Draft

BYLAWS OF
MARINA TOWN HOMES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME OF CORPORATION

The name of the Corporation shall be the Marina Town Homes Homeowners Association, Inc. hereinafter referred to as the 'Corporation.'

ARTICLE II

PURPOSE OF THE ORGANIZATION

The purposes of the Corporation are:

A. To conduct and establish a non-profit corporation devoted to further and promote the interest and welfare of the owners of property in the Marina Town Homes development in Bigfork, Montana; to operate, maintain, improve and insure the roads and association areas in the Marina Town Homes development for the benefit of said owners, to enforce the Conditions, Covenants, Easements and Restrictions of the Marina Town Homes development and to negotiate with Eagle Bend West/Harbor Village communities to determine Marina Town Homes contribution to the maintenance of community areas.

B. To be organized and operated exclusively within Sections 501 (c) (3) and 170 (c) (2) of the Codes of the United States Treasury Department-Internal Revenue Service, to promote, disseminate and put into practice within the United States and the State of Montana by charitable means, an organization devoted to the purposes stated above.

C. The Corporation is organized exclusively for charitable purposes: it shall not have authority to effectuate a pecuniary gain, profit or dividend to the members, directors or officers of the Corporation. No part of the net earnings of the Corporation shall inure to the benefit of or be distributed to its members, directors or officers, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services to, or assistance to the Corporation in accomplishing its purposes, including a salary paid to its legally employed personnel. The Corporation shall not have the authority to carry on propaganda or otherwise attempt to influence legislation, and it shall not participate in or intervene in any political campaign for or against any candidate for public office.

D. To have such other general powers as are granted by the Montana Non-Profit Corporation Act, as amended, or any corresponding provisions of any future laws of Montana issued to non-profit corporations but, notwithstanding any of the provisions of these Bylaws, this

non-profit Corporation is without the power and shall not carry on any other activities prohibited to be carried on by the following:

1. By a non-profit corporation exempt from Federal Income Tax under Section 501 (c) (3) of the Internal Revenue Code of the United States Treasury Department, or

2. By a non-profit corporation contribution to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1954 of the United States Treasury Department.

ARTICLE III

MEMBERS

Section 1. Membership.

Membership in the Corporation shall be open to anyone who owns property in the Marina Town Homes development, Bigfork, Montana. The Board of Directors may, but shall not be required to, impose dues for membership, may create different classes of memberships, and may assess different dues for different classes of members. There shall be one vote for each property in the Marina Town Homes Development at the annual meeting and any special meeting of the members.

Section 2. Meetings of the Members.

A. **Annual Meetings**. An annual meeting of the members shall be held in Flathead County once yearly. The Board of Directors shall fix the time and place for the meeting. The purpose of the meeting shall be to elect directors and transact any other business that may come before the membership.

B. **Special Meetings**. Special meetings of the members may be called by the President, the Board of Directors, or not less than ten percent of the members.

C. **Members Meetings by Conference Telephone**. Members of the Corporation may participate in a members meeting by means of a conference telephone or similar communications equipment provided all persons entitled to participate in the meeting receive proper notice of the telephone meeting and provided that all persons participating in the meeting can hear each other at the same time. The member participating in a conference telephone meeting is deemed present in person at the meeting.

D. **Notice of Meetings**. Notice of the annual meeting and any special meeting shall be given to each member, either personally, by mail, by facsimile or by electronic communication, no less than five days before the meeting. In the event of delivery by mail, the

effective date of the notice shall be the date it is mailed.

E. Member Quorum and Voting Requirements. A majority of the votes entitled to be cast on a matter constitute a quorum of the members for action on that matter. Once a member is represented for any purpose at a meeting, the member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action.

F. Proxies. At all member meetings, a member may vote in person, or by proxy. The member or the member's attorney shall make the proxy vote in writing and file it with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after 11 months from the date it was made, unless otherwise provided in the proxy.

G. Member's Rights to Inspect Corporate Records.

(a) *Minutes and Accounting Records.* The Corporation shall keep a permanent record of the minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors acting in place of the Board and on behalf of the Corporation. The Corporation shall maintain appropriate accounting records.

(b) *Absolute Inspection Rights of Records Required at Principal Office.* At least five business days before the date on which the member wishes to inspect and copy records, the member must give the Corporation written notice of the member's demand to inspect. If the member gives proper notice(as required by this section), the member (or the member's agent or attorney) has the right to inspect and copy, during regular business hours, any of the following records, all of which the Corporation is required to keep at its principal office:

(1) its articles or restated articles of incorporation and all amendments to them currently in effect;

(2) its bylaws or restated bylaws and all amendments to them currently in effect;

(3) resolutions adopted by its Board of Directors;

(4) the minutes of all member's meetings, and records of all action taken by members without a meeting, for the past three years;

(5) a list of the names and business addresses of its current directors and officers; and,

(6) its most recent annual report delivered to the Secretary of State.

(c) *Copy Costs.* The right to copy includes, if reasonable, the right to photocopy, or copy by other reasonable means. The Corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the member. The charge may not exceed the estimated cost of production or reproduction of the records.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Directors.

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

Only Members of the Corporation shall be eligible to serve as directors. The Board of Directors shall be composed of no fewer than three (3) and no more than five (5) persons. The number of initial directors shall be three, and thereafter the exact number of directors shall be fixed by resolution of the Board of Directors.

At the initial meeting of the Board of Directors the members of the Board shall by lot draw for terms of office so one serves for one year, one serves for two years, and one serves for three years. Following the expiration of the initial staggered terms, the terms of office for each director shall be for a period of three (3) years.

Unless otherwise provided in the law, the Articles of Incorporation, or these Bylaws, decisions at any meeting of the directors or a committee thereof shall be made by a majority vote of the directors present and voting. Each director shall be entitled to one vote.

Section 2. Selection of Directors.

The initial Board of Directors shall be those persons expressing an interest in serving as directors at the time of the organization of the Corporation. Thereafter, directors shall be elected by a vote of the members. Any vacancy occurring in the Board of Directors, and any directorship created by reason of an increase in the number of directors, shall be filled by the Board of Directors. A director selected to fill a vacancy shall serve for the unexpired portion of the predecessor's term in office.

Section 3. Removal of Directors

Any member of the Board of Directors shall automatically cease to be a member of said Board if and in the event such member misses three successive regular meetings of the Board of Directors, unless such absences are excused by vote of the other directors. In addition, any member of the Board of Directors may be removed for cause from the Board by a three-fifths vote of the entire Board of Directors.

Section 4. Compensation for Directors.

No director shall receive compensation for serving on the Board of Directors. Board members may, however, be reimbursed for mileage and out-of-pocket expenses incurred while on the business of the Corporation when such reimbursement is approved by the Board of Directors.

Section 5. Meetings of the Board of Directors.

A. **Regular Meetings**. A regular annual meeting of the Board of Directors shall be held without notice other than this Bylaw immediately after, and at the same place as, the annual meeting of the members. The Board of Directors may provide by resolution for the holding of additional regular meetings, at a time and place fixed by the Board of Directors, without further notice other than this Bylaw.

B. **Special Meetings**. Special meetings of the Board of Directors may be called by the President or by any two (2) directors and it shall thereupon be the duty of the Secretary to cause a notice of such meeting to be given as hereafter provided. The President or directors calling such meeting shall fix the time and place of the meeting.

C. **Tele-Conference Board Meetings**. A Board meeting may be conducted by any means of communication through which all directors participating and all directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by such means constitutes presence in person at the meeting.

D. **Notice of Director's Meeting**. Written notice of the time and place of special meetings of the Board of Directors shall be delivered to members of the Board not less than five days prior to the meeting, either personally, by mail, by facsimile or by electronic notification and in the event of delivery by mail, the effective date of the notice shall be the date it is mailed.

E. **Waiver of Notice**. Notice of any regular or special meeting may be waived either before, at, or after such meeting in writing signed by the director. The attendance by a director at any regular or special meeting shall be considered a waiver of any required notice, unless the director is in attendance to object to the adequacy of the notice.

F. **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business, except that when a vacancy or vacancies exist, a majority of the remaining directors shall constitute a quorum. In the event that less than a majority of the Board of Directors is present at any meeting, the majority of those directors present may adjourn the meeting and designate a place and time for the next meeting, under which circumstances the Secretary shall notify the absent members of the place and time of the next meeting. An act of the majority of the Board of Directors present at any meeting at which a quorum is present at the outset of the meeting shall be the act of the Board of Directors.

G. **Proxy Voting.** There shall be no voting by proxy at any meeting of the Board of Directors, unless approved by the Board of Directors.

H. **Policies, Rules and Regulations.** The Board of Directors shall have the power to make and adopt such rules, regulations, and policies not inconsistent with the law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Corporation.

I. **Committees.** The Board of Directors may appoint the officers of the Corporation as an executive committee, and may appoint such other committees from time to time as it deems advisable, and may delegate to any such committee such duties and powers as it deems advisable.

ARTICLE V

OFFICERS OF THE CORPORATION

Section 1. Officers.

The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Vice President and Treasurer may be combined in one person.

Section 2. Election of Officers and Terms of Office.

The officers shall be elected annually by the Board of Directors at a meeting of the Board of Directors held annually, at a time and place fixed by the Board of Directors. The terms of office shall be for one (1) year, however, nothing shall prevent an officer from being re-elected to consecutive terms of office.

Section 3. Duties of Officers.

A. **President**. The President shall preside at all meetings of the Board of Directors, shall be an ex officio member, with a vote, of all committees of the Board of Directors, and in general perform all duties incidental to the office of the President and such other duties as may be

prescribed by the Board of Directors from time to time.

B. **Vice President**. In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to the Vice President by the Board of Directors.

C. **Secretary**. The Secretary shall be responsible for keeping of the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose; be responsible for seeing that all notices are duly given in accordance with these Bylaws or as required by law; be custodian of the corporate records, have general charge of the books of the Corporation; be responsible for keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Corporation containing all amendments thereto; and, in general, perform all duties incidental to the office of the Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

D. **Treasurer**. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; be responsible for the receipt of and the issuance of receipts for monies due and payable to the Corporation from any source whatsoever, and for the deposit of all such monies in the name of the Corporation in such bank or banks as shall be selected in accordance with the provisions of the Bylaws; and in general perform all the duties incidental to the office Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS AGENTS, AND EMPLOYEES

Section 5.1 Indemnification of Directors.

The Corporation shall indemnify any individual made a party to a proceeding because he or she is or was a director of the Corporation, against liability incurred in the proceeding, but only if such indemnification is both (i) determined permissible and (ii) authorized, as defined in subsection (a) of this § 5.1.

(a) *Determination and Authorization.*

The Corporation shall not indemnify a director under the § 5.1 of Article V unless:

(1) *Determination.* A determination has been made that the director met the standard of conduct set forth in subsection (b) below, and

(2) *Authorization.* Payment has been authorized based on a conclusion that the expenses are reasonable, the Corporation has the financial ability to make the payment, and the financial resources of the Corporation should be devoted to this use rather than some other use by the Corporation.

(b) *Standard of Conduct*

The individual shall demonstrate that:

(1) the individual acted in good faith; and

(2) the individual reasonably believed:

i in acting in an official capacity with the Corporation, that the individual's conduct was in the Corporation's best interests;

ii in all other cases, that the individual's conduct was at least not opposed to the Corporation's best interests; and

iii in the case of any criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful.

Section 5.2 Indemnification of Officers, Agents and Employees.

The Board of Directors, by board resolution, may elect to indemnify and advance expenses to any officer, employee, or agent of the Corporation, who is not a director of the Corporation, to any extent consistent with public policy.

ARTICLE VII

Amendment of Bylaws

These Bylaws may be altered, amended, or repealed by the Board of Directors of the Corporation. Proposed amendments to the Bylaws shall be included in the notice of the meeting at which the proposed amendments will be acted upon.

ARTICLE VIII

Check Signing

Any and all checks issued by the Corporation shall be signed by one officer or by such other person(s) as may be designated by the Board of Directors as having check signing authority.

ARTICLE IX

Fiscal Year

The fiscal year of the Corporation shall commence on the 1st day of January of each calendar year and end on the 31st day of December of each calendar year.

The foregoing Bylaws were originally adopted at the meeting of the directors of the Marina Town Homes Homeowners Association, Inc, held in Bigfork, Montana on the _____ day of January, 2016.

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Secretary