

BYLAWS

OF

TIMBERCREST ESTATES HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

NAME

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

TIMBERCREST ESTATES HOMEOWNERS' ASSOCIATION, INC. is the incorporated organization which is to be governed by and which is empowered to act in accordance with these Bylaws. Hereinafter said corporation shall be referred to as the "Association."

ARTICLE II

ADDRESS

The address of the initial principal office of the Association shall be P.O. Box 7344, Bozeman, Montana 59771.

ARTICLE III

POWERS

The Association shall have all the powers of a nonprofit corporation enumerated and set forth in Title 35, Chapter 2, M.C.A. The purposes of the Association are those set forth in the Articles of Incorporation.

ARTICLE IV

MEMBERSHIP INTEREST

Every person, group of persons, partnership, corporation, or association who is a fee owner of real property within the boundaries of the area described as Timbercrest Estates on file and of record in the office of the County Clerk and Recorder of Gallatin County, Montana, (as such real property is more particularly described on the attached Exhibit "A") shall be a member of the Association. By this provision, each lot, tract or parcel as shown on the plat and amendments thereto shall entitle the owner of one membership interest in the Association.

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

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

or resign while possessing a membership interest.

## ARTICLE V

### MEETINGS

There shall be an annual meeting of the membership. The meeting shall be held on the 1<sup>st</sup> Tuesday of November, and the hour and place of such meeting shall be contained in the notice of meetings as hereinafter described. The annual meeting shall be the time for the conduct of any and all legitimate business of the Association, including review and approval of the budget for the next year, election of directors and presentation of reports. Voting at all meetings shall be in the manner prescribed in these Bylaws.

Special meetings may be called at any time upon the initiative of the President, or in the absence of the President, by the Vice-President. In addition, a special meeting shall be held upon call of fifty percent (50%) of the owners. Special meetings shall require seven (7) days' notice, in writing. Notice of annual and special meetings shall be mailed to owners at their address as they have provided to the Association. The presence of members, in person or by written proxy, representing 60% of the total votes of the membership shall constitute a quorum.

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

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

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

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

## ARTICLE VI

### VOTING

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

## ARTICLE VII

### RESOLUTIONS

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

ARTICLE VIII

POWERS AND DUTIES OF BOARD

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

- A. To enter into contracts and agreements as are necessary to effect the business of the Association.
- B. To provide for the construction, installation, acquisition, replacement, operation, maintenance and repair by the Association of buildings, equipment, common areas, facilities and services for recreation, roads, bridges, fire protection and other services and functions of the Association. Contracts for such work with third parties which provide for a term or duration in excess of one year must be approved by a majority of the members, which approval may be ratified at the annual or any special meeting of the Association.
- C. To make and establish rules and regulations for the governance of facilities and the performing of such functions, the taking of such action and operating in such areas as are within the jurisdictions of the Association.
- D. To make assessments as described in these Bylaws and the Declaration of Covenants, Conditions and Restrictions on file and of record in the office of the County Clerk and Recorder of Gallatin County, Montana.
- E. To take necessary and appropriate action to collect assessments from members, including the filing of liens and prosecuting foreclosures as provided in these Bylaws.
- F. To call meetings of the Association, both annual and special, and to preside over such meetings and to give appropriate notice of such meetings as required by these Bylaws.
- G. To formulate and introduce resolutions at the meetings of the Association.
- H. To hold meetings of the Board of Directors as are necessary to conduct Association affairs.
- I. To exercise ultimate decisional power in and on all matters affecting the Association.
- J. To pay the expenses of the Association, including all taxes or assessments and to contract and pay for such insurance as may be necessary in the best interests of the Association, and to provide for the use and disposition of the insurance proceeds in the event of loss or damage.
- K. To fill vacancies on the Board by agreement of the two remaining members, should the vacancy not, however, be filled by the Board, it may be filled by an election at an annual or special meeting wherein each membership interest shall have one (1) vote.
- L. To maintain lists of members.
- M. To keep records in a good and businesslike manner of all assessments made, all expenditures, and the status of each member's payments of assessment; and to make such records accessible at reasonable times to all members.
- N. To maintain municipal type facilities for the safety, comfort, health, well-being and pleasure of the residents and guests of residents.

- O. To promote, conserve and preserve the premises.
- P. To do any and all things necessary to carry into effect these Bylaws and to implement the purposes as stated in the Articles of Incorporation and to do any and all things necessary to require compliance with and enforce the Declaration of Protective Covenants and Restrictions For Timbercrest Estates, as amended and supplemented from time to time, which, by Article XVIII, are made a part of these Bylaws.
- Q. To deal with agencies, officers, boards, commissions, departments and bureaus or other governmental bodies in a federal, state, county and local basis to carry out the above powers, duties and responsibilities.
- R. To establish accounts for operating and/or development funds as set out in the Declaration of Protective Covenants and Restrictions For Timbercrest Estates.
- S. To select a President of the Board of Directors.

ARTICLE IX

ASSESSMENTS

The Association, acting through the Board of Directors, shall have the power to levy assessments on its members. The assessments levied by the Association shall be used exclusively to promote recreation, health, safety and welfare of the residents of the property and for the improvement of the maintenance of the common areas and open spaces, to include road maintenance, landscape maintenance, property liability insurance, Association employees' wages, mailing costs and other related expenses incurred on behalf of the Association as further described hereafter.

The assessments shall be levied consistent with the Declaration of Protective Covenants and Restrictions For Timbercrest Estates.

ARTICLE X

BUDGETS

On or before August 1<sup>st</sup> of each year, the Board shall prepare and mail to each member a budget for expenses for the forthcoming calendar year. The Board shall cause a copy of an operating statement to simultaneously be prepared showing income and disbursements for the preceding fiscal year, which statement shall be mailed to each member within thirty (30) days at the end of the fiscal year.

ARTICLE XI

QUORUM

Meetings of the Association shall be convened at the time and place contained in the notice of such meeting only if a quorum of the membership interest is present either in person or by proxy. A quorum shall consist of sixty percent (60%) of the total membership interest of the Association qualified and eligible to vote at the time. Any membership interest may be represented by the owner thereof or by his agent who has written authority to so act.

ARTICLE XII

VOTING INTEREST

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

#### ARTICLE XIII

##### SECRETARY

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

#### ARTICLE XIV

##### BOARD MEMBERS

The Board of Directors shall be established consistent with Article II of the Declaration of Protective Covenants for Timbercrest Estates.

Until December 3, 2009 or until seventy-five percent (75%) of the lots have been sold and title transferred to Owners, whichever occurs later, the Declarant reserves the right to appoint and remove all members of the Board and to exercise the powers and responsibilities otherwise assigned by the Declaration of the Association. By express written declaration, Declarant shall have the option to at any time turn over to the Association the total responsibility for electing and removing members of the Board.

Members of the Board and their officers, assistant officers, agents and employees acting in good faith on behalf of the Association:

- (1) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith;
- (2) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such;
- (3) shall have no personal liability in tort to any Owner or any person or entity, except for their own willful misconduct or bad faith;
- (4) shall have no personal liability arising out of the use, misuse or condition of the Property which might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as such.

#### ARTICLE XV

##### TERMS AND REPLACEMENT

The terms of office for members of the Board shall be consistent with the Declaration of Protective Covenants and Restrictions For

Timbercrest Estates.

ARTICLE XVI

COMMITTEES

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

ARTICLE XVII

INSURANCE

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

ARTICLE XVIII

COVENANTS

No acts by the Association or by the Board of Directors shall be contrary to the Declaration of Protective Covenants and Restrictions For Timbercrest Estates, on file with the Clerk and Recorder of Gallatin County, Montana, and amendments thereto. On its own initiative, the Board may take such action as it deems necessary, including the taking of legal action and initiating suit to enforce the Declaration of Protective Covenants for Timbercrest Estates.

ARTICLE XIX

OFFICERS

The officers shall be appointed consistent with the Declaration of Protective Covenants for Timbercrest Estates.

ARTICLE XX

COMPENSATION

Board members shall not be compensated for their service to the Association however they may be reimbursed for any actual and reasonable out-of-pocket expenses incurred strictly while acting in their official capacity.

ARTICLE XXI

SEVERABILITY

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

ARTICLE XXII

INTERPRETATION AND AMENDMENT

The Board of Directors shall have the power to interpret all the provisions of these Bylaws and such interpretation shall be binding on all persons. These Bylaws may be amended from time to time whenever at least fifty-one percent (51%) of the membership interests shall have voted in favor of such amendment.

THESE BYLAWS were adopted by the Board of Directors for TIMBERCREST ESTATES HOMEOWNERS' ASSOCIATION, INC. effective as of the 13th day of December, 2005.

  
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Kelly Coffin – Director  
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J. Robert Sierra – Director  
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John R. Sierra, Jr. – Director

EXHIBIT A

Association Service Area - That real property commonly known as the Timbercrest Estates, with said Parcels being more particularly described as follows:

Tract 3529  
Tract 3539  
Tract 3541  
Tract 3534  
Tract 3543  
Tract 3544  
Tract 3536  
Tract 3537  
Tract 3538  
Tract 3547  
Tract 3548  
Tract 3552  
Tract 3555  
Tract 3557  
Tract 3549  
Tract 3550

of Survey No. 36A, being located in Sections 35 and 34, Township 2 South, Range 7 East, Gallatin County, Montana.

AND

Tract 3501  
Track 3502  
Tract 3503  
Tract 3504  
Track 3505  
Tract 3513  
Tract 3514  
Tract 3515  
Tract 3516  
Tract 3517  
Tract 3518  
Tract 3519  
Track 3520  
Track 3521  
Tract 3525  
Tract 3526  
Tract 3527  
Tract 3531

of Certificate of Survey No. 36 and 36A, located in the NE1/4 and the E1/2NW ¼ of Section 35, Township 2 South, Range 7 East, Gallatin County, Montana also shown on COS 36V