

**BYLAWS
OF**
TIEBUCKER HOMEOWNERS' ASSOCIATION, INC.
A Montana Non-Profit Mutual Benefit Corporation

ARTICLE I-OFFICES

1.1 The principal office of Tiebucker HOMEOWNERS' Association, Inc. ("Association") in the State of Montana shall be c/o Northwest Montana Human Resources, Inc., P. O. Box 8300, 214 Main Street, Kalispell, MT 59904-1300. The Association may have such other offices, either within or without the State of Montana, as the Board of Directors (hereinafter "Board") may designate or as the business of the Association may from time to time require.

ARTICLE II-MEMBERSHIP

1. **QUALIFICATIONS.** One owner ("Owner") of each lot ("Lot") established by the map or plat designated Tiebucker Subdivision, filed in the records of the Clerk and Recorder of Flathead County, Montana, shall be a member of the Association. In the event there is more than one Owner of a Lot, the Owners of the Lot shall designate an Owner to be a Member. If no designation is made, the person whose name first appears on the deed of record for that Lot shall be the Member.

2. **TRANSFER.** Each membership shall automatically transfer upon the Owner notifying the Secretary of the Association of a transfer of ownership. The recording of a contract for deed shall be deemed a transfer of the ownership for this purpose.

3. **ROSTER.** The Secretary shall keep a complete list of Members entitled to vote, showing the address of each Member. The list shall be available for inspection by all Members upon reasonable notice and shall be available at any meeting of the Members. Failure to comply with this paragraph shall not affect the validity of any vote.

4. **SUSPENSION.** Upon written notice to the Member, the Board may suspend any Member because of the Member's failure to pay any charge arising under these Bylaws or the Declaration of Conditions, Covenants and Restrictions of Tiebucker Subdivision ("CC&R's") or for other violations of the CC&R's or these Bylaws. No Member may vote on any matter during suspension. The Member shall be reinstated upon payment of the charge and all other charges and assessments levied during the suspension or remedy of the violation.

ARTICLE III-MEMBERS' MEETINGS

1. **ANNUAL.** The annual meetings of the Members shall be held at such place and time as determined by the Board. The business shall be the election of the Directors and such other business as shall be properly brought before the meeting.

2. SPECIAL. Special meetings of the Members may be called by any Director or Officer of the Association or by at least ten percent (10%) of the Members. All special meetings shall be held not less than five (5) and not more than thirty (30) days from the date of the request.

3. NOTICE AND WAIVER. It shall be the duty of the Secretary to provide notice of all Members' meetings to each Member of record entitled to vote at any meeting at least five (5) calendar days previously thereto by written notice delivered personally, faxed, emailed or mailed to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed; postage prepaid. If faxed or emailed, such notice shall be deemed to be delivered when transmitted. The attendance of a Member, either in person or by proxy, at a meeting shall constitute a waiver of notice, except when the Member is attending for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A Member may waive in writing the notice of any meeting either before or after the meeting.

4. QUORUM. At any meeting of the Members, Members representing thirty percent (30%) of the Lots entitled to vote, present in person or by proxy, shall constitute a quorum. If less than said number is present at a meeting, a majority of those present may adjourn the meeting from time to time without further notice.

5. VOTING AND MANNER OF ACTING. Each Owner shall have one (1) vote for each Lot owned by said Owner. The majority vote of the Members, in person or by proxy, at a meeting in which a quorum is present, shall be the act of the membership.

6. PRESIDING OFFICER. Meetings of the membership shall be presided over by the President, or if (s)he is not present, by the Vice-President, or if neither is present, the Treasurer. If none of those officers are present, a chairperson shall be chosen by a majority of the Members entitled to vote who are present in person or by proxy. The Secretary shall act as secretary or if (s)he is not present, the Members may choose any person to act as secretary.

7. ORDER OF BUSINESS. The order of business shall be:

1. Call to order;
2. Proof of notice;
3. Reading of the minutes of the prior meeting;
4. Reports of Officers;
5. Reports of Committees;
6. Elections (if necessary);
7. Miscellaneous.

8. PROXIES. A Member may vote through a proxy appointed by a written instrument delivered, mailed, faxed or emailed to the Secretary at or prior to the meeting. No proxy shall be valid for more than one (1) meeting. All proxies except by email must be signed.

IV. BOARD OF DIRECTORS

1. GENERAL POWERS. The business and affairs of the Association shall be managed by its Board. The Board may adopt such rules and regulations for the conduct of their meetings and the management of the Association, as they may deem proper, not inconsistent with the Articles of Incorporation; these Bylaws; or, the laws of the State of Montana.

2. NUMBER, TENURE AND QUALIFICATIONS. The minimum number of Directors shall be three (3) and will include the President, Vice-President and Secretary. Except as otherwise provided herein, the Directors shall be elected at the annual meeting of the Members and shall serve for a period of one (1) year and until his/her successor is elected and qualified. There is no limit on how many terms an officer may serve and persons may be elected to the same office for successive terms.

3. REGULAR MEETINGS. A regular meeting of the Board shall be held without notice other than this Bylaw. The Board may provide, by resolution, the time and place for the holding of additional regular meetings without notice other than such resolution.

4. SPECIAL MEETINGS. Special meetings of the Board may be called by or at the request of the President or any Director. The person or persons calling the special meeting shall fix the time and place for said meeting.

5. NOTICE. Notice of any special meeting shall be given at least five (5) business days previously thereto by written notice delivered personally, faxed, emailed or mailed to each Director. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed, postage prepaid. If faxed or emailed, such notice shall be deemed to be delivered when transmitted. The attendance of a Director, either in person or by proxy, at a meeting shall constitute a waiver of notice, except when a Director is attending for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A Director may waive in wanting the notice of any meeting either before or after the meeting.

6. QUORUM. At any meeting of the Board, a majority of the number of Directors in office immediately before the meeting shall constitute a quorum. If less than said number is present at a meeting, a majority of those present may adjourn the meeting from time to time without further notice. If there is a vacancy created by the removal or resignation of a Director or by an increase in the number of Directors, the remaining Directors, although less than a quorum, may elect a successor to the removed or resigned Director. If there are no remaining Directors, a quorum of the Members may conduct a meeting for the purpose of electing Directors.

7. MANNER OF ACTING. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

8. VACANCIES. Any vacancy in the Board may be filled by a majority vote of the Directors then in office, although less than a quorum exists. A Director elected by the Board shall hold office for the unexpired term of his/her predecessor or for one year, whichever occurs first.

9. REMOVAL AND REPLACEMENT. A majority of the Members in good standing may remove one or more Directors at any regular or special meeting of the Association at which time, and without additional notice, they may elect a replacement Director to serve the remainder of the removed Director's term.

10. RESIGNATION. A Director may resign at any time by giving written notice to the Board; President; or, Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon receipt.

11. COMPENSATION. No compensation shall be paid to the Directors, as such, for their services.

12. PRESUMPTION OF ASSENT. A Director who is present at a Board meeting shall be presumed to have assented to any action taken unless his/her dissent shall be entered in the minutes of the meeting or unless (s)he files a written dissent with the Secretary immediately following the adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

13. COMMITTEES. The Board may, in writing, for a specific period of time designated in such writing, delegate any or all of its powers to such person or persons as it sees fit.

ARTICLE V-OFFICERS

1. NUMBER. The officers of the Association shall be the President, Vice-President, Secretary and Treasurer (herein "Officers"), each of whom shall be elected by the Members at their annual meeting. Such other Officers and assistant Officers as may be deemed necessary may be elected or appointed by the Members at any annual or special meeting.

2. ELECTION AND TERM OF OFFICE. The Officers shall be elected by the Members and serve for a period of one (1) year.

3. RESIGNATION. An Officer may resign at any time by giving written notice to the Board, President, or Secretary of the Association. Unless otherwise specified in the notice, the resignation shall take effect upon receipt.

4. PRESIDENT. The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall generally supervise and control all of

the business and affairs of the Association. (S)he shall, when present, preside at all meetings of the Board. (S)he may sign, with the Secretary or any other Officer of the Association authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except where the signing and execution thereof have been expressly delegated by the Board or these Bylaws to some other Officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

5. VICE-PRESIDENT. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers and restrictions of the office of President. The Vice-President shall perform such other duties as from time to time may be assigned to him/her by the President or the Board.

6. SECRETARY. The Secretary shall cause to be kept the minutes of the meetings of the Board of Directors. The Secretary shall see that all notices are duly given in accordance with these Bylaws or as required by law. The Secretary shall oversee the care and custody of the Association's records; and in general, perform all duties incident to the office of Secretary and such other duties as the President or Board of Directors may assign from time to time.

7. TREASURER. The Treasurer shall oversee the care and custody of, and be responsible for, all the funds and securities of the Association. The Treasurer shall cause to be deposited such funds and securities in such banks or safe deposit companies as the Board of Directors may designate. The Treasurer shall cause to be kept accurate books of account of all of the Association's business and transactions and cause to be exhibited the books and accounts to any person duly authorized to inspect such records. In general, the Treasurer shall perform all duties incident to the office of the Treasurer and such other duties as the President or Board of Directors may assign from time to time.

8. SALARIES. No salary shall be paid to the Officers, as such, for the performance of their duties. However, an Officer shall be entitled for reimbursement of reasonable expenses incurred on behalf of the Association, including, but not limited to, copying costs, telephone charges and postage. Such expenses shall be submitted to the Treasurer for reimbursement, subject to the approval of the President. Any expense anticipated to exceed fifty dollars (\$50) requires prior Board Approval.

VI-INDEMNIFICATION

6.1 The Association shall indemnify each of its Directors and Officers, whether or not then in office (and his/her executor, administrator and heirs), against all reasonable expenses actually and reasonably incurred by him/her in connection with the defense of any claim, demand, proceeding or litigation to which (s)he may be made a party because of his/her position

as Officer or Director. (S)he shall have no right to reimbursement in relation to matters to which (s)he has been adjudged liable to the Association for misconduct or negligence in the performance of his/her duties. The right of indemnification shall also apply to matters which are compromised or settled. The right of indemnification shall be in addition to, and not exclusive of, all other rights to which the Director or Officer may be entitled.

ARTICLE VII - CONTRACTS, LOANS, CHECKS AND DEPOSITS

1. OPERATION BY DECLARANT. Until a minimum of thirty-one (31) Lots are sold to other than Northwest Human Resources, Inc. ("NMHR"), the powers and functions described in this Article shall be performed by NMHR.

2. CONTRACTS. The Board may authorize any Officer(s) or agent(s) to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

3. LOANS. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

7.4 CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such Officer(s) and/or agent(s) of the Association and in such manner as shall from time to time be determined by resolution of the Board.

7.5 DEPOSITS. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such FDIC insured deposits as shall be selected by the Board.

ARTICLE VIII - SEAL

8.1 The Association shall have no seal, and no act or document of the Association shall require a seal.

ARTICLE IX - WAIVER OF NOTICE

9.1 Unless otherwise provided by law, whenever any notice is required to be given to any Member, Officer or Director under the provisions of these Bylaws or the Articles of Incorporation, a written waiver, signed by the person(s) entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X-ASSESSMENTS

1. **OBLIGATION.** Each Owner, by acceptance of a deed or contract for purchase of any Lot, whether or not it is expressed in said deed or contract, is deemed to covenant and agree to be subject to the assessments, Bylaws and rules of the Association. Each assessment shall be the joint and several obligation of the Owner(s) of the Lot as of the date of the assessment and shall run with the land.

2. **PURPOSE.** The assessments levied by the Association shall be used exclusively for the purpose of promoting the access, safety and welfare of the Members and the enhancement of the properties in Tiebucker Subdivision.

3. **UNIFORM.** Both annual and special assessments shall be uniform as to all Members and Lots.

4. **BUDGET.** Prior to any Member's meeting at which an assessment is proposed, the Board shall adopt a proposed budget for the Association which shall show expenditures, reserves and proposed assessments in reasonable detail and will reflect the estimated costs of performing the Association's duties in promoting the access, safety and welfare of the Members and the enhancement of the Property. These duties include, but are not limited to, maintenance and improvement of the roads and postal service facilities of the Property, including snow removal, maintenance and improvement of the common areas and all administrative and operating costs of the Association. The budget may also include such reserves as determined by the Board. Said budget shall be provided with the notice of the meeting and will be the basis for determining the annual assessment.

4. **ASSESSMENT.** Assessments shall be annual or special. If approved by the Board, such assessments may be paid monthly. All assessments shall be set by the Board and shall be paid as established by the Board in conformance with these Bylaws. Written notice of any assessment shall be mailed, faxed, delivered or emailed to each Member.

5. **CERTIFICATE OF PAYMENT.** The Association shall, upon request, furnish a certificate signed by any Officer setting forth whether the assessment on a specific property has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment.

6. **COLLECTION.** Any assessment which is not paid when due shall be delinquent and shall bear interest at the rate of one and one-quarter percent (1.25%) per month until paid. The Association may bring an action at law to collect the amount of the assessment, together with interest, costs and reasonable attorney's fees. The Association shall be entitled to record a lien against any lot for which the assessment is delinquent, in the full amount of the assessment, together with interest, costs and reasonable attorney's fees, and shall be entitled to foreclose said

lien and shall be entitled to recover its reasonable costs and attorney's fees for such foreclosure, together with such damages as may be allowed in law or equity.

ARTICLE XI-AMENDMENTS

11.1 These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a seventy-five percent (75%) vote of the Members at any meeting when the proposed amendment has been set out in the notice of such meeting.

ARTICLE XII-DISSOLUTION

12.1 Upon the dissolution of the Association, the Board of Directors shall, after paying or making provisions for the payment of all the liabilities of the Association, dispose of all the assets of the Association by conveying the same to NMHR, provided the same is an exempt organization under Section 501(c) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law). If NMHR no longer exists or does not qualify, then exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes and shall at the time qualify as an exempt organization or organizations under Section 501(c) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the Association is then located, exclusively for such purposes or to such organization or organizations, as the said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE XIII-PROHIBITED TRANSACTIONS

13.1 The Association shall not engage in activities prohibited by an association exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1986 and its regulations or any corresponding future provision of the Revenue Code or by an association, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 and its regulations or any corresponding future provision of the Revenue Code, and the Association shall not attempt to influence legislation by propaganda or otherwise, nor shall it intervene in, or participate in, any political campaign on behalf of any candidate for public office. No part of the net earnings of this Association shall inure to the benefit of any member or private individual and no member, director, or officer of the Association shall receive any pecuniary benefit from the Association, except such reasonable compensation as may be allowed for services actually rendered to the Association.

ARTICLE XIV-LIMITATION OF DIRECTORS' LIABILITY

14.1 A director of the Association shall not be liable to the Association or its members for monetary damages for breach of a director's duties to the Association or its members, except for: (a) breaches of the director's duty of loyalty to the Association or its members; (b) acts or omissions not in good faith or that involve intentional conduct or a knowing violation of the law; (c) transactions from which a director derived an improper economic benefit; or (d) conflict of interest transactions, loans to or guarantees for directors and officers or unlawful distributions.

ADOPTED BY THE UNANIMOUS CONSENT OF THE MEMBERS this 12th day of April, 2004.

TIEBUCKER HOMEOWNERS' ASSOCIATION, INC.

By: Douglas D. Rauthe
Douglas D. Rauthe
Executive Director

STATE OF MONTANA COUNTY OF FLATHEAD) ss
RECORDED IN THE RECORDS OF FLATHEAD COUNTY, STATE OF MONTANA, AT THE
REQUEST OF Tim Burke ON April 27, 2004
@ 12:00 o'clock p.m. \$4.00 DUE PAID
Flula Pospisil CLERK AND RECORDER BY Tim Burke DEPUTY
RETURN Tim Burke DOCUMENT # 2004118 10060
880 Farm Rd
Kulispell MT 59901