

*Lisa Bennett*

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**BYLAWS  
OF  
SKYSONG HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I - NAME

The name of the corporation is SkySong Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at Corvallis, Montana, and meeting of members and Directors may be held at such places within the State of Montana, County of Ravalli, as may be designated by the Board of Directors.

ARTICLE II - DEFINITIONS

Section 1. "Association" shall mean and refer to SkySong Homeowners Association, Inc., a Montana nonprofit corporation, its successors and assigns.

Section 2. "Common Areas" shall mean and refer to all real property and improvements thereon owned by the Association for the common use and enjoyment of the Owners and such other persons to whom the Owners may delegate this right pursuant to the Declaration and to all improvements located thereon and owned or otherwise held by the Association for the common use and enjoyment of said persons.

The Common Areas to be owned by the Association at the time of the conveyance of the first Lot ("Initial Common Areas") are located in the County of Ravalli, State of Montana, and are legally described as follows: all that common area as indicated on the plat of SkySong, according to the recorded plat thereof and said Initial Common Areas shall be conveyed to the Association by the Declarants prior to the conveyance of the first Lot forming a part of the real property described in Article II, Section 1 of the Declaration. In addition to the Initial Common Areas described above, "Common Areas" shall mean and refer to such real property as shall be so designated in any valid Supplementary Declaration of Covenants, Conditions and Restrictions, made and filed in accordance with the Declaration.

*c's R Note: Exhibit recorded as individual document*

Section 3. "Declarants" shall mean and refer to Louise Grout, Peter A. Reynolds, Judith G. Reynolds, William C. Grout and Rae Grout and to their successors and assigns, if (i) any such successor or assign should acquire more than one (1) undeveloped Lot from a Declarant for the purpose of development and the instrument of conveyance recites the purpose of development and the instrument of conveyance recites that such successor or assign has acquired all of the rights and obligations of SkySong Homeowners Association, Inc., as a Declarant hereunder; or (ii) such rights and obligation(s) pass to such successor or assign by operation of law.

Section 4. "SkySong" shall mean and refer to all real property subject to the Declaration, and any valid Supplementary Declaration filed or recorded in accordance with the provisions of Article II of the Declaration and all now or hereafter located thereon.

Section 5. "First Mortgagee" shall mean and refer to any person, corporation or other entity named as mortgagee in any mortgage deed granting a first lien upon the fee simple title to any Lot.

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon SkySong designated and intended for use and occupancy as a residence by a single family and located or to be located upon on Lot.

Section 7. "Lot" shall mean and refer to any platted lot in SkySong, including any lot resulting from the platting of any Additional property subjected to the Declaration in accordance with the provisions of Article II, Section 2, thereof, with the exception of the Common Areas.

Section 8. "Members" shall mean and refer to all Owners who are members of the Association as provided in Article III, Section 1 of the Declaration.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon SkySong, but, notwithstanding any applicable theory of mortgages, shall not mean or refer to a mortgagee unless and until

such mortgagee has acquired title pursuant to foreclosure or deed in lieu of foreclosure.

Section 10. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the Office of the Clerk and Recorder of Ravalli County, Montana.

### ARTICLE III - MEETINGS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of the conveyance of the first Lot to a person other than the Declarants, or an affiliate of the Declarants, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock PM. 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.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors.

Section 3. Notice of Meetings. 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. Notices shall be sent by U.S. Mail and shall be deemed to have been properly sent when mailed postpaid to the last known address of the person who appears as the member on the records of the Association at the time of such mailing. 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.

Section 4. Method of Voting. The method and manner of voting shall be determined by resolution of the Board of Directors and shall be set forth in the notice provided in Section 3, above.

Section 5. Proxies. At all meetings of members, each member shall vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable, shall automatically cease upon conveyance by the member of his or her Lot and shall be

limited as to time for a period of eleven (11) months from the date of its execution.

ARTICLE IV – BOARD OF DIRECTORS: SELECTION

Section 1. Initial Board. The initial Board of Directors shall consist of Five (5) director(s), appointed by the Declarants. Appointed members of the Board of Directors need not be members of the Association.

Section 2. Project Completion. At the first annual meeting following completion of the project, the Board of Directors shall consist of Six (6) members, all of which shall be elected by the members of the Association, as hereinafter provided.

Section 3. Term of Office. The term of office for each elected Director shall be for a term of one (1) year.

Section 4. Removal. Any elected Director may be removed from the Board, for cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 6. Action Taken Without 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 of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V – NOMINATION AND ELECTION OF DIRECTORS

Section 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 One (1) or more members of the Association. The Nominating Committee shall be appointed by the Board or 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.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the member or their proxies may be cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### ARTICLE VI - MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any Two (2) Directors.

Section 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 VII – POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (i) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members, tenants and their guests thereon, and to establish penalties for the infraction thereof.
- (ii) Suspend the voting rights and rights to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.
- (iii) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.
- (iv) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent without cause from three (3) consecutive regular meetings of the Board of Directors.
- (v) Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.
- (vi) Cause the Common Area to be maintained to include the ongoing cleaning and maintenance of the storm drainage drywalls, road maintenance, path and walkway maintenance, irrigation ditch and irrigation equipment cleaning and maintenance.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (i) 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.

- (ii) Supervise all officers agents and employees of this Association, and to see that their duties are properly performed.
- (iii) As more fully provided in the Declarations, to:
  - (a) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period.
  - (b) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.
  - (c) Foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the Owner personally obligated to pay the same.
- (iv) Procure and maintain adequate liability and hazard insurance on property owned by the Association.
- (v) Cause all officers or employees having fiscal responsibilities to be bonded, if it may deem appropriate.
- (vi) Cause the Common Area to be maintained.
- (vii) Cause the exterior of the Lots to be maintained.

#### ARTICLE VIII – OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 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.

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

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office for 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 or 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.

Section 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 or she replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

*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 and other written instruments.

*Vice-President.* The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.



*Secretary.* The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, shall perform such other duties as required by the Board.

*Treasurer.* The Treasurer shall receive and deposit in the appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; 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.

Section 9. Any Two (2) officers of the Association shall sign all checks or promissory notes.

#### ARTICLE IX - COMMITTEES

The Board of Directors shall appoint any committees deemed appropriate in carrying out its purpose.

#### ARTICLE X - BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member of the Association.

#### ARTICLE XI - ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property. No Owner may waive or otherwise escape liability for the assessments.

The Board of Directors shall establish guidelines of the collection of delinquent assessments and shall set the amount for interest, penalties and attorney's fees for such delinquent assessments.

ARTICLE XII - CORPORATE SEAL

The Association shall have a seal in a standard circular form.

ARTICLE XIII - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. The Association shall indemnify each director and each officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon pleas of no lo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. The Association shall indemnify each director and each officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or

officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association unless and only to the extent that the court in which such action or suit was brought or such judgment rendered shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such director or officer is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that a person who is or was a director or officer of the Association, or of any other corporation, partnership, joint venture, trust or other enterprise with which he or she is or was serving in such capacity at the request of the Association, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter herein, he or she shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Any indemnification under Sections 1 and 2 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceedings, or (ii) if such a quorum is not obtainable, or, even if obtainable but a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the members.

Section 5. Expenses incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding, or threat thereof, may be paid by the Association to a director or officer in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he or she shall be indemnified by the Association.

Section 6. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a director or officer seeking indemnification may be entitled under any statute, provision in the Association's certificate of incorporation, bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person

Section 7. The invalidity or unenforceability of any provision in this Article shall not affect the validity or enforceability of the remaining provisions of this Article.

Section 8. The Corporation shall be required to maintain Errors and Omissions Insurance to protect the Association under this provision.

#### ARTICLE XIV – AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 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.

ARTICLE XV - MISCELLANEOUS

The Board of Directors may set the fiscal year of the Association as it deems necessary.

IN WITNESS WHEREOF, we, being all of the Directors of SKYSONG HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 14<sup>th</sup> day of NOVEMBER, 2006.

Louise Grout  
Louise Grout

Rae Grout  
Rae Grout

Peter Reynolds  
Peter Reynolds

William Grout  
William Grout

Judith Reynolds  
Judith Reynolds