

BY-LAWSKOOTENAI WOODS HOMEOWNERS' ASSOCIATION, INC.ARTICLE I

NAME AND LOCATION. The name of the corporation is Kootenai Woods Homeowners' Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 150 Marken Loop, Bigfork, Montana 59911, but 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. "Association" shall mean and refer to Kootenai Woods Homeowners' Association, a Montana non-profit corporation, its successor and assigns.

Section 2. "Declarant" shall mean and refer to VINCENT GRILLO, his successors and assigns.

Section 3. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Clerk and Recorder, Lake County, Montana, on September 24<sup>th</sup>, 2004 as Microfilm No. 451889.

Section 4. "Common Area" shall mean all real property (including any improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The Common Area, containing 15.44 acres, described in the plat of Kootenai Woods Subdivision, Lake County, Montana, recorded with the Clerk and Recorder of Lake County, as Homeowner's Common Area 1, 2, 3 and 4, shall be conveyed by the Declarant to the Association prior to January 1 of the year immediately following the acceptance of the subdivision improvements by Lake County. The Declarant shall maintain the Common Areas until they are conveyed to the Association.

Section 5. "Private Roadways" that are to be constructed by the Declarant, shall mean all real property (including improvements thereon) owned by the Association for the common use and enjoyment of the Owners of Lots #1 – 50 of the Kootenai Woods Subdivision. The Private Roadways, containing 9.52 acres, described in the plat of Kootenai Woods Subdivision, Lake County, Montana, recorded with the Clerk and Recorder of Lake County, shall be conveyed by the

Declarant to the Association prior to January 1 of the year immediately following the acceptance of the subdivision improvements by Lake County. The Declarant shall maintain the Private Roadways until they are conveyed to the Association.

Section 6. "Lot" shall mean and refer to each tract of land shown on the plat except for Homeowner's Common Area 1, 2, 3 and 4 and the Private Roadways.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Property" or "Properties" shall mean and refer to Kootenai Woods which real property is hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

### ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held approximately on the same day of the same month of each year thereafter, at an hour designated by 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 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 meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 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, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of members and proxies entitled to cast, twenty percent (20%) of the votes of the membership shall constitute a quorum for any action except as



otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any 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 represented.

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. Every proxy shall be revocable and shall automatically cease upon conveyance by the member.

#### ARTICLE IV

##### BOARD OF DIRECTORS: SELECTION - TERM OF OFFICE

Section 1. Number. A Board of three (3) directors, who need not be members of the Association, shall manage the affairs of this Association.

Section 2. Term of Office. At the first annual meeting the members shall elect three (3) directors: 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; and at each annual meeting thereafter the members shall elect for a term of three years a number of directors equal to the number of directors whose terms are ending at the time of the annual meeting.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Actions Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

#### ARTICLE V

##### NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. A Nominating Committee shall make nominations for election to the Board of Directors. 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 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 and such appointment shall be announced at each 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.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least semi-annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

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 two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of 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 a quorum is present shall be regarded as the act of the Board.

#### ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed 60 days for infraction of published rules and regulations;



- c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- e) Employ a manager, and independent contractor or employees as they deem necessary, and to prescribe their duties;
- f) Enter a lease agreement with Lake County for use and maintenance of County Park land on Songbird Lane.

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

- a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- c) as more fully provided in the Declaration, to:
  - (1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
  - (2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
  - (3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. The Board for the issuance of these certificates may make a reasonable charge. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- e) Procure and maintain adequate liability and hazard insurance on property owned or leased by the Association;
- f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- g) Cause the Common Areas and Private Roadways to be maintained.

ARTICLE VIII  
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, a treasurer and a land steward, and such other offices as the Board may from time to time by resolution create.

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

Section 3. Term. The Board shall elect the officers of this Association annually and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

Section 5. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time giving written notice to the Board, the president and the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified 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. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The same person may hold the offices of secretary and treasurer. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.



Vice-President

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

Secretary

c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board 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.

Treasurer

d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Land Steward

e) The land steward shall be responsible for the maintenance and improvements to all common areas owned by the Association as described in the Covenants, Conditions and Restrictions, and any other land that may be bought or leased by the Association.

ARTICLE IX  
COMMITTEES

The Association shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X  
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 By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI  
ASSESSMENTS

Section 1. As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments that are secured by a continuing lien upon the property against which the assessment is made. Any assessments that are not paid when due shall be delinquent. 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 twelve percent (12%) 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. Interest, costs, and reasonable attorney's fees of any 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 the Common Area or abandonment of his Lot.

Section 2. Written notice of any meeting called for the purpose of taking any action authorized for Annual Assessments or Special Assessments and Capital Improvements shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast twenty percent (20%) of all the votes of membership shall constitute a quorum. If, however, such quorum shall not be present or represented at any 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 represented.

ARTICLE XII  
AMENDMENTS

Section 1. Amendment to these By-Laws shall require assent of two-thirds (2/3) of the membership of the Association.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII  
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.



IN WITNESS WHEREOF, we, being all of the directors of the Kootenai Woods Homeowners' Association, Inc., hereunto set our hands this 29<sup>th</sup> day of September, 2004.

*Vincent Grillo*  
VINCENT GRILLO

*Tara Harbin*  
TARA HARBIN

*Steve Harbin*  
STEVE HARBIN

STATE OF MONTANA

County of Flathead Lake

On this 29<sup>th</sup> day of September, 2004, before me, the undersigned, a Notary Public for the State of Montana, personally appeared known to me to be the Directors of Kootenai Woods Homeowners' Association, Inc. a Montana corporation, whose names are subscribed to the within instrument and acknowledged to me that they executed the same on behalf of the corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first hereinabove written.



*Melissa A. Kinyon*  
Notary Public for the State of Montana.  
Melissa A. Kinyon  
Residing at Polson, MT

My Commission Expires: 5-1-2005

Return to  
Kootenai Woods Homeowners Assn  
PO Box 394  
Bigfork MT 59911

STATE OF MONTANA, COUNTY OF LAKE

Recorded At 2:59 O'clock P M SEP 29 2004

Microfilm 452052 RUTH E. HODGES Recorder

Fees \$ 54<sup>00</sup> By Pamela O. Repnak Deputy