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**BYLAWS OF  
THE GALLATIN RIVER RANCH HOMEOWNER'S ASSOCIATION**

**INDEX TO BYLAWS**

**ARTICLE 1**

**GENERAL PROVISIONS**

1.1 Principal Office .....	4
1.2 Defined Terms.....	4
1.3 Conflicting Provisions.....	5
1.4 Corporate Seal.....	5
1.5 Designation of Fiscal Year.....	5
1.6 Records.....	5
1.7 Association Disclosure of Information .....	5
1.8 Amendment .....	5
1.9 Members.....	6

**ARTICLE 2**

**MEETINGS OF OWNERS**

2.1 Annual Meeting.....	6
2.2 Special Meetings.....	6
2.3 Notice of Meetings.....	6
2.4 Quorum.....	7
2.5 Proxies.....	7
2.6 Record Date.....	7
2.7 Organization and Conduct of Meeting.....	8
2.8 Action by Written Ballot.....	9
2.9 Action by Written Consent.....	9
2.10 Voting Requirements.....	10

**ARTICLE 3  
BOARD OF DIRECTORS**

3.1 Number.....	10
3.2 Appointment and Election.....	10
3.3 Term of Office.....	10
3.4 Resignation of Directors.....	11
3.5 Removal of Directors.....	11
3.6 Compensation.....	11
3.7 Action Taken Without a Meeting.....	11
3.8 Vacancies.....	11
3.9 Meetings.....	12
3.10 Quorum and Voting.....	12
3.11 Powers and Duties.....	13
3.12 Managing Agent.....	15

**ARTICLE 4  
OFFICERS AND THEIR DUTIES**

4.1 Enumeration of Officers.....	16
4.2 Election.....	16
4.3 Term .....	16
4.4 Special Appointments.....	16
4.5 Resignation and Removal .....	16
4.6 Vacancies.....	16
4.7 Multiple Offices.....	17
4.8 Powers and Duties .....	17

**ARTICLE 5**

**VIOLATIONS OF COVENANTS, RULES AND GUIDELINES**

5.1 Power of Board to Impose Penalties and Assessments.....17  
5.2 Notice of Violation and Appeal.....18

**ARTICLE 6**

**COMMITTEES OF THE BOARD**

6.1 Appointment of Committees .....20  
6.2 Proceedings of Committees.....20  
6.3 Authority of Committees.....20  
6.4 Alternate Members.....20

## **BYLAWS OF THE GALLATIN RIVER RANCH HOMEOWNER'S ASSOCIATION**

### **PREAMBLE**

In general, the purposes of the By-Laws are to provide for the orderly process for the parcel owners to hold meetings, cast votes for and elect members to a Board of Directors, and allow the Directors and Officers to conduct the business of the Corporation, including, but not limited to, maintaining records, collecting funds, enforcing the protective covenants and architectural guidelines, and to provide for the general benefit of the parcel owners consistent with the purposes of the Corporation as a not for profit Homeowners' Association.

### **ARTICLE 1**

#### **GENERAL PROVISIONS**

1.1 Principal Office. The principal office of this corporation shall be located at the place as is designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Montana statutes governing nonprofit corporations, but meetings of Owners and directors may be held at such other place within the State of Montana as may be designated by the Board of Directors.

1.2 Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Conditions, Protective Covenants and Reservations for Gallatin River Ranch (hereafter "the Declaration") recorded in Film 150, Page 1340 and Film 189, Page 2428 , Official Records of Gallatin County Recorder, Gallatin County, Montana, as such Declaration may be amended from time to time. Owner as defined in the Declaration also means "member" as that term is used in the Montana not-for-profit corporation statutes. GRR Documents shall mean the Articles of Incorporation, the Declaration, such Rules as the Board shall promulgate by their authority under the Declaration, and the Guidelines of the Review Committee.

1.3 Conflicting Provisions. 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.

1.4 Corporate Seal. The Association may have a seal in a form approved by the Board.

1.5 Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of July and end on the 30th day of June of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

1.6 Records. The books, records and papers of the Association, except those which by law may be withheld from disclosure, shall be available for inspection by any Owner and/or authorized agents during normal business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.7 Association Disclosure of Information. Except for a sale of a Parcel from the Declarant to a purchaser, the Association shall furnish to a purchaser, after receipt of either a written request for information about the Association or notice of a pending sale that contains the name and address of the purchaser, a copy of the GRR Documents and any other information that may be required by applicable law within the time required by such law. The Association may charge the Owner a reasonable fee to compensate the Association for any costs incurred in the preparation of a statement furnished by the Association pursuant to this Section. The Association shall make available to any interested party the amount of any such fee established from time to time by the Association.

1.8 Amendment.

1.8.1 These Bylaws may be amended at a regular or special meeting of the Owners by a vote of the Owners having more than 50% of the votes entitled to be cast by the Owners present in person or by proxy.

1.8.2 The Board, without a vote of the Owners, may amend these Bylaws in order to conform these Bylaws to the requirements of any applicable federal, state or local government law or regulation.

1.9. Members. Membership in the corporation requires that a person or entity is an "Owner" as that term is defined in the Declaration, Article I, paragraph 1.10.

## **ARTICLE 2 MEETINGS OF MEMBERS**

2.1 Annual Meeting An annual meeting of the Owners of the Association shall be held at least once each year at such date, time and place as is determined by the Board.

2.2 Special Meetings. Special meetings of the Owners may be called at any time by the President or by the Board or upon written demand signed by Owners having at least one-fourth (1/4) of the total authorized votes in the Association. The close of business on the thirtieth (30th) day before delivery of the demand or demands for a special meeting shall be the record date for the purpose of determining whether the demand for the special meeting has been signed by Owners having at least one-fourth (1/4) of the total authorized votes in the Association.

2.3 Notice of Meetings. Written notice of each meeting of the Owners shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by e-mailing or mailing a copy of each notice, postage prepaid, at least fifteen (15) days but no more than fifty (50) days before such meeting to

each Owner entitled to vote thereat addressed to the Owner's address or e-mail address last appearing on the books of the Association or supplied by such Owner to the Association 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, including the general nature of any proposed amendment to the Declaration, Articles or Bylaws, changes in Assessments that require approval of the Owners and any proposal to remove a director of the Association. When a meeting is adjourned to another date, time or place, notice of the new date, time or place need not be given of the adjourned meeting if the time and place of the meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Association may transact any business which might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed under Subsection 2.6 1 below, the Association shall give notice of the adjourned meeting pursuant to this Section to persons who are Owners as of the new record date. An Owner's attendance at a meeting waives objection to the lack of notice or defective notice of the meeting, unless the Owner at the beginning of the meeting objects to holding the meeting and transacting business in the meeting. In addition, an Owner's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Owner objects to considering the matter at the time it is presented.

**2.4 Quorum.** Except as otherwise may be provided in the Covenants, the Declaration or these Bylaws, the presence in person or by proxy of Owners entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Owners. If a quorum shall not be present at any meeting, the Owners entitled to vote thereat shall have the power to adjourn the meeting from time to time until a quorum shall be present.

**2.5 Proxies.** At all meetings of the Owners a vote may be cast in person or by proxy. An Owner may appoint a proxy to vote or otherwise act for the Owner by signing an appointment form, either personally or by the Owner's attorney-in-fact, provided that a copy of the attorney-in-fact's authority to act, duly notarized, is attached thereto). A proxy is valid for eleven months unless a shorter period is expressly provided in the appointment form. An appointment of a proxy is effective on receipt by the Secretary or other officer or agent authorized to tabulate votes. An appointment of a proxy is revocable unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. Appointment of a proxy is revoked by the person who appoints a proxy by either (1) attending any meeting and voting in person or (2) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. The death or incapacity of the Owner who appoints a proxy shall not affect the right of the Association to accept the proxy's authority unless the Secretary or other officer or agent authorized to tabulate votes receives written notice of the death or incapacity before the proxy exercises authority under the appointment.

**2.6 Record Date.**

2.6.1 For any meeting of the Owners, the Board shall fix a date as the record date for determining the Owners entitled to notice of the meeting. If the Board fails to fix a record date for any meeting of the Owners, the record date for determining the Owners entitled to notice of the meeting shall be the business day before the day on which the notice of the meeting is given. The Board also shall fix a date as the record date for determining the Owners entitled to vote at a meeting of the Owners. If the Board fails to fix such a record date, the Owners on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

2.6.2 A determination of Owners entitled to notice of or to vote at a Ownership meeting is effective for any adjournment of the meeting, unless the Board fixed a new date for determining the right to notice or the right to vote. The Board shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than seventy (70) days after the record date for determining Owners entitled to notice of the original meeting.

2.6.3 The Board shall fix a date as the record date for the purpose of determining the Owners entitled to exercise any rights in respect of any other lawful action of the Owners. If a record date is not fixed by the Board, Owners at the close of business on the day on which the Board adopts the resolution relating to that record date, or the sixtieth (60) day before the date of other action, whichever is later, are entitled to exercise those rights.

2.6.4 The record date fixed by the Board under this Section shall be not more than seventy (70) days before the meeting or action requiring a determination of Owners.

**2.7 Organization and Conduct of Meeting.** All Owners attending a meeting of the Owners shall register with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting, and all proxies must be filed with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting. After the meeting is called to order by the chair of the meeting, no further proxies or changes, substitutions or revocation of proxies shall be accepted. All meetings of the Owners will be called to order and chaired by the President of the Association, or if there is no President or if the President is absent or so requests, then by the Vice President. If both the President and Vice President are not present at the meeting, any other officer of the Association or such Owner of the Association as is appointed by the Board may call the meeting to order and chair the meeting. The chair of the meeting may appoint any person (whether or not an Owner) to act as Recording Secretary. The chair of the meeting shall have the authority to determine the order of business to be conducted at the meeting and to establish reasonable rules for expediting the business of the meeting.

**2.8 Action by Written Ballot.** Any action that the Association may take at any annual, regular or special meeting of the Owners may be taken without a meeting if the Association delivers a written ballot to every

Owner entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall be not less than seven (7) days after the date that the Association delivers the ballot. Once a written ballot has been received by the Association, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Delivery shall be by e-mail or by first class United States mail at the last known address of the member reflected in the records of the Association, and delivery shall be deemed to have been made on the third day after the day of mailing, as certified by the Secretary of the Association.

**2.9 Action by Written Consent.**

2.9.1 The Owners may approve any action required or permitted by law that requires the Owners' approval without a meeting of the Owners if the action is approved by Owners holding at least a majority of the voting power in the Association, unless the Declaration, Articles, these Bylaws or applicable law require a different amount of voting power. The action shall be evidenced by one or more written consents describing the action taken, signed by those Owners representing at least the requisite amount of the voting power, and delivered to the Association for inclusion in the minutes or filing with the corporate records of the Association.

2.9.2 If not otherwise fixed by the Board pursuant to Section 2.6 above, the record date for determining Owners entitled to take action without a meeting is the date the first Owner signs the consent to the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Written notice of Owner approval pursuant to this Section shall be given to all Owners who have not signed the written consent. Unless otherwise specified in the consent or consents, the action is effective on the date that the consent or consents are signed by the last Owner whose signature results in the requisite amount of the voting power. Any Owner may revoke the Owner's consent by delivering a signed revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Owner whose signature results in the requisite amount of the voting power.

**2.10 Voting Requirements.** Unless otherwise provided in the GRR Documents, if a quorum is present at a meeting of the Owners, the affirmative vote of a majority of the votes represented and voting is the act of the Owners.



**ARTICLE 3**  
**BOARD OF DIRECTORS**

3.1 Number. The affairs of this Association shall be managed by a board of directors consisting of a minimum of five (5) and a maximum of eleven (11) directors. The Board may increase or decrease the number of directors on the Board but the number of directors must always be an odd number and shall not be less than five (5) or more than eleven (11). The number of directors for the board first elected by the Owners shall be nine. A majority of the directors shall be Owners or their spouses who maintain their principal residence on the Ranch.

3.1.1 Qualifications of Director. All directors must be Owners of the Association or the spouse of an Owner. No Owner or spouse of an Owner shall be nominated for or serve in a director position if the Owner has failed to timely remediate any violation of the GRR Documents or timely pay any assessment. See Article 5, subsection 5.2.6. An Owner or spouse may be nominated and serve as a director if the Owner has submitted a written, signed plan of remediation to the Board, including a definitive timetable for remediation, found acceptable by the Board.

3.2 Appointment and Election. The directors shall be elected by the Owners at the annual meeting of the Owners.

3.3 Term of Office. Directors appointed by the Declarant shall hold office until their successors are elected and qualify. In the first election of directors by the Owners, the directors shall be divided into two or more classes with staggered terms of office for a term of one, two or three years. The directors elected by the Owners in the first election of directors shall be assigned to one of the classes of directors based on the total number of votes each director receives, with the directors receiving the highest total number of votes being assigned to the class with the longest term. In the case of a tie in the number of votes received by candidates, election and assignment of the term of the director shall be decided by lot. In each election of directors thereafter, directors shall be elected for a term of three years. If the number of directors is increased by the Board, the Board shall assign each of the newly created directorships to one of the classes of directors.

3.4 Resignation of Directors. A director may resign at any time by delivering written notice to the Board, its presiding officer or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

3.5 Removal of Directors. Any one or more of the members of the Board may be removed from the Board with or without cause by Owners having more than fifty percent (50%) of the votes entitled to be cast by the Owners present in person or by proxy at a meeting of the Owners called for such purpose, and a successor may then and there be elected to fill the vacancy thereby created.

3.6 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

3.7 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 consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

3.8 Vacancies. Except for vacancies on the Board caused by the removal of a director in accordance with the provisions of Section 3.5 of these Bylaws, any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum, and any director so chosen shall hold office until the next election of the directors. Any newly created directorship shall be deemed a vacancy. When one or more directors resign from the Board, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. If by reason of death, resignation or otherwise, the Association has no directors in office, any officer or Owner may call a special meeting of the Owners for the purpose of electing the Board.

3.9 Meetings.

3.9.1 If the time and place of a meeting of the Board is fixed by the Board, the meeting is a regular meeting. All other meetings of the Board are special meetings. Regular meetings shall be scheduled by the Board to occur at a rate of one per calendar quarter.

3.9.2 Special meetings of the Board may be called by the President on two (2) business days notice to each director, given in writing, by hand delivery, mail, telegram or e-mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

3.9.3 A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or promptly on the director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.9.4 A director may participate in a regular or special meeting of the Board through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting, and a director participating in a meeting by such means is deemed to be present in person at the

meeting. The Association is not required to meet the expense of providing the means for this method of a member attending a meeting.

**3.10 Quorum and Voting.** A majority of the prescribed number of directors shall constitute a quorum for the transaction of business. If a quorum is present when a meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding the departure of one or more directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board unless the Articles or Bylaws require the vote of a greater number of directors. A director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless either: (1) the director objects at the beginning of the meeting or promptly on the director's arrival to holding it or transacting business at the meeting; (2) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association before 5:00 P.M. on the next business day after the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. A director may vote in person or by proxy granted to another director. A director may appoint a proxy to vote or otherwise act for the director by signing an appointment form, either personally or by the director's attorney-in-fact. The appointment does not relieve the director of liability for acts or omissions imposed by law on directors. An appointment of a proxy is effective when received by the Secretary. An appointment is valid for one (1) month unless a different, shorter period is expressly provided in the appointment form. An appointment of a proxy is revocable by the director. The death or incapacity of a director appointing a proxy shall not affect the right of the Association to accept the proxy's authority unless written notice of death or incapacity is received by the Secretary before the proxy exercises its authority under the appointment. Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Association is entitled to accept the proxy's vote or other action as the vote of the director making the appointment. Voting through a proxy at a meeting of the Board does not constitute attendance at that meeting for the purpose of satisfying the attendance requirements for Directors during their terms of office.

**3.11 Powers and Duties.** The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may exercise all corporate powers of the Association, subject to any limitation set forth in the GRR Documents. In addition to the duties imposed by these Bylaws or by any resolution of the Owners that may hereafter be adopted, the Board shall have the following powers and duties:

3.11.1 Open bank accounts on behalf of the Association and designate the signatories thereon;

- 3.11.2 Make, or contract for the making of, repairs, additions to, improvements to or alterations of the Common Area, in accordance with the GRR Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain, proceedings;
- 3.11.3 In the exercise of its discretion, enforce by legal means the provisions of the GRR Documents;
- 3.11.4 Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the Common Area and provide services for the Owners, and where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;
- 3.11.5 Provide for the operation, care, upkeep and maintenance of all of the Common Area and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the Common Area; provided, however, the consent of Owners having at least a majority of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of ten percent (10%) of the annual revenue budget of the Association.
- 3.11.6 Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;
- 3.11.7 Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Owners and their family Owners, guests, lessees and invitees thereon and establish penalties for the infraction thereof;
- 3.11.8 Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Ownership by other provisions of the Project Documents;
- 3.11.9 Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive, or a total of five of the regular meetings of the Board during any three year term of office of such member;
- 3.11.10 Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation.
- 3.11.11 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Owners at the annual meeting of the Owners, or at any special meeting when such statement is requested in writing by any Owner entitled to vote;
- 3.11.12 Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- 3.11.13 Levy, collect and enforce the payment of Assessments in accordance with the provisions of the GRR Documents;
- 3.11.14 Issue, or cause an appropriate agent or officer to issue upon demand to 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;

3.11.15 Procure and maintain adequate property, liability and other insurance as required by the Covenants or as the board of directors deems prudent and advisable;

3.11.16 Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

3.11.17 Cause the private roads platted in the Ranch and the Common Area to be maintained, as more fully set forth in the GRR Documents.

3.12 Managing Agent. The Board may, but shall not be required to, employ for the Association a Managing Agent at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Project Documents except for such duties and services that under the Project Documents may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the GRR Documents other than the power (i) to adopt the annual budget, any amendment thereto or to levy Assessments; (ii) to adopt, repeal or amend Association Rules or Bylaws; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; (v) to acquire real property.

#### **ARTICLE 4 OFFICERS AND THEIR DUTIES**

4.1 Enumeration of Officers. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Board, except as provided in Subsection 4.2 below. The president and vice president must be Members of the Board. Any other officers may, but need not, be Members of the Board.

4.2 Election of Officers. Until the Transition date, the Declarants shall have the right to designate the holders of the offices enumerated in Subsection 4.1 above. After the Transition Date, the election of officers shall take place at the first meeting of the Board following the annual election of directors by the Owners. Thereafter, officers shall be elected at the first meeting of the Board following each annual meeting of the Owners.

4.3 Term. After the Transition Date, the officers of the Association 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.

4.4 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.

4.5. Resignation and Removal. After the Transition Date, any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Association. A resignation is effective when the notice is delivered unless the notice specifies a later date or event. The acceptance of a resignation shall not be necessary to make it effective. If a resignation is made effective at a later date or event and the Board accepts the later effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor shall not take office until the effective date.

4.6 Vacancies. After the Transition Date, 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.

4.7 Multiple Offices. The same individual may simultaneously hold more than one office in the Association.

4.8 Powers and Duties. To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 3. 1. 2 of these Bylaws, the powers and duties of the officers shall be as follows:

4.8.1 President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Owners; shall see that orders and resolutions of the Board are carried into effect; and have general and active management of the business of the Association;

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

4.8.3 Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Owners; 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 Owners; keep appropriate current records showing the Owners of the Association together with their addresses, and shall perform such other duties as required by the Board;

4.8.4 Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set forth in the Project Documents; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Ownership at its regular annual meeting, and deliver a copy of each to the Owners; and, in general, perform all the duties incident to the office of treasurer.

**ARTICLE 5**  
**VIOLATIONS OF COVENANTS, RULES & GUIDELINES**

5.1 Power of Board to Impose Penalties or Assessments. Pursuant to the power granted to the Board by the Declaration, the Board shall have the right to impose reasonable assessments against an Owner for a violation of any provision of the GRR Documents by the Owner, a Lessee of the Owner or by any Resident of the Owner's Lot.

5.2 Notice of Violation and Appeal.

5.2.1 The Board, a committee of the Board, or any person designated by the Board, may serve a Notice of Violation against an Owner for a violation of any provision of the GRR Documents by the Owner, a Lessee of the Owner or by any Resident of the Owner's Parcel. A Notice of Violation shall contain (i) a description of the violation, (ii) the approximate time and place at which the violation was observed, (iii) the amount of the assessment to be paid by the Owner for such violation or the abatement action required, (iv) the name of the person issuing the Notice of Violation, and (v) a statement advising the Owner of the Owner's right to request a hearing pursuant to Subsection 5.2.4 of these Bylaws. No assessment can be levied until it has been established by the Board as a assessment for a specified type of violation of an obligation under the GRR Documents or Rules promulgated thereunder and published for a period of at least 30 days to all Owners. No assessment can be levied for conduct occurring before the expiration of the 30 day publication period, but may be levied after the 30 day publication period for conditions existing on a Parcel which constitute a Covenant, Guideline or Rule violation. Publication shall be by ordinary mail addressed to the last known address of the Owner as recorded in the records of the Association. Covenant, Rule and Guideline violations existing prior to the date of establishment of any applicable assessment shall be subject to fine levy after the expiration of the 30 day publication period. Publication shall be deemed to take place on the third day following the date of mailing, as attested to by the Secretary of the Association.

5.2.2 A Notice of Violation shall be deemed to have been served if delivered personally to the Owner named in the Notice of Violation or sent to the Owner by registered or certified United States mail, return receipt requested, postage prepaid. A Notice of Violation served by mail shall be deemed to have been received by the Owner to whom the notice was addressed on the earlier of the date the notice is actually received or five (5) days after the notice is deposited in the United States mail. A Notice of Violation given by mail shall be addressed to the Owner at the address of the Owner as shown on the records of the Association. If a Parcel is owned by more than one person or entity, a Notice of Violation to one of the joint Owners shall constitute notice to all of the joint Owners. Attestation by the Secretary of notice given in accordance with this provision shall be conclusive evidence of due Notice.

5.2.3 The Owner shall pay the assessment set forth in the Notice of Violation to the Association within ten (10) days after the Notice of Violation is served on the Owner, and shall comply with any penalty, other

than an assessment, in the time set forth in the Notice of Violation, unless prior to that time the Owner requests a hearing on the violation pursuant to Subsection 5.2.4 of the Bylaws.

5.2.4 Any Owner served with a Notice of Violation may request a hearing on the violation. The request for a hearing must be addressed to the Secretary of the Association and must be actually received by the Association within ten (10) days after the service of the Notice of Violation. Upon receipt of a request for a hearing pursuant to this Section, the President or any other officer of the Association shall schedule a hearing on the violation before the Board or before a hearing officer or a committee approved by the Board and shall notify the Owner requesting the hearing of the date, time and place of the hearing. The notice of the hearing also shall advise the Owner of his right to produce statements, evidence and witnesses on his behalf and to be represented at the hearing by an attorney. If the hearing on the violation is before the Board, then the minutes of the meeting of the Board at which the hearing is held shall reflect the fact that the hearing on the violation was held and the action taken by the Board on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board, then the hearing officer or the committee conducting the hearing shall, within ten (10) days after the conclusion of the hearing, make a written recommendation to the Board on what action the Board should take in the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board shall act upon the recommendation. Any penalty or assessment which is affirmed by the Board following a hearing pursuant to this Section shall be paid by the offending Owner within ten (10) days after a notice of the action of the Board is served upon the Owner. Service of the notice from the Board shall be made in the same manner as service of a Notice of Violation pursuant to Subsection 5.2.2 of these Bylaws. Unpaid assessments not paid within thirty (30) days after the due date, following the decision on any appeal taken, shall incur interest at the rate specified in Section 5.8 of the Covenants and be subject to imposition and enforcement of a lien in the same manner and to the same extent as specified in said Section 5.8, including the provisions therein for costs, expenses and reasonable attorneys fees.

5.2.5 Any assessment imposed pursuant to this Article 5 shall be the joint and several liability of all of the joint Owners of a Parcel.

5.2.6 If an Owner fails to timely remediate any violation of the GRR Documents or timely pay any assessment then the Owner shall be disabled from voting on association business brought forward for vote of the Owners and the Owner and members of the Owner's immediate family shall be disabled from nomination for or continued service on any board, committee or subcommittee of the Association. This provision does not limit in any way the rights of the Association to take whatever actions are authorized in law or equity and the GRR Documents to address such violations.



**ARTICLE 6**  
**COMMITTEES OF THE BOARD**

6.1 Appointment of Committees. The Board may create one or more committees and appoint members of the Board to serve on them. Each committee shall have one or more members, and each member of a committee shall serve at the pleasure of the Board. The creation of a committee and appointment of members of the Board to the committee must be approved by the greater of: (1) a majority of all the directors in office when the action is taken; or (2) the number of directors required by Section 3.10 above to take action. .

6.2 Proceedings of Committees. The provisions of these Bylaws governing meetings, action without meetings and notice, waiver of notice, quorum and voting requirements of the Board also shall apply to committees and their members.

6.3 Authority of Committees. Each committee of the Board may exercise the authority of the Board to the extent specified by the Board or the Articles and Covenants, except that a committee shall not take any of the following actions: (1) authorize distributions or assessments; (2) approve or recommend to the Owners any action that requires the Owners' approval under the GRR Documents or by law; (3) fill vacancies on the Board or on any of its committees; and, (4) adopt, amend or repeal these Bylaws.

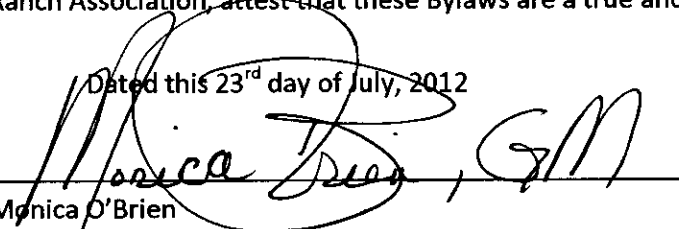
6.4 Alternate Members. The Board may designate one or more directors as alternate members of any committee who may replace any absent member at any meeting of the committee.

Know all men by these presents:

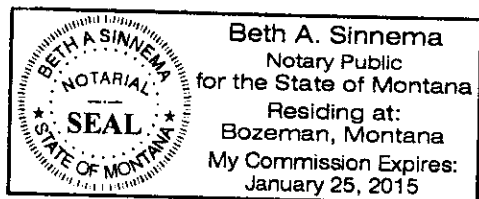
That Peak Property Management, 716 S. 20<sup>th</sup> Ave., Ste. 102, Bozeman, MT 59718, as agent on behalf of the Gallatin River Ranch Homeowner's Association, does hereby affirm the foregoing Bylaws on this the 23<sup>rd</sup> day of July, 2012, as the administrative governing and controlling documents for the Gallatin River Ranch Homeowner's Association. These Bylaws shall be recorded with the County Clerk and Recorder, County of Gallatin, State of Montana.

I, Monica O'Brien, General Manager of Peak Property Management, Agent for Gallatin River Ranch Association, attest that these Bylaws are a true and correct copy.

Dated this 23<sup>rd</sup> day of July, 2012

  
\_\_\_\_\_  
Monica O'Brien  
General Manager, Peak Property Management

Subscribed and sworn to before me this 23<sup>rd</sup> day of July, 2012



Beth A Sinnema

\_\_\_\_\_  
Notary Public for the State of Montana  
Residing at \_\_\_\_\_  
(Notarial Seal) My commission expires: \_\_\_\_\_