

BY-LAWS
OF
ELK MEADOWS RANCHETTES HOMEOWNERS ASSOCIATION

ARTICLE I - OFFICERS

Section 1. Executive Officers. The executive officers of the corporation shall be a President, Vice-President, and a Secretary-Treasurer. The first executive officers of the corporation shall hold office for a period of five years, after which they shall be elected annually by the Board of Directors. They shall take office immediately after election. The officers of the corporation for the first five years need not be members of the corporation. Thereafter, they shall be members of the Board of Directors and members of the corporation. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. The President. Subject to the direction of the Board of Directors, the President shall be the chief executive officer of the corporation, and shall perform such other duties as from time to time may be assigned to him/her by the Board. The president shall be ex-officio a member of all committees.

Section 3. The Vice-President. The vice-president shall have such power and perform such duties as may be assigned to him/her by the Board of Directors or the president. In case of the absence or disability of the president, the duties of that officer shall be performed by the vice-president.

Section 4. The Secretary. The secretary shall keep the minutes of all proceedings of the Board of Directors and of all committees and the minutes of the member's meetings in books provided for that purpose; he/she shall have custody of all minute books and such other books and papers as the Board may direct, and he shall in general perform all the duties incident to the office of secretary, subject to the control of the Board of Directors and the president; and he/she shall also perform such other duties as may be assigned to him/her by the president or by the board.

Section 5. The Treasurer. The treasurer shall have the custody of all the receipts, disbursements, funds, and securities of the corporation and shall perform all duties incident to the office of treasurer, subject to the control of the Board of Directors and the president. He/she shall perform such other duties as may from time to time be assigned to him/her by the Board or the president. If required by the Board, he/she shall give a bond for the faithful performance of his duties in such sum as the Board may require.

Section 6. Subordinate Officers. The president, with the approval of the Board of Directors, may appoint such other officers and agents as the Board may deem necessary, who shall hold office during the pleasure of the Board, and who shall have authority and perform such duties as from time to time may be prescribed by the president or by the Board.

ARTICLE II - BOARD OF DIRECTORS

Section 1. Number of Members. The Business and affairs of the corporation shall be managed by a Board of Directors which shall consist of not less than three nor more than seven members. The first board shall have three members but the number may be increased by integers of two by resolution adopted at any annual or special meeting of the membership called for that purpose. The first Board of Directors need not be members of the corporation. Thereafter all of the board shall consist of members of the corporation.

Section 2. Executive Committee. The Board of Directors may elect from their number an executive committee of not less than three, which committee shall have all the powers of the Board between meetings, regular or special. The president of the corporation shall be one member of, and shall be chairman of, the executive committee.

Section 3. Regular Meetings. The board shall meet for the transaction of business at such times and places as it may, by resolution, designate from time to time.

Section 4. Special Meetings. Special meetings of the board may be called by the president or by a majority of the board for any time and place, provided reasonable notice of such meeting shall be given to each member of the board before the time appointed for such meetings.

Section 5. Quorum. The Directors shall act only as a board, and the individual directors shall have no power as such. A majority of the directors for the time being in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time with notice until a quorum be at hand.

Section 6. Order of Business. The Board of directors may from time to time determine the order of business at its meeting.

Section 7. Chairman. At all meetings of the Board of Directors, the president or in his absence, the vice-president, or in the absence of both, a chairman chosen by the directors present, shall preside.

Section 8. Terms. The first Board of Directors named in the Articles of Incorporation shall serve for five years. Starting in 1996, four directors shall be elected for a two year term and three Directors elected to a one year term by the members of the corporation. Thereafter, all Directors shall be elected to a two year term.

Section 9. Annual Report. The Board of Directors, after the close of the fiscal year, shall submit to the membership a report as to the condition of the Corporation and its property and shall also an account of the financial transactions of the past year.

Section 10. Vacancies. Whenever a vacancy in the membership of the board shall occur, the remaining members of the Board shall have the power, by majority vote, to select one of the membership to serve the unexpired term of the vacancy.

ARTICLE III - MEETINGS OF MEMBERS

Section 1. Annual Meetings. Annual meetings shall be held in January at a place and time designated by the board of directors. A notice of the annual meeting shall be posted to the EMRHA website and sent out to the last known e-mail address of all members of the association at least 10 days prior to the meeting. A written notice of the meeting shall be mailed via USPS at least 10 days prior to the annual meeting. A proposed budget and a ballot to vote for/against the budget and any directors running for office shall be included with this mailing.

Section 2. Special Meetings. Special meetings of the members shall be held whenever called by the Board of Directors or by holders of at least seven memberships. Notice of each special meeting, stating the time, place, and general purpose or purposes thereof, shall be sent via e-mail to the last known address of all members at least ten days prior to the meeting.

Section 3. Voting. All members shall be entitled to One (1) vote for each Tract in which they hold interest required for membership. When more than one person holds such interest in any Tract, the vote for such Tract shall be exercised as such persons amongst themselves determine, but in no event shall more than (1) vote be cast with respect to any Tract upon each matter submitted to a vote. The vote for directors, and upon any vote before the meeting shall be by ballot.

At each election for directors and annual budget approval every HOA member entitled to vote at such election shall have the right to vote in person, or by mail or by e-mail sent to the board secretary. Votes received up to (5) days after the annual meeting shall be counted. The budget shall be approved by a simple majority of the votes collected. Directors shall be elected based upon the largest number of votes.

ARTICLE IV - MEMBERSHIP

Section 1. Qualifications. Every person or entity who is an equitable or record owner of any Tract which is subject by covenants of record to assessment by this Association, including buyers under a contract for deed and contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, ownership of the Tract which is subject to assessment by the Association. Ownership of such Tract shall be the sold qualification for membership.

Where two or more persons are the joint owners of a Tract in Elk Meadows Ranchettes, one, and only one, shall become a member. Where two or more persons are stockholders in a corporation, or joint owners of any other entity, owning a Tract in Elk Meadows Ranchettes, one, and only one shall become a member.

Only members shall be entitled to vote.

Whenever a member shall cease to own a Tract in Elk Meadows Ranchettes, or shall cease to own stock in a corporation or other entity that owns a tract in Elk Meadows Ranchettes, such member shall automatically, be dropped from the membership roll of the Association.

Section 2. Members. A member shall have no vested right, interest, or privilege of, in, or to the assets, functions, affairs, or franchises of the corporation, or any right, interest, or privilege which may be transferable or inheritable, or which shall continue after his membership ceased, or while he/she is not in good standing.

Section 3. Termination of Membership. Whenever any member shall cease to have all the qualifications necessary for admission to membership in the Association, then such membership shall terminate. No membership may be sold, assigned, or transferred, voluntarily or by will or by operation of law, separate or apart from ownership of the Tract qualifying such owner for membership.

Section 4. Admissions Committee. The Board of Directors shall function as the Admissions Committee and shall be sole judges of an applicant's qualifications for membership.

ARTICLE V - LOSS OF PROPERTY

Section 1. Neither the corporation nor the Board of Directors shall be liable or responsible for the destruction or the loss of or damage to the property of any member or the guest of any member, or visitor, or other person occurring in, on or around property or facility owned by or under the control of, the Association.

ARTICLE VI - ASSESSMENTS

Section 1. Personal Obligation. The owner or owners of each Tract i Elk Meadows Ranchettes, by acceptance of a deed or contract for purchase of any Tract therein, whether or not it shall be so expressed in said deed or contract, is deemed to covenant and agree to, and shall be a member of, and subject to the assessments, By-Laws and other rules of, the Association. Each assessment shall be the personal obligation of the owner or owners of each Tract as of the date of assessment, and this personal obligation shall not pass to successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be use exclusively for the purpose of promoting the recreation, health, safety, and welfare of members residing in Elk Meadows Ranchettes, and particularly for the improvement and maintenance of the properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, and of the homes situated in Elk Meadows Ranchettes.

Section 3. Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate per Tract provided, however, that all undeveloped Tracts owned by the Trustees named in Elk Meadows Ranchettes Declaration of Restrictions, Covenants and Conditions shall be subject to assessments at one-fourth ($\frac{1}{4}$) of the amount of the fixed assessment.

Section 4. Annual Assessments. Assessments shall be fixed annually by the Board of Directors of the Association. Payment of assessments shall be in periodic installments at such intervals as established by the Board of Directors. Until January 1, 1977, the maximum annual rate shall be Fifty Dollars (\$50.00) per Tract.

- (a) From and after January 1, 1977, the maximum annual assessment may be increased effective January 1 of each year in proportion to the annual rise, if any, in the Consumers Price Index as published for the preceding month of July by the United States Department of Labor.
- (b) From and after January 1, 1977, the maximum annual assessment may be increased above that established by the Consumers Price Index formula, or decreased to different basis (subject to subsequent adjustment by the Consumers Price Index formula), provided that any such change shall have the assent of two-thirds ($\frac{2}{3}$) of the Members who are voting in person or by proxy at a meeting duly called for this purpose. These limitations shall not apply to any change in the assessments incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.
- (c) After consideration of current maintenance cost and future needs of the association, the Board of Directors may fix the annual assessments at an amount not in excess of the maximum allowable.

Section 5. Road Maintenance Charges. In addition to other assessments authorized herein, the Association shall levy a special assessment each year for the purpose of paying for road maintenance charges at their actual cost. This assessment shall be levied at a uniform rate for all Tracts adjoining the non-dedicated road easements.

Section 6. Special assessments for Capital Improvements. In Addition to other assessments authorized herein, the Association may levy in any assessment year, a special assessment applicable for that year only for the purpose of defraying, in whole or in part, the cost of any purchases, construction or re-construction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds ($\frac{2}{3}$) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 7. Commencement of Assessments. The Board of Directors of the Association is authorized to make the initial assessments at such time as it determines appropriate. The Board of Directors shall fix the amount of the annual assessment against each Tract in advance of each annual assessment period. Special assessments shall be billed as deemed appropriate by the Board of Directors, but not more often than each quarter. Written notice of each assessment shall be sent to every Owner subject thereto at least thirty (30) days before the due date as established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessment on a specified Tract have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Non-payment of Assessment. Any assessments or installment payments on assessments which are not paid when due shall be delinquent. If not paid within thirty (30) days after the due date, the amount shall bear interest from the date of delinquency at the rate of with (8) percent per annum. The Association may bring an action at law to collect the amount of the assessment, together with interest, cost, and reasonable attorney's fees for such action.

Section 9. Exempt Property. The following property in Elk Meadows Ranchettes shall be exempt from assessments.

- (a) All properties dedicated to and accepted by a public authority or agency;
- (b) All properties owned by the Association; and
- (c) All properties owned by a charitable organization exempt from taxation by the laws of the State of Montana. However, no land or improvement devoted to dwelling use shall be exempt from said assessments.

ARTICLE VII - NOTICE

Section 1. Notice. Whenever, according to these By-Laws, a notice shall be required to be given to any member or director, it shall not be construed to mean personal notice, but such notice may be given in writing by depositing the same in a post office in Missoula County, Montana, in a postpaid sealed container addressed to each such director at his/her address as the same appears on the books of the Corporation at the time when such noticed mailed shall be deemed the time of the giving of such notice.

Section 2. Waiver. Any notice required to be given by these By-Laws may be waived by the person entitled therein.

ARTICLE VIII - FISCAL YEAR

Section 1. The fiscal year of the Corporation shall begin on the 1st day of January, and terminate on the 31st day of December, of each year.

ARTICLE IX - AMENDMENTS

Section 1. These By-Laws may be altered, amended, or repealed and new By-Laws adopted by a majority of the Home Owners Board of Directors who are voting in person or by proxy at a meeting duly called for this purpose.