

BYLAWS
OF
BADGER BAY HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I.

Purpose

The purpose of this corporation are as stated in the Articles of Incorporation.

ARTICLE II.

Definitions

The definitions set forth in the Declaration of Covenants and Restrictions for Badger Bay at Georgetown Lake Subdivision (the "Declaration") are hereby incorporated by reference. The Declaration was recorded on _____, 2005, in Book ____, Page ____, of Micro Records, records of Granite County, Montana. These Bylaws are prepared, submitted, and approved by Declarant pursuant to the Declaration.

ARTICLE III.

Membership

Every Owner of a Lot (including buyers under Contacts for Deed) shall be a Member of the Association as provided in the Declaration. The foregoing is not intended to include individuals or entities who hold an interest in any Lot merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Ownership of a Lot shall be sole qualification for Membership. Declarant (or Declarant's designated representative) shall be considered as Lot owner for purposes of Membership in the Association, and shall therefore be a Member so long as the Declarant owns one or more Lots.

Acceptance of a Deed, Notice of Purchaser's Interest, or other documentation evidencing ownership shall be deemed to be consent of an Owner to membership in the Association and to the provisions and Restrictions contained herein.

Any owner, by virtue of membership in the Association, is deemed to covenant and agreed to pay all assessments established under the Declaration and is deemed to have consented to the enforcement of a lien for such assessments.

ARTICLE IV.

Meeting of Members

1) Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the corporation, and each subsequent regular annual meeting of the Members shall be held on or before the 31st day of December in each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

2) Special Meetings. Special meetings of the Members may be called at any time by the president or by the board of directors, or upon written request of a majority of the Members.

3) Notice of Meetings. Written notice of the first meeting of the Members shall be given by the Declarant in writing, at least fifteen (15) days before such meeting to each member known to Declarant. Thereafter, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the corporation, or supplied by such Member to the corporation for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4) Quorum. The presence at the meeting of two-thirds ($\frac{2}{3}$) of the Members represented in person or by proxy shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

5) Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of this tract.

6) Powers Reserved to Members. The power to authorize the purchase of any equipment and to incur any other expenditure in excess of **Two Thousand Five Hundred and No/100ths Dollars (\$2,500.00)** is reserved to the Members. Such actions may be approved only by the majority of the Members present in person or by proxy at a meeting at which a quorum is present.

ARTICLE V.

Voting Rights

Each member of the Association shall be entitled to one (1) vote for each Lot in which they hold the interest which qualifies for membership. So long as the Declarant is the Owner of one (1) or more Lots, Declarant (or Declarant's designated representative) shall be entitled to two (2) votes for each Lot in which it owns an interest. When more than one person or an entity owns an interest in any Lot, the vote for such Lot shall be exercised as such persons or entity may determine but in no event may more than one vote be cast for each Lot, except in relation to Declarant as set forth.

ARTICLE VI.

Board of Directors, Selection, and Term of Office

1) Number. The affairs of this corporation shall be managed by a board of three (3) or more directors, who need not be Members of the Association. Declarant or its representative shall be one of the initial Directors.

2) Term of Office. At the first annual meeting, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter, the Members shall elect the appropriate number of retiring directors for a term of three (3) years. So long as it owns a Lot, Declarant or its representative shall be a director.

3) Removal. Any director except Declarant (or its representative) may be removed from the Board, with or without cause, by a majority vote of the Members of the Corporation. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

4) Compensation. No director shall receive compensation for any service rendered to the corporation. However, any director may be reimbursed for actual expenses incurred in the performance of his duties.

5) Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII.

Nomination and Election of Directors

1) **Nomination.** Nomination for election to the board of directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the board of directors, and two (2) or more Members of the Corporation. The nominating committee shall be appointed by the board of directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the board of directors as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among the Members or nonmembers.

2) **Election.** Election to the board of directors shall be by secret ballot. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

3) **Declarant as Director.** Declarant, or its designated representative, shall be entitled to remain an "Ex Officio" Member of the Board of Directors regardless of voting results so long as Declarant owns one or more Lots in the subdivision, and shall be entitled to vote on all issues before the Board of Directors.

ARTICLE VIII.

Meeting of Directors

1) **Regular Meetings.** A regular meeting of the board of directors shall be held without other notice than as provided in these Bylaws immediately after, and at the same place as, the annual meeting of the members. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

2) **Special Meetings.** Special meetings of the board of directors shall be held when called by the President of the Corporation, or by any two (2) directors after not less than three (3) days notice to each director.

3) **Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE IX.

Powers and Duties of the Board of Directors

- 1) Powers. The board of directors shall have the power to:
 - a) Exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership by other provisions of these Bylaws or the Articles of Incorporation;
 - b) Declare the office of a member of the board of directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the board of directors; and
 - c) Employ an independent contractor, or such other employees as it deems necessary, and to prescribe their duties.
- 2) Duties. It shall be the duty of the board of directors to:
 - a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by a majority of the Members;
 - b) Supervise all officers, agents and employees of this corporation, and to see that their duties are properly performed;
 - c) Fix the amount of the annual assessment in accordance with the Declaration against each Lot at least thirty (30) days in advance of each annual assessment period;
 - d) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
 - e) Foreclose the lien against any Lot for which assessments are not paid after due date or to bring an action at law against the Owner personally obligated to pay the same all in accordance with any procedures and/or provisions of the Declaration;
 - f) 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;

- g) Procure and maintain adequate liability and hazard insurance on property owned by the corporation;
- h) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- i) Oversee and supervise the maintenance of all Common Areas.

ARTICLE X.

Officers and Their Duties

1) Enumeration of Officers. The officers of this Association shall be a President, who shall at all times be a member of the board of directors, a Secretary-Treasurer, and an Architectural Control Committee, and such other officers as the board may from time to time by resolution create.

2) Election of Officers. The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the Members.

3) Term. The officers of this corporation shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4) Architectural Control Committee. Declarant shall create the Architectural Control Committee as provided in Section 2.4 and Section 4.3 of the Declaration. Declarant or its representative shall be the initial member of the Architectural Control Committee and shall not be subject to removal until he elects to resign, in his sole discretion.

5) Resignation and Removal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time giving written notice to the board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6) Vacancies. A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7) Duties. The duties of the offices are as follows:

a) President. The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds, contracts and other written instruments and shall co-sign all checks and promissory notes;

b) Secretary-Treasurer. The secretary shall record the votes and keep the minutes of all meetings and proceeds of the board of the Members; keep the corporate seal of the corporation and affix it on all papers requiring said seal; serve appropriate current records showing the Members of the Corporation, together with their addresses, and shall perform such other duties as required by the board; and the treasurer shall receive and deposit in appropriate bank accounts all monies of the corporation and shall disburse such funds as directed by resolution of the board of directors; shall sign all checks and promissory notes of the Corporation; keep proper books of account; cause an annual audit of the Corporation books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

c) Architectural Control Committee. The Architectural Control Committee shall perform all functions set forth in the Declaration.

ARTICLE XI.

Committees

The board of directors shall appoint such committees in addition to the Architectural Control Committee which is provided for in the Declaration, as deemed appropriate in carrying out its purpose.

ARTICLE XII.

Assessments

As more fully provided in the Declaration, Articles VII and VIII, each Member is obligated to pay to the Corporation annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent.

ARTICLE XIII.

Amendments

1) These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Declarant (so long as it is a Member); and 75% of Lot Owners except where a contrary intent appears in the Declaration or Articles of Incorporation.

2) In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

IN WITNESS WHEREOF, the undersigned, being the Managing Member, Declarant of the Declaration of Covenants and Restrictions of Badger Bay Homeowner's Association, Inc., has hereunto set his hand this ___ day of July, 2005.

DECLARANT: MOUNTAIN LION, L.L.C.

By: *John H. Crowley*
John H. Crowley, Managing Member

CERTIFICATION

The undersigned does hereby certify:

That I am the Managing Member of Mountain Lion, L.L.C., Declarant of the Declaration, and

That the foregoing Bylaws constitute the original Bylaws of Badger Bay Homeowner's Association, Inc., as duly prepared by the Declarant.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ___ day of July, 2005.

DECLARANT: MOUNTAIN LION, L.L.C.

By: *John H. Crowley*
John H. Crowley, Managing Member

STATE OF MONTANA)
 :SS
County of Missoula)

This instrument was acknowledged before me on the 1st day of July, 2005, by John H. Crowley, Managing Member of Mountain Lion, L.L.C..

Roxie Hausauer
Notary Public for the State of Montana
Printed name: Roxie Hausauer
Residing at: Lolo, MT
My commission expires: 1/6/2009

(SEAL)