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BYLAWS
OF
FLATHEAD SPRING CREEK ESTATES HOMEOWNERS' ASSOCIATION, INC.

ARTICLE, I
INTRODUCTION

Section 1. The provisions of these Bylaws govern the internal affairs of the Flathead Spring Creek Estates Homeowners' Association, Inc, ("Association") and its members, as applicable, to the operation, administration, use and occupancy of the lots and improvements described as Spring Creek Estates, an addition to Kalispell, Montana, as depicted on the map or plat of Spring Creek Estates on file and of record with the office of the Flathead County Clerk and Recorder. The described property is hereinafter referred to as the "Subject Property," and specifically including all common areas of the Subject Property as depicted on the plat of Spring Creek Estates. The Declaration of Covenants, Conditions, Restrictions and Reservations (herein "CCRs" or "Declaration") was recorded in the records of the Clerk and Recorder of Flathead County, Montana as Document No. 200706516110. Said Declaration is incorporated in these Bylaws by this reference. Any conflict between said Declaration and these Bylaws shall be resolved in favor of said Declaration.

Section 2. These Bylaws were adopted by this corporation, a nonprofit corporation, organized under the laws of Montana, and intended to qualify under Internal Revenue Code, Section 528, as amended, pertaining to owners' associations.

ARTICLE II
PRINCIPAL OFFICE

The principal office of the corporation shall be maintained in Flathead County, Montana as determined from time to time by a majority of the members of the Association's Board of Directors.

ARTICLE III
MEETINGS AND MEMBERS

Section 1. Every owner of a lot in the project shall be a member of the Owners Association and shall remain a member for the period of ownership of such lot, all as set forth in Article 4 of the Declaration. Until the "Transition Date" as defined in the Declaration, there shall be both Class A member and Class B members, all as further provided for in Article 4 of the CCRs.

Section 2. There shall be an annual meeting of voting members of the Association on the second Saturday in December of each year at a time and place designated in the written notice thereof mailed to voting members by the Board of Directors at least ten (10) days prior to the date of said meeting. With said notice shall be mailed, and at the annual meeting the Board of Directors shall be presented, a written statement of the financial condition of the Association, itemizing receipts and disbursements for the preceding financial year and the ensuing year's proposed budget. A majority of the members (with such majority determined based on the number of votes cast, taking into account Class A and Class B memberships when applicable), must approve the proposed budget if it exceeds by more than fifteen percent (15%) the prior year's budget, all as further provided for in Section 8.3.1 of the CCRs.

Section 3. Special meetings may be called at any time for the purpose of considering matters which require the approval of members. Such a special meeting shall be called by written notice mailed by the Board of Directors at least thirty (30) days prior to the date of such meeting to all members. Such written notice may be initiated by the majority of the Board of Directors and must be so initiated upon petition to the Board of Directors of members holding twenty percent (20%) of the voting rights. Such notice and such petition shall specify the date, time and place of the meeting as well as an agenda.

EXHIBIT B

Section 4. The presence at any meeting in person or by proxy of members owning forty percent (40%) of the total existing voting interests shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the members upon the affirmative vote of a majority of members or their proxies owning a majority of the total voting interests present or represented by proxy at the meeting. 176×4=70

Section 5. Voting on any issue may be conducted by mail so long as sufficient ballots are returned representing the votes of sufficient owners who have constituted a quorum.

Section 6. Voting rights shall be suspended as to any owner who fails to pay any annual or special assessment (or any monthly installment thereof) within thirty (30) days after the same becomes due and payable. Such voting rights shall be immediately restored upon payment of such past due assessments, plus interest, and such other amounts as may be charged as a result of nonpayment.

Section 7. The Board of Directors may fix a time not exceeding thirty (30) days preceding the date of a meeting of members as a record date for the determination of members entitled to notice of and to vote at any meeting and only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting. If no record date is fixed by the Board of Directors, the record date for the determination of members entitled to notice of and to vote at any such meeting shall be the 40th day preceding the date of such meeting as of 8:00 a.m. of such day.

Section 8. The members of the Association shall elect an Architectural Committee consisting of three (3) members as provided in the Declaration of Covenants, Conditions and Restrictions. Committee members shall serve two (2) year terms. The committee shall be initially designated by Timothy R. Birk and Justin H. Dean.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. The affairs of the Owners Association shall be governed by a Board of Directors consisting of three (3) directors. Members shall elect directors by majority vote and there shall be no cumulative voting. All directors shall serve three-year terms, which terms shall be staggered so that one director is elected each year.

Section 2. Any director may be removed at any meeting of members by vote of two-thirds (⅔) of the members present at a membership meeting, provided that written notice is mailed to all members at least thirty (30) days prior to the meeting whereat removal of a director is to be considered and voted on, and further provided that such notice specifically states that removal of such director(s) is to be voted on at said meeting.

Section 3. A regular meeting of the Board of Directors shall be held immediately after the adjournment of each annual meeting of members with no notice required other than this Bylaw.

Section 4. Special meetings of the Board of Directors may be called by the President or, in his/her absence, by the Vice President or Secretary. By unanimous consent of the directors, a special meeting may be held, without notice, at any time or place, and may be held telephonically, so long as all Directors are in voice contact with each other at the same time and minutes are duly recorded and signed.

Section 5. Notice of all special meetings, except those specified in the second sentence of Section 4 of this Article, shall be mailed to each director by the Secretary/Treasurer at least five (5) days prior to the time fixed for the meeting. Such notice shall specify the time and place of meeting, and shall state the purpose or purposes thereof. A director may execute a Waiver of Notice in lieu of being provided such written notice.

Section 6. A quorum for the transaction of business at any regular or special meeting of the directors shall consist of a majority of members of the Board. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board except where a greater number is required by the Articles of Incorporation or these Bylaws. Each director shall have one vote. The presiding officer shall be the President or,

in his/her absence, the Vice President. Any business may be transacted by the signature and consent of all directors, in lieu of a meeting for that purpose.

Section 7. The organizational directors or successors shall elect officers of the Association to serve until the first annual meeting of the Board. Thereafter, the directors shall elect the officers of the Association specified in these Bylaws at the directors' meeting following each annual meeting of the members of the Association thereafter. An officer may be removed at any time by a majority vote of the full Board of Directors of the Association.

Section 8. Directors shall not receive any compensation for their services as directors, but may be reimbursed for any costs they incur in connection with providing services or discharging their duties to the Association.

Section 9. Any vacancy or vacancies on the Board of Directors may be filled by the remaining directors in any special or regular directors' meeting. Death, incapacity or resignation of any director shall cause his office to become vacant. Such appointment shall be for the remaining term of the vacancy filled.

Section 10. The Board of Directors shall have the responsibility for and the authority to do all things necessary for the accomplishment of the matters specified in these Bylaws and/or in the Declaration of Covenants, Conditions and Restrictions or Montana statutes, all as may be amended. All corporate powers shall be exercised by or under the authority of the Board and the business and affairs of the Association shall be controlled by the Board. Such powers and duties are subject to approval by the members only when such is specifically required under these Bylaws.

Section 11. The Board of Directors shall have the authority to engage the services of a property manager/agent or management service for the Association and to fix such agent's compensation and to specify the agent's authority.

Section 12. All checks, drafts, notes, acceptances, vouchers, conveyances, contracts and other instruments shall be approved and signed on behalf of the Association by such person(s) as shall be provided by general or special resolution of the Board of Directors, or in the absence of any such resolution applicable to such instruments, by any two (2) officers of the Association.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be a President, Vice President and Secretary/Treasurer. The President and Vice President must be directors. The officers of the corporation shall not receive compensation (but shall be entitled to be reimbursed costs incurred for the Association) for their services as officers unless such is approved by the affirmative vote of a majority of the Association's Members. A vacancy in office shall be filled by the Board of Directors at any regular or special meeting. The President may appoint such committees and committee chairpersons as appear necessary in his/her judgment.

Section 2. The President shall preside at all directors', and members' meetings; shall have general supervision over the affairs of the Association; and shall perform all such other duties as are incident to the office.

Section 3. The Vice President shall perform the duties of the President in his/her absence or disability.

Section 4. The Secretary/Treasurer shall issue notices of all directors' and members' meetings and shall attend and keep the minutes of the same; shall have charge of all Association books and records and papers; shall have custody of all money and securities of the Association, and shall give bond in such amount as required by the directors, conditioned upon the faithful performance of the duties of the office. The Secretary/Treasurer shall keep regular books of account and shall submit them monthly or quarterly as directed by the directors for the examination and approval by such directors; shall have such regular books of account available to individual members upon request; and such other duties as are incident to this office. The Secretary/Treasurer may retain the services, upon approval

by the Board of Directors, of an independent accountant or accounting firm to assist in the completion of his/her duties hereunder.

ARTICLE VI
FINANCE AND RECORDS

Section 1. The funds of the Association shall be deposited in such bank(s) or other financial institutions as the directors shall designate and shall be duly authorized by the Board of Directors. All such accounts shall be federally insured.

Section 2. As soon as practicable after the end of each fiscal year, an annual report or the receipts and expenditures of the Association shall be rendered by the Board to all owners and any mortgagee, trust indenture beneficiaries or contract sellers who have requested such.

Section 3. The Board of Directors shall keep detailed records of its actions, financial dealings, and minutes of all meetings of the Board and all member meetings.

Section 4. The Board of Directors shall determine the fiscal year of the corporation.

ARTICLE VII
ASSESSMENTS

Section 1. Covenant of Personal Obligation of Assessments. Every owner, by acceptance of the deed or other instrument of transfer, including the acceptance by a purchaser of the terms and provisions of an executory land sales contract, of a lot within the Subject Property is deemed to personally covenant and agree, jointly and severally, with every other owner and with this Association, and hereby does so covenant and agree to pay to the Association (a) annual assessments or charges; and (b) special assessments; and (c) such other amounts which may be assessed by the Association, including any interest, penalties and costs or fees that are payable thereon or with respect thereto. Such assessments shall be established and collected as hereinafter provided and as provided for in the CCRs. No owner may waive or otherwise escape personal liability for the payment of the assessments provided for herein by non-use of his/her lot or by abandonment or leasing of his/her lot. In addition to the foregoing, every owner shall also have the obligation to pay to the appropriate governmental subdivision real property ad valorem taxes and special assessments imposed by Montana governmental subdivisions applicable to his/her lot.

Section 2. Incorporation by Reference. All of the terms, obligations, rights and duties set forth in Article 8 of the Declaration (pertaining to Assessments and Liens for non-payment thereof) are hereby adopted by this reference as if again set forth herein.

Section 3. Effect of Nonpayment of Assessments. If any annual or special assessment (or any monthly installment thereof) is not fully paid within fifteen (15) days after the same has become due and payable, or if any default assessment shall arise, then in any of such events and as often as the same may happen, interest shall accrue at the rate provided for in the Declaration, and the amount due may be subject to a late payment charge as provided for in the CCRs. The Association may thereafter bring an action at law or in equity, or both, against any owner personally obligated to pay the same and may also proceed to foreclose its lien against the particular lot in the manner and form provided by Montana law for foreclosure of liens in and through the courts. The liability of co-owners of any lot for assessments against such lot shall be joint and several. No owner may vote in Association elections while thirty (30) or more days past due on any assessment (or monthly installment thereof). An action at law or in equity by the Association against an owner to recover a money judgment for unpaid assessments (or any monthly installment thereof), may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien therefor. In the event that any such assessment (or monthly installment thereof) is not fully paid when due and the Association may commence such an action (or may counterclaim or cross-claim for such relief in any action) against any owner personally obligated to pay the same or may proceed to foreclose its lien against the

particular lot, then all unpaid monthly installments of annual and special assessments and all default assessments (including any such installments or foreclosure proceedings), and late charges, any accrued interest, the Association's costs of suit, expenses and reasonable attorney's fees incurred for preparing and recording any lien notice) and the Association's costs of suit, expenses and reasonable attorney's fees incurred for any such action and/or foreclosure proceedings shall be recoverable as a part of the costs of any such action or foreclosure proceedings by the Association from any owner personally obligated to pay the same and from the proceeds of the foreclosure sale of the particular lot in satisfaction of the Association's lien. Foreclosure, or attempted foreclosure by the Association, of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments (or monthly installments thereof) which are not fully paid when due or for any subsequent default assessments. The Association shall have the power and right to bid on or purchase any lot at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same.

Section 4. Successor's Liability for Assessments. In accordance with that provided for in Section 8.1 of the CCRs, liability for delinquent assessments shall only pass to successors in title if a lien for any such delinquent assessments has been filed or recorded of record with the County Clerk and Recorder prior to the date and time of the recording of the transfer deed.

Section 5. Subordination of Association's Lien for Assessments. The Association's perpetual lien on a lot for assessments provided for herein shall be superior to all other liens and encumbrances except: (a) real property ad valorem tax and special assessment liens duly imposed by Montana governmental subdivision; or (b) the lien of a contract seller or any first mortgage or trust indenture recorded in the records of the office of the Clerk and Recorder of Flathead County, Montana, prior to the date such assessment became due or the lien, including any and all advances made by the first mortgagee or trust indenture beneficiary and notwithstanding that any of such advances may have been made subsequent to the date of the attachment of the Association's liens. With respect to the foregoing sub-part (b) of this section, any contract seller, first mortgagee or trust indenture beneficiary who comes into possession of a lot by virtue of default or foreclosing the first mortgage or trust indenture, or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchase at a foreclosure sale of the first mortgage or trust indenture, will take the lot free of any claims for unpaid Association assessments, interest, late charges, costs, expenses and attorney's fees against the lot which accrue prior to the time such first mortgagee, trust indenture beneficiary or purchaser comes into possession of the lot, except for claims for a pro rata share of such assessments resulting from a pro rata reallocation of such assessments to all lots (including the lot which is encumbered by the first mortgage or trust indenture). No sale or transfer, foreclosure, or cancellation or forfeiture of any executory land sales contract, shall relieve such lot from liability for any such claims thereafter becoming due or from any lien thereof for assessments, interest, late charges, costs, expenses and attorney's fees due and owing at the time of such sale or other transfer and shall not affect the personal liability of each owner who shall have been responsible for the payment thereof.

Section 6. Certificate of State of Assessments. Upon request in writing by any person and payment of a reasonable charge therefor, the Association shall furnish within thirty (30) days after such request is received, a certificate setting forth: (a) the amount of any unpaid assessments, interest, late charges, costs, expenses and attorney's fees then existing against a particular lot; (b) the due date of the payment of any assessments; and (c) any other information deemed proper by the Association. Upon the issuance of such a certificate signed by a member of the Board or by an officer of the Association, the information contained therein shall be conclusive upon the Association as to the person(s) to whom such certificate is addressed and who rely thereon in good faith.

Section 7. Mortgagees May Pay Assessments and Cure Defaults. Provided that a contract seller, mortgagee or trust indenture beneficiary has, in writing, requested the following information with respect to a lot upon which the party holds a security interest and has furnished the Association with the address to which the party wants the information sent, then, if any assessment, or monthly installments thereof, on any lot shall not be paid by the owner thereof within thirty (30) days after the same is due, or if a default by any owner of any provisions hereof shall not be cured within thirty (30) days after written notice thereof is given to such owner, then the Association shall thereafter send a notice

thereof to such party and may (but shall not be required to) send a notice thereof to any other contract seller, mortgagee, or trust indenture beneficiary thereof. Any contract seller, mortgagee, or trust indenture beneficiary may (but shall not be required to) pay such assessment or monthly installments thereof, together with any other amounts secured by the Association's lien, and may (but shall not be required to) cure any such default.

ARTICLE VIII
INSURANCE

Section 1. The Association may obtain and maintain in full force and effect at all times insurance coverage determined by the Board of Directors to be reasonably necessary to protect against any risks, which insurance coverage shall be provided by a company or companies duly qualified to do business in the state of Montana.

Section 2. Insurance premiums for the above-provided insurance shall be a common expense to be paid by assessments levied by the Association.

Section 3. In addition, an owner may obtain such other and additional insurance coverage on and in relation to his, her or its property as, in the sole determination of the owner, he/she/it shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by a member shall affect any insurance coverage obtained by the Association nor cause the diminution or termination thereof. Any such insurance obtained by a member shall waive the particular insurance company's right of subrogation against the Association.

ARTICLE, IX
RULES AND REGULATIONS

The Board of Directors may, from time to time, approve and enact rules and regulations applicable to the lots and/or use of the common areas. The Board may also delegate to a property manager the ability to set and enforce rules and regulations affecting the lots and common areas; provided, however, that no rule or regulation enacted shall be inconsistent with the Declaration of Covenants, Conditions and Restrictions or these Bylaws.

ARTICLE X
AMENDMENTS

No amendment of these Bylaws shall be effective unless approved by the affirmative vote of members holding sixty percent (60%) of the membership voting rights. An amendment must be in writing and a majority of the then-serving officers and directors of the Association must certify that such amendment was properly adopted by the required number of members of the Association.

ARTICLE XI
MISCELLANEOUS

Section 1. All notices to the Board of Directors shall be sent postage prepaid to the directors at each director's address as may be designated by each such director from time to time. Said notices to be effective upon mailing or personal service thereof. All notices by the Board of Directors to owners shall be sent by the Board or its agent, postage prepaid to the most recent address furnished by each owner, with copies to all mortgagees, trust indenture beneficiaries, or contract sellers from which the Board has received requests for notices, said notices to be deemed received and effective three (3) days after mailing.

Section 2. The invalidity of any part of these Bylaws shall not affect or impair in any manner the validity, enforceability, or effect of the balance of these remaining Bylaws.

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Section 3. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to be abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches thereof which may occur.

Section 4. Upon dissolution or final liquidation of the corporation, obligations shall be paid and assets distributed in conformity with the Montana Non-Profit Corporation Act and/or Section 528 of the Internal Revenue Code.

IN WITNESS WHEREOF, the undersigned, President and Secretary/Treasurer of Flathead Spring Creek Estates Homeowners' Association, Inc., do hereby certify that the foregoing is a true and correct copy of the Bylaws as duly adopted by the organizational Board of Directors of said corporation this 11 day of ~~November~~ December, 2008.

FLATHEAD SPRING CREEK ESTATES HOMEOWNERS' ASSOCIATION, INC.

By _____
Timothy R. Birk, Director

Attest

_____
Justin H. Dean, Director

PRIORITY COPY

ARTICLES OF INCORPORATION

OF

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FLATHEAD SPRING CREEK ESTATES HOMEOWNERS' ASSOCIATION, INC.

The undersigned incorporator, in order to form a non-profit corporation pursuant to the Montana Non-Profit Corporation Act, does hereby voluntarily adopt and certify the following articles:

ARTICLE I

The name of the corporation is **FLATHEAD SPRING CREEK ESTATES HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE II

The corporation is formed to be a mutual benefit corporation.

ARTICLE III

This corporation shall have perpetual existence unless and until dissolved in accordance with Montana law.

ARTICLE IV

The corporation is formed to provide an entity to operate, administer and enforce the use and occupancy of Flathead County, Montana, real property in accordance with that provided for in that certain Declaration of Covenants, Conditions, Restrictions and Reservations ("CCRs") for Spring Creek Estates, which CCRs were recorded April 17, 2007 under Reception No. 200706516110, records of Flathead County, Montana, as same may hereafter be amended as allowed and addressed in Article 14 of the CCRs.

ARTICLE V

The address of the initial registered office and the name of the initial registered agent at such address are:

Timothy R. Birk
2239 Lower Valley Road
Kalispell, Montana 59901

ARTICLE VI

The Board of Directors of the corporation shall initially consist of three (3) members, at least two of whom shall be members of the corporation or owners of an entity which is a member of the corporation. The members of the corporation may hereafter increase the number of directors of the corporation by amendment to the corporation's bylaws **provided that** the number of directors shall not be increased above seven (7), nor reduced to less than three

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EXHIBIT A

(3) directors. The corporation's bylaws shall be amended in accordance with that provided for in the corporation's bylaws. The initial members of the Board of Directors of the corporation shall be elected at the organizational meeting of the members of the corporation, which organizational meeting shall be called by the undersigned incorporator.

ARTICLE VII

Each owner of a lot or tract of property subject to the Declaration of Covenants, Conditions, Restrictions and Reservations (all as further defined in Article 4 of the CCRs) shall be a member of the corporation. This corporation shall be governed in accordance with these Articles of Incorporation (as same may hereafter be amended), the corporation's Bylaws, and the CCRs. As set forth in Section 4.4.1 of the CCRs, the corporation shall have, for the period of time provided in the CCRs, both Class A and Class B members.

The corporation shall not have nor issue any shares of stock. No dividends shall be paid out by the corporation. The corporation may pay compensation in a reasonable amount to its members, directors, officers, or other employees for services rendered, may confer benefits upon its members in conformity with its function and purposes, and upon dissolution or final liquidation may make distribution to its members as may be permitted by the bylaws of the corporation and the laws of the State of Montana. The corporation is intended to be established and to qualify as an exempt homeowners organization for income tax purposes under Section 528 of the Internal Revenue Code of 1986, as same may be hereafter amended, and under Montana law.

ARTICLE VIII

A director shall not have any personal liability to the corporation or members of the corporation for monetary damages for breach of a director's duties to the corporation and its members except:

a. For a breach of the director's duty or loyalty to the corporation or its members;

b. for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

c. for a transaction from which a director derived an improper personal economic benefit; or

d. under MCA §35-2-418 (director conflict of interest), MCA §35-3-435 (loans to or guaranties for directors and officers), or MCA §35-2-436 (liability for unlawful distributions).

ARTICLE IX

The name and address of the incorporator of this corporation are:

Timothy R. Birk
2239 Lower Valley Road
Kalispell, Montana 59901

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IN WITNESS WHEREOF the undersigned duly authorized incorporator has hereunto set his signature this _____ day of November, 2008.

Timothy R. Birk
Incorporator / Registered Agent

STATE OF MONTANA)
) ss.
County of Flathead)

This instrument was acknowledged before me on the 25th day of November, 2008, by **TIMOTHY R. BIRK.**

KENT P. SAXBY
NOTARIAL SEAL
STATE OF MONTANA

Kent P. Saxby
Notary Public for the State of Montana
Residing at Kalispell
My Commission expires 09/01/2010

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CLERK AND RECORDER