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BYLAWS OF
CHIEF CLIFF ESTATES HOMEOWNERS
ASSOCIATION INC

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TO

PUBLIC, THE

S ½ SECTION 13 TOWNSHIP 24N RANGE 22W

STATE OF MONTANA }
County of Lake } SS
Filed on the 16 day of August
A.D. 2008 at 12:10 P.M.
RUTH E. HODGES
County Clerk and Recorder
By Ricki Kiehe
Deputy
FEE 500

BYLAWS
OF
CHIEF CLIFF ESTATES HOMEOWNERS
ASSOCIATION INC.

Article I

Name and Location

The name of the corporation is Chief Cliff Estates Homeowners Association Inc. hereinafter referred to as the "Association". The principle office of the corporation shall be located at 2295 Twin Creeks Way, Ronan, MT 59864, but the meetings of members and directors may be held at such places within the State of Montana, County of Lake, as may be designated by the Board of Directors.

Article II

Definitions

Section 1. "The Bylaws shall mean this document and as amended from time to time.

Section 2. "Architectural Control Committee" shall mean and refer to the Chief Cliff Estates Homeowners Association Inc., as provided for in the Declaration.

Section 3. "Association" shall mean and refer to the Chief Cliff Estates Homeowners Association Inc., a Montana non-profit corporation pursuant to the Act, its successors and assigns, as provided for in the Declaration.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Chief Cliff Estates Homeowners Association Inc., located in Range 22w, Township 24n, and south ½ Section 13. Located in Elmo, Lake County, Montana *05 5913*

Section 5. "Declarant" shall mean and refer to EREH, INC. , the Declarant in the Declaration, its successors and assigns, (if such assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and/or construction of homes).

Section 6. "FHA" shall mean and refer to the Federal Housing Administration.

Section 7. "Lot" and /or "Lots" shall mean and refer to each of the Lots as defined in the Declaration and all Supplemental Declarations. References herein to "the Lots" each lot shall mean and refer to Lots as defined respectively in the Declaration and all Supplemental Declarations.

Section 8. "Member" and/or "Members" shall mean and refer to all those Owners (as defined below) who are Members of the Association as provided in the declaration and all Supplemental Declarations.

Section 9. "Owner" shall mean and refer to the record Owner, if such Lot is subject to a term purchase contract with Declarant, to the contract seller, whether one or more persons or entities of the fee simple title to any Lot which is a part of the Properties, but, notwithstanding any applicable theory of mortgage, shall not mean or refer to any mortgage unless and until such mortgage has acquired title pursuant to foreclosure or any processing in lieu of foreclosure. References herein to "the Owners (any Owner) in the Subdivision" shall mean and refer to Owners as defined respectively in the Declaration and all Supplemental Declarations.

Section 10. "Supplemental Declaration" shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions bringing additional property within the scheme of the Declaration and the jurisdiction of the Association under the authority provided in the Declaration. References herein (whether specific or general) to provisions set forth in "any (all) Supplemental Declaration(s)" shall be deemed to relate to the respective properties covered by such Supplemental Declarations.

Section 11. "The Properties" shall mean and refer to the Properties described in the Declaration which are subject to the restrictions, Covenants, Conditions, Stipulations and Reservations of the Declaration.

Section 12. "VA" shall mean and refer to the Veterans Administration.

Article III Meeting of Members

Section 1. Annual Meetings. The regular annual meeting of the Members of the Association shall be held on the third Monday in November of each year beginning in the year 2002, at 10 a.m., at the principle office of the Association. If such date for the annual meeting of Members is a legal holiday, the meeting will be at the same hour of the first day following which is not a legal holiday. The failure to hold the regular annual meeting at the designated time shall not work a dissolution of the Association.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon the written request of the Members who are entitled to vote one-fourth(1/4) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each special meeting of Members shall be given by, or at the direction of, the secretary or any person or persons authorized to call a meeting, by mailing a copy of such notice, postage paid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to

the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and the purpose of the meeting. Notice of annual meetings shall not be required, but may be given in a like manner.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, an applicable Supplemental Declaration, or these Bylaws. If however, such quorum shall not be present or represented at the meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV BOARD OF DIRECTORS

Section 1. Board of Directors. The affairs of this Association shall be managed by a Board of Directors of not less than three (3) directors who need not be members of the Association. The number of Directors may be increased or decreased from time to time by amendment of the Bylaws in accordance with Article XII hereof.

Section 2. Term of Office. The initial directors for the Association set forth in the Articles of Incorporation shall hold office until the 2003 annual meeting, and thereafter until their successors are duly elected and qualified. There shall be three (3) positions on the Board of Directors. At the annual meeting of 2002, the Members shall elect one director for a term of one (1) year, one director for a term of two (2) years, and one director for a term of three (3) years. Any vacancy, from whatever cause, occurring in the Board of Directors shall be filled by appointment made by the remaining Director or Directors. The person appointed by the remaining directors to fill such vacancy shall serve for the remainder of the unexpired term of said appointed director's predecessor, and thereafter until his successor is duly elected and qualified. At each annual meeting thereafter the Members shall elect that number of Directors equal to the number of Directors whose terms expire at such time, such Directors to serve for a term of three years.

Section 3. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a

member of the Board of Directors, and two or more persons who may, but not need be, Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nomination may be from among Members or Non-Members.

Section 4. Election. Election to the Board of Directors shall be by secret ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the declaration or any applicable Supplemental Declaration. The persons receiving the largest number of votes shall be elected.

Section 5. Removal. No Member of the Board of Directors shall be removed from office except for malfeasance in the conduct of his duties. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the board of Directors and shall serve for the unexpired term of the predecessor.

Section 6. Compensation. No director shall receive compensation for any services rendered to the Association; provided, however, any director may be reimbursed for actual expenses incurred in the performance of duties.

ARTICLE V MEETING OF DIRECTORS

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

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association or by any director after not less than five (5) days notice to each director, which such notice may be waived at or prior to such meeting.

Section 3. Quorum. A majority of the number of directors, but not less than two (2) directors, shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which quorum is present shall be regarded as the act of the Board of Directors.

Section 4. Action Without a Meeting. Any action which may be required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken is signed by all of the Members of the Board of Directors. Such consent shall be placed in the minute book of the association

with the minutes of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the following rights and powers:

- (a) to suspend the voting rights of a Member during the period said Member is in default in excess of thirty (30) days in the payment of any maintenance charge assessment against said Members Lot; and to suspend such rights for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and
- (b) to exercise for the association all rights, powers duties and authority granted, vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration or applicable Supplemental Declaration; and
- (c) to designate a depository for the funds of the Association and to designate officers or other persons who shall be authorized to withdraw funds and sign checks on such account; and
- (d) to designate an officer of the Association or other person who shall be authorized to sign all leases, mortgages, deeds, promissory notes and other written instruments on behalf of the Association; and
- (e) employ a manger, an independent contractor or such other employee as they deem necessary, and to prescribe their duties and the terms of employment or services; and
- (f) adopt and publish rules and regulations governing the use of Common Area and facilities, and the personal conduct of the members and guest thereon, and to establish penalties for the infraction thereof.

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

- (a) supervise all officers, agents, and employees of the Association, and see that their duties are properly performed; and
- (b) fix the amount of the annual assessment (and special assessments) against properties subject to the jurisdiction of the Association for each assessment period at least thirty (30) days in advance of such date or period and, at that time, prepare a roster of the properties and assessments applicable hereto; and , further, to take such actions as it deems appropriate to secure payment thereof; and
- (c) procure and maintain such liability and hazard insurance as it may deem appropriate on any property or facilities. If any, owned or leased by the Association; and
- (d) cause the Common area to be maintained.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a president; a vice president; a secretary; and a treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first annual meeting of the Board of Directors following each annual meeting of Members.

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

Section 4. Special Appointments. The Board of Directors 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 of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specifies therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Execution of association Documents. In the absence of a designation by the Board of Directors of an officer or other person authorized to sign all leases, mortgages, deeds, promissory notes, checks and other written instruments, any officer of the association may sign such documents on its behalf except that any two officers must sign each promissory note executed by the Association.

Section 8. Duties. The duties of the officers of the Association are as follows: (all such duties may be required of a manager if the Association and its officers so elect).

President

- (a) The president shall preside at all meetings of the Board of Directors and shall see that orders and resolution of the Board of Directors are carried out.

Vice-President

- (b) The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act and shall exercise and discharge such other duties as may be required by the Board of Directors.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the association together with their addresses, and shall perform such other duties as required by the Board of Directors.

Treasurer

- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds; keep proper books of account; keep accurate books and records of the fiscal affairs of the Association and make the same available for inspection by Members of the Association during normal business hours.

ARTICLE VIII COMMITTEES

The association shall appoint a Nominating Committee, as provided in section 3 of Article IV of these by laws. The Board of Directors may appoint other committees as deemed appropriate in carrying out the Association's purpose.

ARTICLE IX BOOKS AND RECORDS

The books, records and papers of the association shall at all times during reasonable business hours be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principle office of the association, where copies may be purchased at a reasonable rate.

ARTICLE X ASSESSMENTS

As more fully provided in the Declaration, each Owner is obligated to pay to the Association certain annual and special assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. In the event an Owner's assessment is delinquent in excess of thirty (30) days, any services provided for the Members and funded from the annual or special assessments may be terminated. If the assessment is not paid within

thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of any of the facilities or services provided by the Association or by abandonment of said Owner's Lot.

ARTICLE XI ROAD MAINTENANCE AGREEMENT

Now in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the association agrees as follows:

1. Definitions.

1.1 Maintenance. Maintenance is defined as the work normally necessary to preserve and keep the roadway, road structure and road facilities as nearly as possible in a good and passable condition by 2 wheel drive passenger vehicles. The maintenance to be undertaken and performed pursuant to this Agreement includes the following:

a. Filling of chuckholes, grading of washboards on road surface and putting additional gravel on the road surface to keep the roadway as nearly as possible in good and drivable condition. Any additional maintenance deemed necessary or advisable, but not included within the maintenance specified above, shall not

ARTICLE XII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference that name of the Association and within the center the Montana.

ARTICLE XII AMENDMENTS

Section 1. Amendment. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy. However, the FHA or the VA shall have the right to veto any such amendments while there is a Class B membership.

Section 2. Conflict. In the case of any conflict between the Article of Incorporation and these Bylaws, the article shall control, and in the case of any conflict between the Declaration or applicable Supplemental Declaration and these Bylaws, the Declaration or applicable Supplemental declaration shall Control.

