowstone County, Montana more particularly described as follows (the "Property"):

Lot 4A, Block 1, of Amended Plat of Lot 4, Block 1 of Annafeld 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. 3862926.

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.

SECTION 1

REGISTERED OFFICE & AGENT; CAPITALIZED TERMS

1.1 Registered Office & Agent. The Association shall maintain a registered agent and office within the State of Montana. Such office may, but need not be, identical to the Association's principal office if the principal office is also located in the State of Montana. The Association's directors (collectively, the "Board" and individually a "Director") may from time to time change the Association's registered agent or registered office as long as such changes comply with the provisions of the Montana Nonprofit Corporation Act (the "Act") as then in effect.

1.2 Capitalized Terms. All capitalized terms not otherwise herein defined have the same meanings given them in the Declaration.

SECTION 2 MEMBERS

2.1 Membership. Each Owner is a member of the Association (each, a "Member"); if a Unit is owned by more than one (1) person, then the co-owners shall be treated as one (1) Member. Developer shall be deemed the Owner of each Unit not yet sold whether or not construction of the Unit has begun, and shall have one (1) vote for each such Unit. Ownership shall be determined according to the records of the Clerk and Recorder of Yellowstone County, Montana. Owners shall also include those purchasing Units under contracts for deed and who have an equitable interest in the Unit as disclosed by the public record in the office of the Yellowstone County Clerk and Recorder, and 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(17), MCA.

2.2 Annual Meeting. The Association shall hold a meeting of Members on the second Tuesday of June every year at a time to be determined by the Board, or at another date and time as may be fixed by or under the authority of the Board, for the purposes of (i) electing Directors and (ii) conducting all other business that properly comes before the meeting. If the Members do not elect Directors at the annual meeting, or at any continuation of such meeting after adjournment, then the Board shall cause the election of Directors to be held at a special meeting of Members as soon afterwards as is convenient.

2.3 Special Meetings. A special meeting of Members may be called by either (i) the Board, or (ii) two (2) or more Members by written notice to the Association and the other Members, which notice shall describe the purpose(s) for which the meeting is to be held. The Members may conduct only the business set forth in notice preceding such special meeting.

2.4 Place of Meetings. Unless the Board directs otherwise, all meetings of Members shall be held at the Association's principal place of business.

2.5 Participation in Meetings by Conference Telephone. The Members may participate in an annual or special meeting of Members through a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation in this manner constitutes presence in person at a meeting. The presiding officer of the meeting may establish reasonable rules for conducting business at any meeting in which Members participate by telephone.

2.6 Notice of Meetings.

- (A) **Required Notice.** The Association shall notify the Members of the date, time, and place of each annual and special meeting of Members not less than ten (10) or more than sixty (60) days before the meeting date.
- (B) **Adjourned Meeting.** If any meeting of Members is adjourned to a different date, time or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment. If, however,



a new "record date" (defined below in Section 2.7) is or must be fixed, then notice of the adjourned meeting must be given to persons who are Members as of the new record date.

- (C) **Manner of Giving Notice.** Any notice to be given hereunder shall be in writing and shall be delivered 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 current record of Members, 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. A Member wishing to change their designated address shall do so by notice in writing to the Association. Rejection or other refusal to accept notice, or the inability to deliver notice because of changed address of which no notice was given, shall be deemed to be receipt of the notice.

(D) **Contents of Notice.**

- (1) **Annual Meeting.** Notice preceding an annual meeting of Members must provide the date, time, and place for the meeting. Except as set forth below, the notice need not describe the purpose(s) for which the meeting is called.
- (2) **Special Meeting.** Notice preceding a special meeting of Members must (i) provide the date, time, and place for such meeting, **and** (ii) describe the purpose(s) for which the meeting is called.
- (3) **Special Rules.** Regardless of whether the notice precedes an annual or special meeting of Members, if a purpose of the meeting is to consider:
 - (A) the amendment or restatement of one (1) or more of the Governing Documents or Articles of Incorporation (the "**Articles**");
 - (B) the dissolution of the Association;
 - (C) the removal of a Director; or
 - (D) a special Assessment.

then the notice preceding such meeting shall (i) state which of the foregoing purpose(s) applies, and (ii) be accompanied, as applicable, by

- (1) a copy of the summary of the proposed amendment or restatement of one (1) or more of the Governing Documents or Articles;
- (2) a copy of the plan of dissolution;



- (3) the name of the Director who may be removed, and the reasons for such removal; or
- (4) the amount of the proposed special Assessment, and the reason(s) for such Assessment.

(E) **Waiver of Notice.**

- (1) **Written Waiver.** A Member may waive any notice that the Act, the Governing Documents, the Articles or these Bylaws require either before or after the date and time stated in the notice. The waiver must be in a writing that the Member signs and delivers to the Association.
- (2) **Attendance at Meeting.** A Member's attendance at a meeting of Members:
 - (a) waives objection to lack of notice or defective notice of the meeting unless, at the beginning of the meeting, the Member objects to holding the meeting or transacting business at the meeting; and
 - (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice unless the member objects to considering the matter when it is presented.

2.7 **Record Date.**

- (A) **Purpose of Fixing Record Date.** The Board may fix in advance a date as the record date in order to determine the Members who are entitled to (i) receive notice of any meeting of Members, (ii) demand a special meeting, (iii) vote, or (iv) take any other action. A record date fixed under this bylaw shall not be more than seventy (70) days before the meeting or action requiring a determination of Members.
- (B) **If No Record Date Is Fixed.** If the Board does not fix a record date for any purpose described in Section 2.7(A), then the record date for the determination of Members shall be as follows:
 - (1) For determining Members entitled to notice of or vote at any meeting of Members, the day before the meeting notice is delivered to Members;
 - (2) For determining Members entitled to demand a special meeting, the date the first Member signs the demand for the special meeting; and
 - (3) For determining Members entitled to take action without a meeting, the date the first Member signs a consent.
- (C) **Fixed Record Dates and Adjournment.** A determination of Members entitled to notice of and vote at a meeting of Members is effective for any adjournment of the



meeting unless the Board fixes a new record date, which the Board must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

- (D) **List of Members.** After fixing a record date for a meeting of Members, the "Secretary" (defined below) of the Association shall prepare an alphabetical list of the names and addresses of all Members entitled to notice of the meeting. The list of Members must be available for inspection by any Member beginning two (2) business days after notice is given of the meeting for which the list was prepared and continuing through the meeting and any adjournment thereof. The list shall be available at the Association's principal office or at a place identified in the meeting notice in the city where the meeting will be held.

2.8 Voting. Each Unit of the Association, regardless of the number of Owners of each Unit, is entitled to one (1) vote. There are no fractional votes among the various Owners of a single Unit. Whenever a Unit is owned by two (2) or more persons, any one of such Owners may vote on behalf of the Unit, in absence of protest of the other Owners. Except as otherwise provided herein, or by law, all decisions and resolutions of the Association at a meeting in which a quorum is present shall require the approval of a majority of the Members represented and voting.

2.9 Quorum. One-tenth (1/10) of the votes entitled to be cast on a matter constitutes a quorum of the Members for action on such matter; however one-third of the votes entitled to be cast on a matter is required for action on a matter not included in the meeting notice. Once a Member is represented for any purpose at a meeting, either in person or by proxy, then the votes of that Member are deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for the adjourned meeting.

2.10 Proxies. Members may vote in person or by proxy. A Member may appoint a proxy to vote or otherwise act for that Member by signing an appointment form, either personally or by an attorney-in-fact. The appointment of a proxy becomes effective when received by the Secretary, and ceases to be effective after eleven (11) months unless otherwise provided in the appointment form.

2.11 Action Without Meeting. Action required, or permitted to be taken, at a meeting of Members may be taken without a meeting if the action taken is approved by Members holding at least 80% of the voting power. The action must be (i) evidenced by one or more written consents describing the action taken, (ii) signed by Members representing at least 80% of the voting power, and (iii) delivered to the Association. A consent signed under this Section 2.11 has the effect of a meeting vote and may be described as a vote in any document.



SECTION 3 BOARD OF DIRECTORS

3.1 Authority. The Association's powers shall be exercised by or under the authority of the Board, which shall have the authority to supervise, control and direct the Association's affairs.

3.2 Number. The Board shall consist of three (3) Members. After the sale of all the Units by Developer, the Members may increase or decrease the number of Directors upon an affirmative vote of 75% of the Members entitled to vote as long as no decrease shall have the effect of shortening the term of any incumbent Director.

3.3 Election. The Members shall elect the Directors from the floor at each annual meeting; provided however that (i) until 75% of the Units are sold, the Developer has the right to appoint two (2) of the Directors, and (ii) until all Units are sold by Developer, the Developer has the right to appoint one (1) of the Directors. Directors shall be elected by a plurality of votes.

3.4 Term. Each Director holds office until the earlier to occur of (i) the next annual meeting of Members, or (ii) the resignation, removal, or death of the Director. A Director shall continue to serve as a Director after expiration of such Director's term until either (i) a successor Director has been elected and qualified, or (ii) there is a decrease in the number of Directors.

3.5 Qualification. Directors must be Members of the Association, or in the case of Members that are entities, a designated representative of such Member.

3.6 Resignation. A Director may resign at any time by delivering written notice to the Board. A Director's resignation is effective upon delivery of the notice of resignation to the Secretary unless the Board authorizes otherwise.

3.7 Removal. Any Director other than one appointed by the Developer may be removed by the Members with or without cause, at a duly constituted meeting of Members at which a quorum is present. A Director elected by the Board may be removed only by the affirmative vote of the holders of two-thirds (2/3) of the votes entitled to vote at an election of Directors.

3.8 Vacancies. If a vacancy occurs on the Board, including a vacancy resulting from an increase in the number of Directors, then the Members may fill the vacancy. If the Members fail or are unable to fill the vacancy within sixty (60) days, then the Board shall fill the vacancy. If the Directors remaining in office constitute fewer than a quorum of the Board, then the Board may fill the vacancy by the affirmative vote of a majority of all Directors remaining in office. A vacancy that will occur at a specific later date may be filled before the vacancy occurs as long as the new Director may not take office until the vacancy occurs. A Director elected to fill a vacancy shall be elected for the unexpired term of the Director's predecessor in office.

3.9 Regular Meetings. The Board shall hold an annual meeting immediately after, and at the same place as, the annual meeting of Members. No notice of an annual meeting other than this Section 3.9 is required. The Board may provide by resolution the date, time, and place



of additional regular meetings without notice other than the resolution authorizing such additional regular meetings.

3.10 Special Meetings. The Board shall hold a special meeting upon either (i) the written request of one (1) or more Directors, or (ii) the request of the President.

3.11 Notice of Meetings.

- (A) **Required Notice.** Regular meetings of the Board may be held without notice. Special meetings must be preceded by at least two (2) days notice to each Director of the date, time and place of the meeting.
- (B) **Manner of Giving Notice.** Any notice to be given hereunder shall be in writing and shall either be served upon a party personally or by private carrier, mail, electronic mail, or facsimile. 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 Director at the Director'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. A Director wishing to change his/her/its designated address shall do so by notice in writing to the Association. Rejection or other refusal to accept notice, or the inability to deliver notice because of changed address of which no notice was given, shall be deemed to be receipt of the notice.
- (C) **Contents of Notice.** Any notice required to be given shall state the date, time, and place of the meeting. The notice preceding a special meeting is not required to describe the purpose of the meeting.
- (D) **Waiver of Notice.** A Director may waive any notice that the Act, the Governing Documents, the Articles, or these Bylaws require either before or after the date and time stated in the notice. The waiver must be (i) in writing, (ii) signed by the Director entitled to notice, and (iii) delivered to the Association for inclusion in the minutes or filing with the Association's records. A Director's attendance at or participation in a meeting of Directors waives any required notice to the Director of the meeting unless the Director, at the beginning of the meeting or promptly upon the Director's arrival, objects to holding the meeting or transacting business at the meeting and does not vote for or assent to action taken at the meeting.

3.12 Quorum. A quorum of the Board consists of a majority of the number of Directors in office immediately before the meeting begins.

3.13 Manner of Acting. If a quorum is present at a meeting of the Board, then the affirmative majority vote of the Directors constitutes the act of the Board. The Board may not take any action unless a quorum of the Board is present. Each Director has one (1) vote.



3.14 Presumption of Assent. A Director present at a meeting of the Board at which the Board takes any action is presumed to assent to such action unless (i) the Director objects at the beginning of the meeting or promptly upon the Director's arrival to holding the meeting or transacting business at the meeting and delivers written notice of the Director's objection to the presiding officer before its adjournment or to the Association immediately after adjournment of the meeting, (ii) the Director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the Director delivers written notice of his/her/its dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association immediately after adjournment of the meeting. A Director who voted in favor of such action shall not have the right of dissent with respect to such action.

3.15 Participation in Meeting by Conference Telephone. The Board may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through, the use of any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting in this manner is considered present at the meeting. The presiding officer of the meeting may establish reasonable rules for the conduct of the meeting in which any Director participates in this manner.

3.16 Compensation. No Director shall receive any compensation from the Association in respect of services rendered as a Director, unless salaries for Directors are approved by 90% of the Members. The Association may, however, reimburse Directors for any reasonable expenses that they may incur in the execution of their official duties, including reasonable travel expenses. Nothing contained herein shall be construed to preclude any Director from serving the Association in any other capacity and receiving reasonable compensation for services rendered to the Association.

3.17 Limitation of Directors' Liability. Directors are not liable to the Association for monetary damages for breach of a Director's duties to the Association. The foregoing limitation of liability neither eliminates nor limits a Director's liability for (i) the amount of a financial benefit received by a Director to which the Director is not entitled, (ii) an intentional infliction of harm on the Association or the Members, or (iii) intentional violations of criminal law.

3.18 Chairman of the Board. The Board may, by affirmative majority vote, appoint from the Directors a Chairman. The Chairman shall preside at all meetings of the Board and shall have such other duties as the Board may determine.

3.19 Qualification. Directors must be Members of the Association, or, in the case of Members that are entities, a designated representative of an entity Member.

3.20 Attorney-in-Fact. The Board is hereby irrevocably appointed as agent and attorney-in-fact for the Owners, to manage, control, and deal with the interests of the Owners in the Common Elements and the exterior of the Units as necessary to permit the Board to fulfill all of its powers, rights, functions, and duties. The Board is hereby irrevocably appointed as agent and attorney-in-fact for each Owner, mortgagee, and named insured, and their beneficiaries, and any other holder of a lien or other interest in the Units or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board and/or Association; (ii) execute



and deliver releases upon the payment of claims; and (iii) act on their behalf in any condemnation proceeding or act of eminent domain. The mortgagee and guarantor of a 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 Property or the Unit securing its mortgage.

3.21 Manager. The Board may retain or appoint a manager, or group of managers, to conduct the day-to-day operation of the Association (the "Manager"). The Manager shall not have the right to sign checks on behalf of the Association. In the absence of an appointed Manager, the Board shall have the responsibility of such duties.

SECTION 4 OFFICERS

4.1 Officers. The Association shall have a President, a Secretary, a Treasurer and such other officers as the Board may hereafter appoint. No two (2) offices may be held by the same person except the offices of the Secretary and Treasurer.

4.2 President. Subject to the control of the Board, the President is the principal executive officer of the Association and generally supervises and controls the conduct of the Association's affairs. The President presides at all meetings of the officers. The President may sign any deed, mortgage, bond, contract or other instrument on the Association's behalf unless the Board expressly grants such authority to another officer or agent of the Association. The President shall perform all duties and possess all powers normally and reasonably incident to the office of President, in addition to such other duties and powers as the Board may from time to time prescribe or delegate to the President.

4.3 Secretary. The Secretary shall (i) prepare the minutes of all meetings of the Board and officers, (ii) serve all required notices for the Association, (iii) authenticate the Association's records, and (vi) perform all other duties as either the Board or the President may from time to time prescribe.

4.4 Treasurer. The Treasurer serves as the Association's chief financial officer. The Treasurer (i) has charge and custody of, and responsibility for, the Association's financial assets, (ii) receives and gives receipts for monies due and payable to the Association, (iii) deposits all monies that the Association receives in the name of the Association in banks, trust companies, or other depositories that the Board selects, (iv) generally performs all duties normally and reasonably incident to the office of Treasurer, and (v) reviews and oversees the Association's finances in addition to the duties as the Board or the President may from time to time prescribes.

4.5 Appointment. The Board shall annually appoint the officers of the Association at the annual meeting of Directors. If the appointment of officers is not held at the annual meeting of Directors, then the appointment shall be held as soon afterwards as is convenient. **BRADLEY R. McCALL** or **GREGORY J. McCALL** shall serve as interim President and Secretary, respectively, until the first annual meeting of the Association.

4.6 Term. Each officer shall hold office until the earlier to occur of the appointment of a successor, or the resignation, removal, or death of the officer.



4.7 Resignation. An officer may resign at any time by delivering written notice to the Board. An officer's resignation is effective upon delivery of the notice of resignation to the Secretary unless the Board authorizes otherwise.

4.8 Removal. An officer may be removed, with or without cause, if a majority of the Directors present at a duly constituted meeting of the Board at which a quorum is present votes to remove such officer.

4.9 Vacancies. The Board shall promptly fill any vacant office at either a regular or special meeting of the Directors.

SECTION 5 CONTRACTS, LOANS, CHECKS, AND DEPOSITS

5.1 Contracts. The Board may authorize any officer, agent, or group of either of the preceding to enter into any contract or deliver any instruments in the name and on behalf of the Association. Such authorization may be general or confined to specific instruments.

5.2 Loans. The Association shall not allow anyone to contract for indebtedness on the Association's behalf unless the Board authorizes such action by written resolution, which shall be filed with the Association's records. Such authorization may be general or confined to specific instruments.

5.3 Checks, Drafts or Other Orders. All checks, drafts, or orders for the payment of money on behalf of the Association shall be signed by such officer, agent, or group of either of the preceding as the Board shall from time to time determine by resolution. All checks over \$500.00 shall be signed by two officers and any officer signing checks must a Member of the Association.

5.4 Deposits. All monies, funds, and other financial instruments of the Association shall be deposited into accounts in the name of the Association as the Board shall by written resolution select.

SECTION 6 INDEMNIFICATION AND ADVANCE FOR EXPENSES

6.1 Mandatory Indemnification. The Association shall indemnify a Director or former Director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which such person was a party because the person is or was a Director against the reasonable expenses that the Director incurred in connection with such proceedings.

6.2 Permissible Indemnification. The Association shall indemnify a Director or former Director who is made a party to a proceeding because of that person's status as a Director or former Director against liability incurred in such proceeding if the determination to indemnify such Director complies with Section 35-2-447 of the Act.

6.3 Advances for Expenses. The Association may pay for or reimburse the reasonable expense that a Director may incur in a proceeding before the final resolution of such proceeding if



the following requirements are satisfied: (i) the Director provides to the Association a written affirmation of the Director's good faith belief that the Director meets the standard for indemnification under Section 35-2-449 of the Act, (ii) the Director provides to the Association a written undertaking, executed personally or by one authorized to execute the undertaking on behalf of the Director, pursuant to which the Director promises to repay the advance if it is ultimately determined that the Director did not meet the standard of Section 35-2-449 of the Act, and (iii) the Board determines, based on the then available information, that making the advance does not preclude indemnification under the Act.

6.4 Indemnification of Officers. Officers are entitled to the mandatory indemnification set forth in Section 6.1 to the same extent as a Director. The Association may also indemnify and or advance expenses to officers in the same manner as is available to Directors under Sections 6.2 and 6.3 if the determination to indemnify such officer or advance such expenses complies with Section 35-2-449 of the Act.

SECTION 7 DISSOLUTION

7.1 Dissolution. The Members may dissolve the Association if two-thirds (2/3) of all the votes entitled to be cast on the proposal vote in favor of dissolution.

7.2 Articles of Dissolution. If the Members vote to dissolve the Association, then the Association shall deliver to the Montana Secretary of State articles of dissolution in compliance with the Act.

SECTION 8 INSURANCE

8.1. Association Insurance. The Association shall obtain the following insurances:

(A) **Public Liability and Property Insurance.** The Association shall obtain public liability and property damage insurance, insuring the Association and the Owners for liability for personal injuries to, or the death of, any person, or damage to property resulting from the ownership, use or occupancy of (i) the Common Elements, including the Community Building, and (ii) the Garages with policy limits to be determined by the Association, but not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate.

(B) **Special Perils Coverage.**

- (1) **Common Elements.** The Association shall insure the exterior and structural elements of the Units, including, but not limited to, the windows, roof, concrete slab, footings and subfloor, and all Common Elements, including the Community Building, 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.
- (2) **Garages.** The Association shall insure the Garages, including every part of the Buildings containing the Garages and all fixtures attached or affixed to any part of such Buildings by screws, nails, glue, cement or other building material, 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 (the "Garage Insurance").

(C) **Fidelity Coverage.** The Association 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 Manager, the Manager must have separate fidelity insurance, providing the same coverage required above.

(D) **O&D Coverage.** The Association shall obtain Officers and Directors liability insurance, covering each Director, officer, employee, contractor, or agent of the Association (i) against liability asserted against or incurred by such person acting in such capacity, or (ii) arising from that person's status as a Director, officer, employee, contractor, or agent of the Association, whether or not the Association has the power to indemnify the person against such liability under the Act. The amount of such coverage shall be determined by the Board.

(E) **Cost.** The cost of all insurance to be obtained by the Association shall be a Common Expense allocated to all the Owners, except the cost of the Garage Insurance, which shall be specially allocated only to the Garaged Stand Alone Units. 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.

(F) **Review.** The Board shall from time to time, as it deems necessary, 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 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.

8.2. Owner's Insurance. Each Owner shall obtain the following insurances:

(A) **Public Liability and Property Insurance.** Each 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 ownership, use or occupancy of that Owner's Unit other than the Garage, in case of a Garaged Stand Alone Unit, naming the Association as an additional insured, with policy limits of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate.

(B) **Special Perils Coverage.** Each Owner shall insure the interior of that Owner's Unit, other than the Garage, in case of a Garaged Stand Alone Unit, consisting of the space bounded and contained within the interior surfaces of the perimeter walls, floors, roof, windows and doors of the Unit, including, but not limited to, all sheetrock, and finished flooring inclusive of tile and carpeting, together with all other interior components 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 under Section 8.1(B), 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.

(C) **Other Insurance.** 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 Association shall not be affected or diminished by reason of any such additional insurance carried by an Owner. Insurance purchased by the Association shall not cover personal items, such as furniture or clothing inside the Units. Owners must insure their own personal property if they wish such insurance coverage.



(D) **Proof to Association.** 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 from the Board of Directors therefore.

8.3 Application of Insurance Proceeds. In the event of a loss exceeding One Thousand Dollars (\$1,000.00), all proceeds from insurance obtained pursuant to Section 8.1 shall be paid to the Board as trustee, for disbursement. Insurance payments for a casualty loss insured by the Association shall be applied by the designee of the Association to repair or replace 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 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.

8.4 Deductible Payment. The deductible for any insurance purchased by an Owner shall be paid by the Owner. The deductible for any claim under insurance purchased by the Association and relating to the Common Elements shall be paid by the Association, except when the damage is caused by an Owner, or the Owner's tenants, agents, employees, invitees, or guests, in which case, the deductible shall be paid by that Owner. The deductible for any claim under insurance purchased by the Association and relating to a Unit shall be specially allocated as a special assessment to those Owners whose Units are part of the insurance claim, except when the damage is caused by an Owner, or the Owner's tenants, agents, employees, invitees, or guests, in which case, the deductible shall be paid by that Owner.

8.5 Property Loss. Property damaged by fire or other casualty must be repaired or rebuilt unless there is a total loss of all Units, all Owners agree not to rebuild, and there is an agreement not to rebuild by the mortgagees that represent at least fifty-one percent (51%) of the votes of the Units that are subject to mortgages held by Eligible Mortgage Holders.

8.6 General Requirements; Provisions. Each insurance policy obtained hereunder shall contain (i) a standard mortgagee clause in favor of each mortgagee or trust indenture beneficiary, or (ii) contract of sale endorsements in favor of the contract sellers of any Units, and shall require the insurer to notify the Association, each Owner, and each first mortgage holder, in writing, of any lapse, cancellation or substantial change to the policy at least ten (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 and contract sellers of Units at least ten (10) days prior to expiration of the then current policies. All insurance policies obtained hereunder shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured. All insurance policies to be obtained hereunder shall be issued by an "A" rated or better company approved by FNMA.

SECTION 9 MISCELLANEOUS

9.1 Maintenance, Upkeep, and Repair of Common Elements.

(A) **Unit Owners.** Every Owner shall be responsible for (i) all maintenance of and repairs to the interior of that Owner's Unit, including, but not limited to, the replacement of broken glass in the Unit, for repairs to the glass and doors, and for routine maintenance of the front porch or deck which serves the Unit, (ii) all damages to the other Units or to the Common Elements resulting from his or her failure to perform such maintenance and repair, (iii) obtaining special perils and public liability and property insurance as required hereunder, (iv) paying all taxes and



assessments on that Owner's Unit, (v) paying before delinquency all utilities provided to his or her Unit, except water and sewer which are the responsibility of the Association and are Common Expense charged to Owner through Assessments, (vi) maintaining and repairing all fixtures affixed to the Unit, and (vii) maintaining, repairing and replacing all equipment and utility lines and pipes serving only his or her Unit. Each Owner shall use a reasonably high standard of care in performing the maintenance and repair obligations set forth above, so that the entire Property will reflect a high pride of ownership. The Board shall be the final authority to determine whether an Owner is providing adequate maintenance and repair. All maintenance and repairs for which an Owner is responsible shall be paid for by the Owner. If an Owner fails or refuses to satisfy that Owner's maintenance and repair obligations, the Association may, but is not obligated to, enter onto the Owner's Unit, make the necessary repairs or perform the necessary maintenance, and charge the actual costs of such repairs or maintenance to the Owner upon ten (10) days advance written notice. 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.

(B) **Association.** Unless designated as a responsibility of an Owner above, the Association shall be responsible for any maintenance, repair, and replacement of the Common Elements, including the Community Building, as well as the water, sewer and storm water systems. The Association shall also be responsible for maintenance and repair of the exterior of the Units, except as otherwise provided herein. The Association shall pay for the maintenance and repair of the wells, pumps and underground sprinkler systems, the maintenance and repair of the fences installed by Developer, the cost of snow removal from the driveways, sidewalks, and walkways, and the mowing, fertilizing, and other maintenance of all lawns and landscaping. The Association shall be responsible for watering the landscaping in the public rights of way adjoining the Property. The Association may employ personnel necessary for the maintenance, upkeep, and repair to which it is responsible. The Association shall use a reasonably high standard of care in providing such maintenance, management and repair, so that the Property will reflect a high pride of ownership.

(C) **Expenses.** Expenses for maintenance or repairs to the Property due to the misuse or neglect of an Owner shall be charged to such Owner. The Owner of a Unit that suffers casualty damage shall pay the cost of repair to the extent the damage is not covered by insurance.

(D) **Maintenance of Storm Water Facilities.** The storm water detention system for the Property includes underground pipes with storm inlets and a sump beneath each inlet and manholes at various locations. 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. The finish 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.

(E) **Maintenance of Water and Sewer Systems.** The water and sewer systems for the Property includes underground pipes, curbstop valves for each Unit, and manholes at various locations per the Operation and Maintenance manual for these systems.

9.2 **Employment of Personnel.** The Board may retain all personnel that it deems reasonably necessary to discharge the Association's obligations under the Governing Documents. The Board is required to retain a certified operator for the Development's water supply system in accordance with ARM 17.38.249 to perform all required monitoring and reporting under federal and state law. The Board may retain any person, entity, or organization who is also an Member **as long as** (i) the terms and conditions of such employment are fair and reasonable to the Association, (ii)



have been fully disclosed to the Members, and (iii) the Member(s) that the Board proposes to retain abstains from the vote approving of such employment.

9.3 Use Restrictions. All of the Units and Common Elements shall be held, used and enjoyed subject to the following limitations and restrictions, which restrictions shall be appurtenant to and run with the land and shall continue unless amended as set forth in the Governing Documents:

- (A) **No Subdivision.** The Property shall not be subdivided in any manner, and no Unit shall be broken up by a sale of a portion or portions of such Unit.
- (B) **Types of Uses Allowed.** No property shall be used for any commercial, manufacturing, vending, agricultural or other nonresidential purpose, other than the Community Building which shall be used as a recreational event space. The Garages shall be for storage of vehicles and personal property only. Property shall not be used for any licensed day care facility, preschool or any other self-contained business or enterprise which normally produces additional traffic above and beyond normal, residential use. This shall not prohibit a licensed professional from working out of his or her home, provided traffic and parking does not exceed the space allocated to a Unit and the primary use of the Unit is as a residence. No advertising or sign may be used in any manner in connection with the office use, and no employees, customers, suppliers, clients or patients shall enter the Unit on a regular basis. No tent, trailer, mobile home, or structure of a temporary character shall be used at any time as a residence on the Property, either temporarily or permanently. In addition, Developer shall have the right to maintain a construction office and a sales office on the Property until all Units are sold.
- (C) **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 pet shall be allowed to run loose on the Common Areas. Owners shall be responsible for promptly cleaning up after their pets and for payment for any damage caused by such pet which is kept in the Owner's Unit. 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 additional violation thereafter. Such fines shall be a Common Expense, payable only by the offending Owner.
- (D) **No Livestock or Poultry.** No domestic livestock or poultry may be kept or raised in any unit or on the Common Elements.
- (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 Common Elements which will impair the structural integrity of the Building. Except as otherwise provided herein, no 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 Annafeld Subdivision (the "ARC") and by the Board. If plans and specifications have not been approved in writing by the Board and the ARC within 45 days after submission, they shall be deemed disapproved. This restriction does not apply to Developer during construction of the 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 (3) feet of concrete improvements. Owner shall reimburse the Association for all additional maintenance costs incurred because of the fencing and/or additional landscaping.

- (G) **Maintenance.** Owners shall promptly perform all maintenance and repair work within their own Unit which, if omitted, would affect any Common Element or any other Unit, and each Owner shall be responsible for all damages and liabilities created by such failure to maintain or repair.
- (H) **Satellite Dishes and Antennas.** No antennas or satellite dishes exceeding one meter in diameter or diagonal measurement, and no air-conditioning units, wiring, or other device shall be installed on the exterior of the Building, in a yard, or on any Common Element without prior written approval by the Board. Owners may install a small satellite dish or antenna not exceeding one meter in diameter or diagonal measurement on the exterior surface of their Unit, or in their yard at the back of their Unit without prior approval of the Board as long as such satellite dish or antenna is not visible from the front of the Unit. The location of the satellite dish must comply with the ordinances of the City of Billings. The Developer strongly recommends that satellite dishes not be installed on a roof. All satellite dishes or antennas installed on the surface of the Buildings must be professionally installed and the penetration must be caulked. The Owner of any Unit having a satellite dish or antenna on the surface of the Buildings shall be solely responsible for any damage to the Buildings or to the interior of any Unit resulting from placement of the dish or antenna on the Buildings' surface.
- (I) **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, if applicable, except on collection days.
- (J) **Noise.** Owners and their guests shall exercise care about making noise which may disturb other residents. No 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 other residents or Owners. Noise made by construction workers between the hours of 7:00 a.m. and 11:00 p.m. shall not be a violation of this restriction.



- (K) **Parking.** No vehicle parking is allowed on Common Areas, other than the uncovered parking spaces located off Catherina Court. Owners shall not park vehicles in such a manner as to block sidewalks or driveways nor shall they permit any member of their family, guests or tenants to do so. Junked or non- operational vehicles, boats, trailers, snowmobiles, campers, motorhomes and the like, shall not be parked in driveways for a period exceeding five (5) consecutive days or 30 total days in any one calendar year. Improperly parked vehicles may be removed at the expense of the Owner of the Unit to which such vehicles relate.
- (L) **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 or to the driveway of another Unit.
- (M) **Fire Prevention.** No Owner shall perform any act or store anything within or immediately adjacent to his or her Unit which might increase the rate of fire insurance for any Unit or increase the probability of fire as a result of such act or the storage of such items nor should any Owner permit any occupant, tenant, invitee or guest to do so.
- (N) **Water.** Owners and occupants shall not transport water away from the Property.
- (O) **Hot Tubs.** Hot tubs may be installed on the Limited Common Area in the back yard area of the Unit 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 Owner. After sending three (3) such notices within any 12 month period, the Board shall have the authority to require the Owner to remove the hot tub.
- (P) **Prohibited Activities.** No unlawful use shall be made of any Unit, the Common Areas, or any part thereof.

9.4 **Fines.**

- (A) The Board 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, 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 tenants, invitees, and guests.
- (B) In the event any owner, occupant, or guest of any occupant fails to abide by the provisions of this Section or the rules adopted by the Board, the Board shall be entitled to recover from the 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 the 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 arbitrator 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.

9.5 Assessments.

- (A) **When Assessments begin.** The initial annual Assessment for a Unit shall begin at the time of the completion of a Unit, and an Owner's obligation to pay such Assessment shall begin upon Developer's sale of a Unit.
- (B) **Annual Assessment Amount and Collection.** Prior to each annual meeting, the Board shall prepare a budget for the coming year. A copy of that budget, together with a statement of the amount of each monthly amount due for the Assessments for the coming year, shall be delivered to each Owner at least one (1) week before the annual meeting. Prior to the completion of construction of all Units, each monthly Assessment for a Unit shall be equal to the total estimated Common Expenses for the coming year, plus a reasonable amount to be placed in a Reserve Fund, if any, 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 amount to be placed in a Reserve Fund, if any, 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 after preparation on of a new budget. The regular monthly Assessments may be changed by the Board at any time it determines that the changes is necessary or advisable. Written notice of the amount of any changed monthly Assessment shall be given to each Owner at least thirty (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 shall be based upon and computed by using the percentile interest that each 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 Common Expenses. Separate records for payment received shall be kept for each Unit.
- (D) **Interest and Late Fees.** Assessments paid more than ten (10) days after the date when due shall bear interest at the rate of ten percent (10%) 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. All payments upon Assessments shall be applied first to late fees, then to interest, and then to the earliest Assessment due.

- (E) **Special Assessments.** The Board may levy, in any year, a special Assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, re-construction, repair or replacement of a capital improvement upon the Common Elements, provided that any such Assessment shall have the consent of at least 70% of the Members entitled to vote, or in the case of capital improvements relating to the Community Building, the consent of at least 50% of the Members entitled to vote. No special Assessment shall be made until all of the Units have been constructed and sold by Developer. Notwithstanding the foregoing, the Board may impose special Assessments for unanticipated emergency expenses without a vote of the Members.
- (F) **Allocation among Units.** Except for as otherwise set forth herein and for Assessments which may be levied against particular Units as set forth below, all other Assessment shall be assessed to Units on the basis of their respective undivided percentage interest in the Common Elements. If the Board determines that a Common Expense is incurred by the Association as a result of the action or inaction of any one (1) or more Owners or benefits only one (1) or more Owners, but not all of the Owners, the Assessment levied to pay such expense may be allocated only to the Units owned by such Owners who are determined by the Board to be responsible or benefitted and not to Units owned by Owners who are determined not to be responsible or benefitted.
- (G) **No Exemption from Payment.** No 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.
- (H) **Account Balance Transfers with Unit.** No 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 the sale of the Unit to the credit of the new Owner. This provisions shall not be deemed to prohibit a selling Owner from collecting the balance of that Owner's Assessment account from a purchaser.
- (I) **Remedies.** If an Owner fails to pay an Assessment timely, then the Board may bring an action against such Owner to recover sums due, damages, and/or injunctive relief. The Board shall be entitled to recover its attorney and paralegal fees and costs in any action that it successfully maintains, in whole or in part, for the collection of Assessments. Such remedies are more fully set forth in the Declaration and are hereby incorporated by reference.



9.6 Proration; Fee.

- (A) Developer, as agent of the Association, may collect from the initial purchaser of each Unit (the "Purchaser"), at the time of closing, a payment equal to the Purchaser's pro-rata share of (i) the insurance paid by the Association for that year, plus (ii) the Assessment for the current Assessment period. Developer shall be entitled to retain the Purchaser's pro rata share for the current insurance premium period if Developer paid the premium for the Unit sold for that period; otherwise, the insurance premium paid shall be paid to the Association's insurer.
- (A) The Association, may also collection from the initial buyer of each Unit and each subsequent purchaser of a Unit, at the time of closing, an initial set-up fee in an amount equal to two (2) months' Assessments for the Unit. These funds are not refundable and shall not be considered to be a prepayment of regular monthly Assessments.

9.7 Liability of the Association and Owners. The Association shall not be liable to any 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 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 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 with the order or directive of any government authority. The Association shall not be liable to any Owner or any occupant of a Unit for uninsured injury or damage to person or property caused by another Owner. Any such liability shall be attributable solely to the responsible Owner. The Association shall not be liable to any Owner or any occupant of a Unit for uninsured personal injuries or uninsured injuries to property occurring on Common Elements.

9.8 Administrative Rules; Modification. The Board may adopt reasonable rules relating to (i) the use of the Common Elements, specifically the Community Building, and all facilities thereon, and (ii) the conduct of the Owners, their agents, employees, tenants, guests, and invitees with respect to the Property and other Owners. Written copies of the rules and any schedule of fines shall be furnished to the Owners. The Board may not adopt rules that either conflict with, or eviscerate, provisions of the Declaration or these Bylaws. Notwithstanding the foregoing, no restriction on the use of the Common Elements, in addition to those established herein, shall be effective until such time as all units have been sold or are occupied, unless approved by Developer. The Board may modify any rules that it adopts at a meeting that is preceded by notice to the other members of the Board that (i) states that one of the purposes of the meeting is to consider a modification to the rules, and (ii) discloses the language of the proposed modification.

9.9 Books and Records. The Association shall keep correct and complete books and records of accounts including, but not limited to (i) minutes of all meetings of the Board, officers and Members, (ii) records of all actions that the Board takes without a meeting, (iii) a record of all



actions that committees of the Board, if any, take, (iv) the Governing Documents and all amendments thereto, (v) these Bylaws and all amendments hereto, (vi) the names and addresses of the Association's current Members, Directors and officers, (vii) financial statements showing the Association's assets and liabilities for the most recent three (3) years, and (viii) the Association's most recent annual report filed with the Montana Secretary of State. The books and records of the Association shall be open for inspection by any Member, and by holders, insurers and guarantors of first mortgages on Units, at any reasonable time, after reasonable notice to the Secretary.

9.10 Fiscal Year. The Association's fiscal year begins on January 1 and ends on December 31 each year, unless the Board establishes a different fiscal year.

9.11 Amending Bylaws.

- (A) **Developer.** Prior to initial sale of all the Units by Developer, these Bylaws may be altered, amended, supplemented or repealed by Developer, in its sole discretion. Each Owner, by acceptance of a deed to any Unit shall be deemed to have approved any such amendment by Developer and to have granted to Developer the power, pursuant to Section 70-15-301, MCA, to make such amendments.
- (Q) **Owners.** Notwithstanding anything to the contrary in the Montana Unit Ownership Act, these Bylaws may be altered, amended, supplemented or repealed by at least 75% of the Owners, as may be necessary or appropriate to carry out the purposes of the Association to the extent permitted by law; except that no such amendment shall take effect without (i) a copy of the Amendment, certified by the President and Secretary of the Association, recorded in the office of the Clerk and Recorder of Yellowstone County, Montana and (ii) the approval of the Developer until such time as all Units have been sold by Developer.
- (C) **Eligible Mortgage Holders.** The consent of at least fifty-one percent (51%) of the Eligible Mortgage Holders shall be required for a change in any of the following: (i) insurance requirements; and (ii) provisions which expressly benefit mortgage holders, insurers or guarantors.

9.12 Gender and Number. Whenever the context of these Bylaws requires, the masculine gender includes the feminine and neutral, and the singular number includes the plural and vice versa.

9.13 Conflicts. If these Bylaws conflict with the Declaration, then the Declaration shall control.

9.14 Covenants Running with the Property. 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 Property is subject to the provisions of the Montana Unit Ownership Act.

9.15 Enforcement and Non-waiver. These Bylaws may be enforced in the manner set forth in the Declaration and in these Bylaws. In the event the Board shall refuse or neglect to



enforce the provisions of these Bylaws, the Declaration, or duly adopted rules and regulations, any Owner shall have the right to do so. Failure of the Association, its Board, or any Member to enforce the provisions of these Bylaws or the Declaration 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 and paralegal 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 to enforce these Bylaws without filing a lawsuit or initiating arbitration, the party violating these Bylaws shall be obligated to pay the attorney and paralegal fees incurred by the Association; the attorney and paralegal 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.

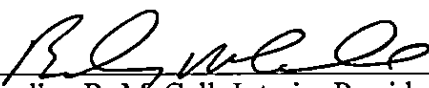
CERTIFICATE OF ADOPTION OF BYLAWS

The undersigned, being the Owner of the Property to which these Bylaws apply and being the interim President and Secretary of the Association, has 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.

MCCALL DEVELOPMENT, INC.

By: 
Gregory J. McCall, Vice President

CATHERINA COURT COTTAGES OWNERS ASSOCIATION

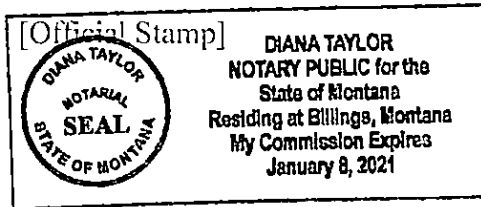
By: 
Bradley R. McCall, Interim President

By: 
Gregory J. McCall, Interim Secretary



STATE OF MONTANA)
)
County of Yellowstone)

This record was acknowledged before me on January 23, 2019 by
BRADLEY R. McCALL, as interim President of or for **CATHERINA COURT COTTAGES
OWNERS ASSOCIATION**.



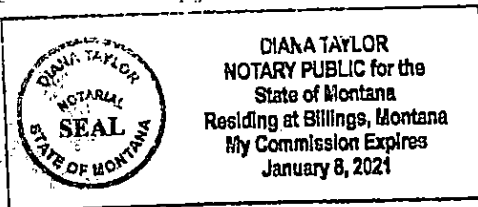
Diana Taylor
(Signature of notarial officer)

Title of officer (if not shown in stamp)

STATE OF MONTANA)
)
County of Yellowstone)

This record was acknowledged before me on January 23, 2019 by
GREGORY J. McCALL, as (i) Vice President of or for **MCCALL DEVELOPMENT, INC.**
and (ii) interim Secretary of or for **CATHERINA COURT COTTAGES OWNERS
ASSOCIATION**.

[Official Stamp]



Diana Taylor
(Signature of notarial officer)

Title of officer (if not shown in stamp)