

# BY-LAWS OF THE ROUNDUP MESA LANDOWNER'S ASSOCIATION

## ARTICLE I: FORMATION AND OBJECTIVES

### Section 1.1: Formation

The Roundup Mesa Homeowner's association is a nonprofit eleemosynary corporation organized and existing under the laws of the State of Montana.

### Section 1.2: Objectives

The objectives of the Corporation are:

- a. To maintain, preserve and improve the common areas used by members of the Corporation, their guests and other permitted users, for ingress, egress, recreational and utility purposes: and
- b. To enforce covenants heretofore or hereafter adopted affecting Roundup Mesa Subdivision (hereafter called the Subdivision),
- c. To negotiate and monitor grazing leases, if any,
- d. To perform such other functions consistent with the law and validly directed by the Board of Directors to be performed by the Corporation.

## ARTICLE II: MEMBERSHIP

### Section 2.1: Definition of Members

Those persons and entities described as the "Developer"; "Lot Owners", "Lot Purchasers" and their successors in interest are and shall be members of the Corporation.

"Developer" is the Rocky Mountain Timberlands, Inc., a Montana corporation.

"Lot Owners" are those persons and entities who have received a Warranty Deed for one or more lots in the Subdivision, and who have not sold or otherwise transferred the lot. A lot for which a warranty Deed shall have been delivered shall be deemed "owned". "Lot Purchasers" are those persons or entities who have entered into a Contract for Deed to purchase one or more lots in the Subdivision has

not been delivered pursuant to such Contract for Deed.

Those persons or entities who by reason of purchase, assignment or otherwise acquire the rights of lot owners or lot purchasers are and shall be deemed, respectively, lot owners or lot purchasers, as the case may be.

### Section 2.2: Classes of Members

Lot owners and Lot Purchasers shall be Class A Members.

### Section 2.3: Voting

Class A Members shall for each lot owned or purchased have one vote for at large Members of the Board of Directors and for all other issues upon which votes shall be taken.

The Developer shall have one vote on each matter subject to vote for each lot of the Subdivision owned by the Developer.

Where there is more than one person or entity comprising the Grantee of any individual lot of the Subdivisions, the person or entity first named in the Warranty Deed as Grantee shall be entitled to exercise the vote attributable to such lot UNLESS all of the persons or entities, collectively named as Grantee, shall unanimously exercise such vote or shall vote a person or entity different from that above described.

### Section 2.4: Proxies

Any member entitled to vote may do so in person or by proxy. No proxy shall be valid for more than eleven months after the date of execution thereof unless otherwise provided in the proxy instrument.

Any officer of the Developer or of a Member entity shall have the right to exercise the appropriate voting rights.

## ARTICLE III: MEETINGS OF MEMBERS

### Section 3.1: Annual Meeting

There shall be an annual meeting of Members of the Corporation to be held in Montana, unless some other place shall be designated in the notice of the meeting.

The annual meeting shall be held in July each year, commencing in 2002, or upon such other date, not later than ninety days thereafter, as shall be designated in the notice.

Notice of the date of annual meeting of any special meeting shall be mailed to all

Members at least thirty days prior to the date set for such meeting.

**Section 3.2: Business to be conducted At the Annual Meeting**

Whether specified in the notice, or not, the following reports shall be presented to the Members at the Annual Meeting.

- a. Report of the activities of the Corporation for a preceding year.
- b. Report of the financial condition of the Corporation.
- c. Budget for the forthcoming year with identification of proposed expenditures for the forthcoming year and anticipated revenues.

Election of Directors shall be held at the Annual Meeting.

**Section 3.3: Special Meeting of Members**

Special meetings of the Members may be called by a majority of the Board of Directors.

**Section 3.4: Agenda for Meetings**

All notices of meetings, annual or special, shall set forth all matters upon which action of the Members will be requested.

**Section 3.5: Voting, Quorum**

No action shall be taken nor be binding upon the Corporation unless:

- a. The matter shall have been duly noticed for action in the call for the meeting or in these by-laws; and
- b. The action shall have been affirmatively voted upon by the Developer and by a majority of those Members entitled to vote who were present in person and by proxy at the meeting; or the Board of Directors was authorized by such vote of the Members of developer to take such action; and
- c. There was a quorum present, in person or by proxy, at said meeting, the quorum comprising the Developer and the owners of at least ten- percent (10%) of the lots of the Subdivision.

**ARTICLE IV: DIRECTORS**

**Section 4.1: Number of Directors**

There shall be five Directors of the Corporation together constituting the Board of Directors.

**Section 4.2: Election of Directors**

There shall be at least one Director who is a resident of Roundup Mesa. This individual will be the Resident Director and will be the chairman. Residency is determined by residing at Roundup Mesa for a minimum of 11 months our of a year (excluding vacations or business trips.) The four remaining Directors will be elected at large.

**Section 4.2: Terms of Office**

The Resident Director elected by members shall hold office for one year.

The Directors at Large shall each hold office for three years, except that at the first election of Directors the persons receiving the first, second and third largest number of votes as Directors, respectively, for three years, two years and one year.

**Section 4.3: Directors' Meetings**

There shall be at least one meeting of the Board of Directors annually, the first to be held immediately after the Annual Meeting of the Members. The Chairman upon ten days prior written telephoned notice may call other meeting of the Board.

A majority of the Directors shall constitute a quorum, all business conducted shall require the affirmative action of a majority of the Directors present at the meeting.

**Section 4.4: Functions of Directors**

Directors shall establish the policies and the programs of the Corporation, these to be executed by the officers of the Corporation.

**Section 4.5: Informal Approval of Actions**

Meetings of Directors may be held although the Directors shall not have been physically present together at the same time. Actions resulting from meetings by electronic or other means must be ratified and confirmed in subsequent writings.

**ARTICLE V: OFFICERS**

**Section 5.1: Titles**

There shall be a President and a Secretary of the Corporation and the Board of

Directors may deem such other officers as necessary. The officers shall be appointed by the Board of Directors and shall serve at the pleasure of the Board. Members of the Board of Directors may be officers, but need not be.

#### **Section 5.2: Duties of Officers**

The Board of Directors by resolution shall specify and delineate the duties and responsibilities of the officers of the Corporation. No officer shall be required to undertake his office until the duties and responsibilities of his office shall have been set forth in writing and acknowledged by him.

### **ARTICLE VI: GENERAL PROVISIONS RELATING TO THE DIRECTORS AND OFFICERS**

#### **Section 6.1: Payment for Services**

Members of the Board of Directors shall not be eligible for any remuneration for their services. Officers of the Corporation shall be paid such amounts as shall be determined by the Board of Directors. Members of the Board of Directors and officers of the Corporation shall be reimbursed all of their respective expenses justifiably and necessarily incurred in the performance of their duties. The Board may institute such procedures for control of and payment for such expenses as it may deem appropriate.

Officers may be appointed for specific terms, not to exceed two years, pursuant to contract with the Corporation.

#### **Section 6.2: Holding Over**

The term of office of Directors and Officers shall automatically be extended to the date that the successor of each such Director and Officer shall take office, except in the case of removal of such Director or Officer.

#### **Section 6.3: Removal of Officers and Directors**

Any officer or Director may be removed from office prior to the expiration of his or her term for the following causes:

### **DIRECTORS**

- a. For malfeasance, upon conviction thereof in any court of law.

- b. Without any grounds alleged or cause assigned by the affirmative vote of three-fourths of the Members entitled to vote and the assent of the Developer at a special meeting held for that purpose.

### **OFFICERS**

- a. For malfeasance, upon conviction thereof in any court of law.
- b. For malfeasance, upon action of the Board of Directors.
- c. For violation of the provisions of any employment contract between the Officer of the Corporation, upon action of the Board of Directors.

#### **Section 6.4: Registration**

Any Director or Officer may resign, such resignation being effective upon delivery of notice thereof to the Secretary of the Corporation or at such later date stated in the notice.

#### **Section 6.5: Filling Vacancies**

Vacancies in the Board of Directors shall be filled by appointment of temporary Directors to serve until the next annual meeting of the Corporation, such appointments to be made by the remaining Director or Directors.

If there shall at any time be no Directors, the President shall immediately call a special meeting of Members to elect a new Board of Directors in accordance with Section 4.2 hereof.

#### **Section 6.6: Waivers, Ratification's**

Notices of meeting of Directors may be waived in writing. Actions of the Board and/or the officers may be, ratified by the Members of the Board of Directors, as the case may be, where such action was not properly authorized when taken.

### **ARTICLE VII: RECORDS**

#### **Section 7.1: Records to Be Maintained**

The Corporation shall maintain at Resident Directors the following records in a current status.

- a. Minutes of all meetings of Members of the Corporation and all meetings of the Board of Directors.
- b. A record of the status of all Members as to be payment of maintenance assessments,

- whether the same shall have required by contract or other undertaking or as a result of the action of the Corporation.
- c. Financial data showing all receipts and disbursements of the Corporation and a balance sheet as of the end of each fiscal year showing the assets and liabilities of the Corporation.

Nothing in this Section shall be construed to limit the records to be maintained only to those mentioned above.

At this option, the Developer may, with reasonable notice, request the Corporation to maintain its records elsewhere.

#### **Section 7.2: Custody of Legal Instruments**

The Corporation shall safely and securely maintain all legal documents and instruments, which may be delivered to its custody.

### **ARTICLE VIII: FINANCES**

#### **Section 8.1: Budget**

Prior to the Annual Membership Meeting, the Board of Directors will cause a proposed budget for the forthcoming year to be prepared. A copy of that budget, with any explanation deemed desirable by the Board, shall be sent to each Member with the notice of the meeting. The proposed budget shall be considered at the Annual Meeting of Members. Members not present may make their views known by writing to the Secretary prior to the meeting.

#### **Section 8.2: Balanced Budget**

The budget as proposed and as adopted shall provide in anticipated revenues adequate funds to pay for all anticipated expenditures during the same period.

#### **Section 8.3: Determination of Assessments**

According to the Covenants and Articles of Incorporation.

#### **Section 8.4: Unpaid Assessments Lienable**

The Board of Directors may authorize any Corporation officer to file a lien against the interest of any owner or purchaser of a lot within the Subdivision for the amount of any assessment remaining unpaid after becoming due. Such lien may provide by its terms that is

be enforceable be foreclosure or other appropriate judicial process.

#### **Section 8.5: Special assessments**

In addition to the annual assessments hereinabove provided. The Board of Directors may make special assessments to provide for emergencies. The Board of Directors may require special assessments for lots deriving special or unequal benefits.

#### **Section 8.6: No Change to Contracts**

Nothing in the Article VIII or any other provision of these By Laws shall be construed as amending or purporting to amend any provision of any contract, condition or covenant heretofore entered into between the Developer and any lot owner or lot purchaser.

### **ARTICLE IX: PROTECTIVE COVENANTS**

#### **Section 9.1: Enforcement of Protective Covenants**

The Corporation acknowledges the existence of certain protective covenants applicable to the Subdivision which covenants have heretofore been recorded by the Developer, said covenants being hereby incorporated and made a part of these by-laws by reference.

The Corporation hereby assumes the right to enforce the said protective covenants.

The expensed of such enforcement shall be deemed proper items for inclusion as expenditures for which assessments shall be required.

### **ARTICLE X: PROTECTION OF AND RESTRICTION UPON DIRECTORS AND OFFICERS**

#### **Section 10.1: Indemnity**

The Corporation shall indemnify and Director or officer against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding liable for negligence or misconduct in the performance of duty. The Corporation may also reimburse any Director or officer the reasonable costs of settlement of any such action, suit or proceedings if it shall be found by a majority of the directors not involved

in the controversy (whether or not a quorum) that it was to the interest of the Corporation that such settlement be made and that such Director or officer was not guilty of negligence of misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director or Officer may be entitled under any By Law, agreement, vote of Members or otherwise.

**Section 10.2: Conflicts of Interest**

An officer or Director may act for the Corporation although he is associated with or interested in another party which is involved in the transaction, provided that he is fully disclosed that interest to the Corporation and no other officer or Director has made known any objection.

**Section 10.3: Loans**

The Corporation shall make no loan to any Director or officer.

**ARTICLE XI: ACCOUNTING YEAR**

**Section 11.1 Fiscal Year**

The fiscal year of the corporation shall commence on July 1<sup>st</sup> of each year and terminate on June 30<sup>th</sup> of that next year.

**ARTICLE XVII: AMENDMENTS**

**Section 12.1**

These by-laws may be amended by the affirmative vote of a majority of the members who are entitled to vote in accordance with Section 2.3 hereof, present at any meeting duly called and held, the notice of which meeting shall be stated that a purpose of the meeting was to consider the amendment or repeal of the by-laws. In accordance with Section 416, 79, *Montana Revised Statutes*, the signers of the Petition have adopted these by-laws for Charter.

Dated this 21 day of November, 2000.

ROCKY MOUNTAIN TIMBERLANDS, INC.,  
a Montana corporation

  
Wayne Joyner, President

  
Susan P. Joyner, Secretary

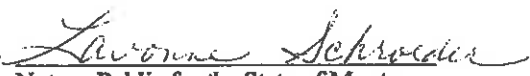
State of Montana )

: ss.

County of Gallatin )

On this 21 day of November, 2000, before me a notary public in and for the State of Montana, personally appeared Wayne Joyner and Susan P. Joyner, known to be the President and Secretary, respectively, of Rocky Mountain Timberlands, Inc., a corporation, and acknowledged to me that they executed the foregoing instrument for and on behalf of said corporation.

In witness whereof, I have hereunto set my hand and seal the day and year first above written.

  
Notary Public for the State of Montana  
Residing at Bozeman, Montana  
My commission expires: 5-21-02



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