

BY-LAWS
OF
THE MUSTANG RANCHES ASSOCIATION

ARTICLE I

General Provisions

Section 1. Name. The name of the association is THE MUSTANG RANCHES ASSOCIATION ("Association"). The principal office of the Association shall be at such place in the County of Madison, State of Montana, as the Board of Directors may designate from time to time.

Section 2. Purpose. The Association has been formed for the purpose of performing the powers and duties of the Association as set forth in these By-Laws, the Articles of Incorporation of the Association, as amended from time to time ("Articles"), and in those certain documents entitled "Protective Covenants" ("Covenants") governing lots 33 through 86, Plat Book 4, pages 72 and 73, on file and of record in the Clerk and Recorder's office of Madison County, Montana, some parcels of which are commonly referred to as "Air Park North".

ARTICLE II

Membership and Voting Rights

Section 1. Qualifications. Each original owner or owners or subsequent purchaser or purchasers (hereinafter referred to as "owners") of a parcel of land in the above-described subdivision shall be eligible to belong to the Association. Upon payment of assessments levied by the Board of Directors during a fiscal year said owner or owners shall be considered paid members of the Association and shall be entitled to one (1) vote for each parcel of land owned.

Section 2. Transfer of Membership. The Association membership of each owner shall be appurtenant to the parcel giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon the transfer of title to said parcel and then only to the transferee of title to said parcel.

Section 3. Voting Rights. Each parcel, regardless of the number of owners thereof, shall be represented in the Association by only one (1) vote which may be cast only as a unit by the owner or owners thereof. Whenever these By-Laws or the Articles require the vote, assent, or presence of a stated number of owners or members entitled to vote on a matter or at a meeting with regard to the taking of any action or any other matter whatsoever, the provisions of this Article II and Section 2 of Article IV shall govern as to the total number of available votes, the number of votes an



owner is entitled to cast at the meeting, and the manner in which the vote attributable to a parcel having more than one owner shall be cast.

Section 4. Joint Owner Disputes. The vote for each such parcel may be cast only as a unit, and fractional votes shall not be allowed. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question.

Section 5. Cumulative Voting. In any election of the Board of Directors of the Association (the "Board"), the vote attributable to a given parcel may be cumulated by the owner or owners thereof entitled to cast such vote so as to give one candidate, or divide among any number of candidates, a number of votes equal to the number of directors to be elected. Candidates receiving the highest number of votes, up to the number of Board members to be elected, shall be deemed elected.

ARTICLE III

Membership Assessment and Enforcement Rights

Section 1. Membership Assessments. The Association, through the Board, may assess members of the Association, and the Board shall fix, levy, collect and enforce such assessments in the manner specified by these By-Laws. The assessments must comply with the following requirements:

A. The amount assessed need not be equal for each parcel.

B. The amount assessed must be limited to the amount reasonably anticipated to be required by the Association to enable it to perform its duties and obligations under these By-Laws, the Articles, and the Covenants. All assessments to be due and payable on a fiscal basis - the fiscal year to initially be July 1 to June 30 or such other fiscal basis as deemed appropriate by the Board of Directors.

The initial assessments shall be set by the initial Board of Directors. The assessments may only be changed by the affirmative vote of members representing in person or by proxy at least two-thirds (2/3) of the votes present at a meeting for which a quorum is established.

C. The Board must give at least thirty (30) days written notice to each member, specifying the amount of the assessment, the date when the assessment is due, the officer of the Association to whom the payment is to be sent if different from the Treasurer, and the address where such payment is to be sent.

Section 2. Enforcement of Assessments. For the purpose of enforcing and collecting assessments, the Board shall have the power and right to suspend the voting rights of any owner or owners of parcels of land during the period which any assessments against the

parcel or parcels remain unpaid and delinquent. Any owner may reinstate his membership by paying to the Association all delinquent and unpaid assessments which are then due and owing up to a maximum of two (2) years' past assessments.

ARTICLE IV

Membership Rights and Privileges

Section 1. Rights and Privileges of Members. Each member shall have all the rights and privileges granted by these By-Laws, the Articles, and Covenants to members of the Association expressly or by implication, including, but not limited to, property rights and rights of access to and over, and use and enjoyment of the common area owned or controlled by the Association, subject to such limitations as may be imposed by the By-Laws, Articles, Covenants, and rules and regulations promulgated by the Association.

Section 2. Limitation on Rights and Privileges of Members. Notwithstanding the grant of rights set forth in Section 1 of this Article IV, no member shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts or duties delegated to the Board or Association by these By-Laws, the Articles or Covenants.

ARTICLE V

Meetings of Members

Section 1. Place of Meetings. All meetings of the members shall be held in Madison County, Montana, at such place as designated by the Board of Directors from time to time.

Section 2. Annual Meetings of Members. The Annual Meeting of members shall be held yearly at such place and time as designated by the Board of Directors. The date, hour and place of such meeting shall be contained in the Notice of Meeting as hereinafter described. The annual meeting shall be the time for the conduct of any and all legitimate business of the Association, including election of directors and presentation of reports. Voting at all such Annual Meetings shall be in the manner prescribed in these By-Laws.

Written notice of the Annual Meeting shall be given to each owner by or at the direction of the President, or the Secretary, by sending a copy of the notice through the mail to each owner at his address as it appears on the records of the Association, and shall be deemed delivered when deposited in the United States mail so addressed, with first class postage thereon prepaid. All such notices of any Annual Meeting shall be sent to each owner not less than twenty (20) days nor more than fifty (50) days before the date of the meeting, and shall specify the place, the date and the hour of such meeting.

Section 3. Special Meetings. Special Meetings of members, for any purpose whatsoever, may be called at any time by the President or by the Board of Directors. Except in special cases where other express provision is made by statute, the Articles, these By-Laws, or the Covenants, notice of such Special Meeting shall be given in the same manner as for Annual Meetings of members and may be given by any person or persons entitled to call such meeting. Notices of any Special Meeting shall specify in addition to the place, the day and the hour of such meeting, the purpose or purposes for which the meeting was called.

Section 4. Adjourned Meetings and Notice Thereof. If a meeting cannot be organized because a quorum has not attended, either in person or by proxy, those present may adjourn the meeting from time to time until a quorum is present, when any business may be transacted that may have been transacted at the meeting as originally called. In the absence of a quorum, no other business may be transacted at such meeting unless these By-Laws, the Articles, or Covenants otherwise provide. Any meeting where a quorum is present may also be adjourned from time to time by the affirmative vote of a majority of the votes present and represented at such meeting in person or by proxy.

When any membership meeting, Annual or Special, is adjourned for thirty (30) days or more, notice of the reconvening of the adjourned meeting shall be given as in the case of the original meeting so adjourned. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 5. Quorum. Members holding fifty (50%) percent of the votes entitled to be cast on the matter to be voted upon, represented in person or by proxy, shall constitute a quorum at a meeting of members, unless a different requirement is imposed by these By-Laws, the Articles or the Covenants, and a majority of the total votes present at a meeting at which a quorum is present shall be necessary for the adoption of any matter to be voted on, unless a different percentage is required by these By-Laws, the Articles, or the Covenants. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members so that less than a quorum is present, and the members then remaining and entitled to cast votes at such meeting shall constitute a quorum in connection with the conducting of such business prior to adjournment.

Section 6. Proxies. Every person entitled to vote or execute ~~consents~~ shall have the rights to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association prior to the commencement of the meeting at which the proxy is to be exercised. Every proxy shall be revocable by the person granting it announcing his revocation to the Secretary of the meeting at which it would otherwise be exercised prior to the exercise thereof, by notifying said Secretary of the meeting, in writing, that

said proxy is revoked, and said proxy shall automatically cease upon sale or conveyance by the person granting the proxy of his interest in his parcel.

ARTICLE VI

Directors

Section 1. Number, Qualifications, Term of Office. The affairs of the Association shall be managed by a Board of Directors. The Board of Directors may be any number from three (3) to nine (9). The initial Board of Directors shall be three (3) persons. At such time as the Board of Directors in its discretion believes it to be in the best interests of the Association, it may increase the Board upon resolution. At each Annual Meeting of the members, the members shall elect the Directors who shall hold office until the next Annual Meeting or until his successor is elected. To serve on the Board of Directors a person must be a paid member of the Association. A paid member of The Shining Mountains Air Park Owners Association may be nominated and elected to serve on the Board of Directors of The Mustang Ranches Association. All members of the Board of Directors must be residents of Madison County, Montana.

Section 2. Removal and Vacancies. The entire Board or any individual director may be removed from office, with or without cause, at any duly called, noticed, and held annual or special meeting of the members, at which a quorum is present by a majority of the members present at such meeting either in person or by proxy, and entitled to vote. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, or by the members at a duly called special meeting and each director so elected shall hold office until his successor is elected at an annual meeting of the members or at a special meeting duly called for that purpose. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized or at any adjournment thereof to elect the additional director so provided for, or in case the members fail at any time to elect the full number of authorized directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board shall have the power to elect a successor to take office when the resignation shall become effective.

Section 3. Place of Meeting. All meetings of the Board of Directors shall be held in Madison County, Montana or at any other place designated by the Board of Directors, either by resolution or verbally.

Section 4. Annual Meeting of the Board. Immediately following the annual meeting of the members of the Association, the Board of Directors shall hold a meeting at the same place for the purpose of

election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 5. Special Meetings. Special Meetings of the Board of Directors for any legitimate purpose may be called at any time by an officer or any two (2) directors.

Notice of time and place of special meetings may be given to each director at least three (3) days prior to the date of such meeting by a notice sent through the United States mail to his address as shown on the records of the Association or may be made telephonically by an officer of the Association. If the notice is sent by United States mail it shall be deemed delivered upon the deposit of such notice in the United States mailbox.

Section 6. Quorum Requirement. The transaction of any business at any meeting of the Board of Directors may be held whenever a quorum is present, provided all members of the Board have been notified as prescribed in these By-Laws.

Section 7. Action By Consent. Any action required to be taken by law at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Quorum. A majority of the Board of Directors shall constitute a quorum thereof. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present, shall be regarded as the act of the Board of Directors, unless the provisions of these By-Laws, the Articles, or the Covenants shall require or permit the particular action involved to be taken by the Board under other circumstances.

Section 9. Notice of Cancellation. Notice of cancellation of any directors' meeting, either regular or special, must be given to all directors if the time and place have been fixed.

Section 10. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at the directors' meeting, either regular or special, may adjourn from time to time until a quorum is present.

Section 11. Entry of Notice. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be made.

Section 12. Compensation. No director of the Association shall receive any salary or other compensation for services rendered as a director or officer of the Association. However, directors and officers shall be reimbursed for expenses incurred in connection with the business of the Association and authorized by the Board. Nothing.

herein shall preclude any director from serving the Association in any capacity other than as an officer or a director and receiving compensation therefor as authorized and approved by the Board. Any director receiving any special compensation for services in any such other capacity shall be excluded from deliberations and voting by the Board relative to the authorization thereof and fixing compensation with regard thereto.

Section 13. Directors Committee. Each director may appoint a committee of property owners at his discretion to assist him in solving problems that may arise. These committee members have no other rights than other property owners and are not entitled to vote at any Board of Directors meetings.

Section 14. Powers and Duties. Subject to the limitations of the Articles, these By-Laws, the Covenants, the Montana Non-Profit Corporation Act, and other applicable law, as to action required to be taken, authorized or approved by the members of the Association, or a portion or percentage thereof, all Association powers and duties, including those set forth in the Covenants shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Association shall be controlled by the Board. Without limiting the generality of the foregoing, the Board shall:

A. Exercise for the Association all powers, duties, and authority vested in or delegated to the Board or the Association, whether by these By-Laws, the Articles, the Covenants, or otherwise.

B. Administer all matters regarding: surface water rights and the location and procedures applicable to the drilling of water wells within the various easements; the oversight and maintenance of all common areas, including upkeep, grading and maintenance of major traverse roads, and the approval of exterior lighting of each residence or outbuilding; receive and expend monies; and exercise architectural approval after January, 1985, or sooner if granted the authority to do so by the general partner of the Shining Mountains North partnership.

C. Have the power to adopt and amend uniform rules and regulations governing the parcels and the members use of the common area, including the personal conduct of members, their guests, servants, tenants, invitees and family members thereon.

D. Establish, levy, assess, collect, and enforce the assessments referred to in these By-Laws in the manner set forth herein. The maintenance of the common area and the performance by the Board of Directors of all of its duties and powers shall be paid out of the assessments so made and collected.

D. The Board may employ a Manager, independent contractors and such other employees as it deems necessary and prescribe their duties, and enter into contracts and agreements for the purpose of providing for the performance of its powers and duties. The Board may further delegate any of its powers to such persons or entities as the Directors may determine.

F. Cause to be kept a complete record of all of its acts and corporate affairs and present a statement thereof to the members at the annual meeting of the members or at any duly called special meeting of the members.

G. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

H. Appoint and remove at its pleasure, all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, subject to the limitations on compensation to directors, and obtain such fidelity bonds as it may deem necessary or appropriate. The premium on such bonds shall be paid for by the Association.

ARTICLE VII

Officers

Section 1. Enumeration of Officers. The officers of the Association shall be a president, vice-president, a secretary, a treasurer and such other officers and assistants as the Board of Directors may deem necessary. Any person may hold more than one office, provided that no one person may be both the president and secretary of this Association. The president, vice-president and secretary shall be members of the Board of Directors. Any officer must be a member of the Association.

Section 2. Election. The officers shall be chosen annually by a majority vote of the Directors.

Section 3. Term. All officers shall hold office for a term of one year, or until their successors are elected. However, all officers may be removed from office at any time at the pleasure of the Board.

Section 4. President. The president shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board of Directors. He shall be ex-officio a member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a Montana Non-Profit Corporation, and shall have such powers and duties as may be prescribed by the Board of Directors or by these By-Laws.

Section 5. Vice-President. In the absence or disability of the president, the vice-president shall perform all the duties of the president, and when so acting shall have all power of, and be subject to all the restrictions upon, the president. The vice-president shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or by these By-Laws.

Section 6. Secretary. The secretary shall keep or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those persons present at the directors' meetings, the number of members present or represented at a members meeting and the proceedings thereof.

The secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by the By-Laws or by law to be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

Section 7. Treasurer. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection. The treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

ARTICLE VIII

Miscellaneous

Section 1. Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 2. Contracts, Etc. How Executed. The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 3. Inspection of By-Laws. The Association shall keep in its principal office the original or a copy of the By-Laws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

Section 4. Fiscal Year. The fiscal year of the Association shall begin on July 1 of each year and terminate on June 30 of each year.

Section 5. Books and Records. The books, records, minutes, names and addresses of members entitled to vote, and papers of the Association shall be kept at the principal place of business of the Association in the State of Montana, and shall at all times, during reasonable business hours, be subject to inspection by any member, his attorney, or agent.

ARTICLE IX

Evidence of Membership, Seal

Section 1. Evidence of Membership. The Board shall have the power, but not the obligation, to cause the issuance of evidence of membership in the Association to the members thereof in such form as the Board shall determine.

Section 2. Seal. The Association shall have a seal in circular form having within its circumference the name of the Association, its date of incorporation, and such other matters as may be required by the laws of Montana.

ARTICLE X

Amendments, Etc.

Section 1. Amendments. Except where a greater number is provided by the Articles, these By-Laws, or by law, these By-Laws may be amended only by the affirmative vote of members representing at least fifty-one (51%) percent of all of the parcels in the project entitled to vote. Amendments shall be kept by the secretary with the other records and books of the Association.

Section 2. Conflicts. In the event of any inconsistency between these By-Laws and the Articles, the Articles shall control, and in the event of any inconsistency between these By-Laws, the Articles, or the Covenants, the Covenants shall control.

Section 3. Shining Mountains North Partnership. The general partner of Shining Mountains North partnership shall be entitled to one vote for each parcel within the project which is owned by the partnership and not yet sold.

Executed this 11th day of July, 1982.

Robert G. Squire
ROBERT G. SQUIRE

Judith M. Squire
JUDITH M. SQUIRE

Richard F. Forsythe
RICHARD F. FORSYTHE

**SHINING MOUNTAINS AIRPARK (SMAO) & MUSTANG RANCHES (MR)
ASSOCIATION RULES & REGULATIONS**

Under the protective Covenants applying to all of the Shining Mountains Airpark & Mustang Ranches properties, the Board of Directors is responsible for the administration, regulation, and enforcement of the covenants, Bylaws, and Rules & Regulations.

A. Definition of Member

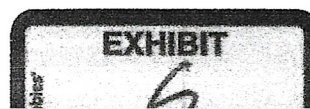
1. Any property owner(s) who have paid their membership dues up to date.
2. Any relative shall be considered a guest.

B. Access to Recreational Opportunities

1. Only current (paid up) members, spouses, and resident children have privileges and are allowed access to the National Forest Service and other common areas.
2. Guests may use the common areas only when accompanied by a current member. Both member and guest use these facilities at their own risk.

C. Respect for Fellow Member's Property

1. Shining Mountains Airparks & Mustang Ranches is a residential subdivision.
2. Domestic animals shall be kept under the owner's control.
3. It is the responsibility of the property owner to fence in their animals.
4. Wheeled vehicles must stay on existing roads.
5. Trespassing on another member's property is not allowed. In accordance with state law, snowmobilers and ATV riders must have property owner's permission to access that owner's land.



D. Building Construction and Appearance

1. As provided in Articles 2&3 of the Shining Mountains Covenants, architectural approval is vested in the SMOA Board of Directors. Applications for Construction must be obtained from, submitted to, and approved by the Architectural Board and the Board of Directors prior to commencing work.
2. All residences, ancillary buildings, guest facilities, etc. must be sided with brick, stone, cement, wood or wood vinyl, or metal siding, with acceptable stain or paint in the final coat.
3. No single or double wide mobile homes are permitted. Modular double wide homes on a permanent foundation with all means of moving have been removed are approved.
4. Buildings constructed for commercial purposes are not permitted, only on commercial lots.
5. Land surrounding a residence is not to be used for commercial purposes except for commercially zoned lots in Airpark.
6. Dusk-to-dawn yard lights are not permitted. Switchable or proximity activated yard lights are recommended.
7. Gates or fences on or across SMAOA and MR roads or the associated 60' easements are not permitted. Any unapproved gates, fences or permanent structures on or across these roads or easements must be removed.
8. The Board of Directors reserves the right to close certain roads during the rainy season to all but local resident travel.
9. Signs other than "No Hunting," "No Trespassing" and "Private" must be approved by the Board of Directors prior to posting.
10. All Montana State and Madison County laws, ordinances, and regulations, unless herein exceeded, shall be followed.

E. Hunting and Firearms

1. Owners and their guests must assume full responsibility when discharging weaponry on any Airpark or Ranches property. The SMAOA and Mustang Ranches do not encourage the use of any weapon within the Airpark or Ranches.
2. Discharge of firearms is not permitted other than for varmint control (by the use of shotgun, rim-fire 22, or handgun).
3. Game hunting is not permitted on SMAOA, MRA or any county property.
4. All Montana state hunting regulations apply.

F. Hunting, Recreation, and Common Areas

1. Trespassing on another member's property is not permitted.
2. Vehicles are not permitted on other property owner's land.
3. No ground fires are permitted unless a burning permit has been obtained from Madison Valley Rural Fire District.
4. Members and guests are expected to pack out their own trash.
5. Posted regulations are enforced.

G. Safety Security and Regulation Enforcement

1. Vehicle speed is limited to 35 miles per hour.
2. Random patrolling by County Sheriff and state officials is in effect.

H. Water Rights and Usage

1. The Board of Directors is responsible for administering all matters regarding water rights.
2. Individual owners may not interfere with the flow of water in existing ditches, on or off their own property. In the event that a ditch is interrupted or moved, the property owner must relocate the ditch, at his or her own cost, to ensure equitable water shares down stream.

I. Weed Control

1. The Board of Directors is responsible for the establishment and maintenance with weed control of ditches on common areas and roadside easements.
2. Individual property owners are responsible for establishing and maintaining ditches , noxious weeds and related structures within their property lines in accordance with the established standards.
3. Under MCA 7-22-2166 Montana - County Noxious Weed Control Act states, "It is unlawful to permit noxious weeds to propogate. Refusal to obey an order or Notice of the County Weed Board is a Crime." - MCA 7-22-2117.
4. In the event of non-compliance after notice, the County Weed Board is authorized to enter upon private property, destroy noxious weeds and submit the bill to the landowner for payment - MCA 7-22-2124.
5. In the event of non payment, the County may assess the costs as a special tax on real property - MCA 7-21-2148.