

BYLAWS
of
Grizzly Peak Homeowners Association, Inc.

(Revised and Updated September 15, 2011)

1. CORPORATION OFFICES AND PURPOSES

1.1 Registered Office. The registered office of the corporation required by the Montana Nonprofit Corporation Act to be maintained in the State of Montana may be, but need not be, identical with the principal office in the State of Montana, and the address of the registered office and registered agent may be changed from time to time by the board of directors.

1.2 General Purposes. The purposes for which the corporation is formed are to:

- a) Provide a means for the owners of lands in the Grizzly Peak Mountain Homes Subdivisions in Carbon County, Montana and owners of adjoining lands, as specified in paragraph 3.1, to join together for the certain common ownership, maintenance, repair and improvement of the private road and bridge system, and related real and personal property that is acquired by the corporation;
- b) Preserve and enhance the general value of the members' properties;
- c) Enhance the security, safety and welfare of the members and their properties;
- d) Generally perform all matters incidental to the corporation of a homeowners association; and
- e) Engage in any activity consistent with the Articles of Incorporation and not prohibited by the Montana Nonprofit Corporation Act.

2. BOARD OF DIRECTORS

2.1 Management by Board of Directors. The business and affairs of the corporation shall be managed by its board of directors.

Section 4.13 updated @ 9-18-12 Annual Meeting

2.2 Number, Tenure and Qualifications of Directors. The number of directors of the corporation shall be 7, which number may be increased or decreased, but not to less than 3 nor more than 7 by amendment to this bylaw, but no decrease shall have the effect of shortening the term of any incumbent director. Directors need not be residents of the State of Montana. Each director shall serve a term of two years. The terms of the directors shall be staggered so that the term of approximately the same number shall expire each year.

2.3 Powers and Duties. The board of the directors shall exercise all powers vested in the corporation which are not reserved to the membership by the corporation's articles of incorporation, by these bylaws, or by the Montana Nonprofit Corporation Act. Without necessarily limiting those powers, the board of directors shall have the power and duty to:

- a) Accept the transfer to the corporation from the land owners of the owner's rights to the road system, and to grant to all owners, and to their assignees, licenses and invitees, the right to use the road system for access to the owners' lots, except that general access shall not be granted for that portion of the Kinikinic Trail which is adjoined on both sides by lands owned by the owners of Lot 3, Block 3, and Lots 4, 5, 6 and 7, Block 4, Third Filing.
- b) Maintain, repair and improve the road system, but no road improvements with a cost in excess of \$5,000 shall be undertaken without approval of the members.
- c) Adopt and publish rules and regulations governing the use and restrictions on use of the road system by persons who are not members of the corporation.
- d) Submit proposed assessments to the members.
- e) Suspend the voting rights of any member who fails to pay any assessment levied by the corporation within 60 days after notice of the levy has been given.
- f) Recommend to the membership the termination of an owner's membership in the corporation if the owner-member has failed to pay any assessment levied by the corporation within 90 days after notice of the levy has been given.
- g) Maintain adequate liability insurance on property owned by the corporation, and to pay property taxes thereon, if any.

- h) Take such steps as may reasonably be necessary to enhance the security of the subdivision, but they shall not erect or establish any gate or gates without approval of two-thirds of the votes entitled to be cast at a membership meeting at which a quorum is present.
 - i) Acquire and manage other real estate, where the acquisition is approved by the members.
- 2.4 **Regular Meetings.** A regular meeting of the board of directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of members. The board of directors may provide, by resolution, the time and place, within Yellowstone County or Carbon County, Montana, for the holding of additional regular meetings without notice other than the resolution.
- 2.5 **Special Meetings.** Special meetings of the board of directors may be called by the president or any director. The person or persons calling special meetings of the board of directors may fix any place, within Yellowstone County or Carbon County, Montana, as the place for holding the meeting.
- 2.6 **Telephonic Attendance at a Meeting.** Any or all of the directors may participate in a regular or special meeting by or conduct the meeting through the use of telephone or any other means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is considered to be present in person at the meeting.
- 2.7 **Notice of Special Meetings.** Notice of any special meeting shall be given at least 5 days previously thereto by written notice delivered personally, mailed to each director at the director's business or residential address, or electronically mailed to each director. If mailed, the notice shall be deemed to be given when deposited in the United States mail so addressed, with postage prepaid. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the board of directors need be specified in the notice or waiver of the notice of the meeting.
- 2.8 **Quorum.** A majority of the number of directors fixed by the bylaws shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than a majority is present at a meeting, a

majority of the directors present may adjourn the meeting from time to time without further notice.

- 2.9 **Manner of Acting.** Unless otherwise provided by the Montana Nonprofit Corporation Act, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. Each director shall have one vote. Directors shall not vote or sign directors' resolutions by proxy.
- 2.10 **Vacancies.** Any vacancy occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors shall be appointed by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors, by the filing with the secretary or the board of directors of a written designation of the person or persons so named. A reduction in the authorized number of directors shall not serve to disenfranchise any director prior to the expiration of the term for which he or she was elected. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.
- 2.11 **Compensation.** No director shall receive compensation for any service rendered to the corporation. However, any director may be reimbursed for actual reasonable authorized expenses incurred in the performance of corporate duties.
- 2.12 **Presumption of Assent.** A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director's dissent shall be entered in the minutes of the meeting or unless a written dissent to the action is filed with the person acting as the secretary of the meeting before the adjournment thereof, or unless the dissent is forwarded by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action.
- 2.13 **Removal.** A director may be removed, with or without cause, if a majority of the directors present at a duly constituted meeting votes for the removal. Removal is effective only if it occurs at a meeting called for that purpose. Notice must be sent to all directors that a purpose of the meeting is removal.
- 2.14 **Actions Without Meeting.** Any action required or permitted to be taken at a meeting of directors may be taken without a meeting if a consent in writing or by electronic mail, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject

matter thereof. The consent shall have the same effect as a unanimous vote.

- 2.15 **Resignation.** A director may resign at any time by delivering written notice to the board of directors or the president. Unless the notice specifies a later effective date, a resignation is effective when the notice is delivered. If a resignation is effective at a later date, the board may fill the pending vacancy provided that the successor does not take office until the effective date.

3. MEMBERS

- 3.1 **Qualifications.** The persons who are eligible to become members of the corporation shall consist of the record owners of the lands in the Grizzly Peak Mountain Homes Subdivisions in Carbon County, Montana, and the record owners of adjoining lands in Section 32, Township 7 South, Range 32²⁰ East who have access to and from their lands via the present County Road of approximately one mile in length that connects the Grizzly Peak Mountain Homes Subdivisions with the County Road that runs from the ski run road to the Palisades Campground. If a lot is being purchased under a contract for deed, the contract buyer, if notice of the purchase has been recorded, shall be deemed the record owner.
- 3.2 **Membership.** All persons eligible for membership shall be deemed to be members of the corporation. A member's membership in the corporation shall terminate as follows:
- a) When a member ceases to be a record owner and is therefore no longer an eligible member under paragraph 3.1.
 - b) Upon a termination of the membership for the failure of a member to pay any assessment levied by the corporation within 60 days after notice of the levy has been given, which shall be effective upon the adoption of a resolution of termination at a meeting of the members.
- 3.3 **Transfer of Membership; New Members.** Any person who acquired a lot from a member and who becomes a record owner of the lot shall automatically become a member of the corporation. In addition, any person who is an eligible member shall become a member upon payment of any unpaid assessments with respect to the lots owned by the eligible member, and upon written notice to the corporation secretary.
- 3.4 **Voting.** When more than one person holds an interest in any lot, all such persons shall be members, but no more than one vote shall be cast with

respect to any lot. If only one member of a multiple-owned lot attends a meeting, that member shall be entitled to cast the entire vote; if more than one member attends, the vote shall be apportioned between them. No person shall be entitled to more than one vote, even if that person owns more than one lot. Cumulative voting is not permitted.

- 3.5 **Annual Meeting.** The annual meeting of the members shall be held the third Tuesday of September in each year, at the hour of 7:00 p.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the designated day, or at any adjournment, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient.
- 3.6 **Special Meetings.** Special meetings of the members, for any purposes, unless otherwise prescribed by statute, may be called by the president or by the board of directors, or by not less than 10% of all members of the corporation entitled to vote at the meeting.
- 3.7 **Place of Meeting.** The board of directors may designate any place within Yellowstone County or Carbon County, Montana, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. A waiver of notice signed by all members entitled to vote at a meeting may designate any place within Yellowstone County or Carbon County, Montana, as the place for the holding of the meeting.
- 3.8 **Notice of Meeting.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 or more than 50 days before the date of the meeting, either personally, by mail or by electronic mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address of the member as it appears on the books of the corporation, with postage thereon prepaid. Any member may waive notice of any meeting.
- 3.9 **Membership Register.** For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the board of directors of the corporation may provide that the membership register shall be closed for a stated period but not to exceed, in any case, 50 days.
- 3.10 **Quorum.** The presence at a meeting of 25% of the members of the corporation entitled to vote, represented in person or by proxy, shall

constitute a quorum at a meeting of members. If less than the required members are represented at a meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

- 3.11 **Proxies.** At all meetings of members, a member may vote by proxy executed in writing by the member or by a duly authorized attorney-in-fact. The proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. A proxy signed by less than all of the members of a multiple-ownership lot shall cause the proxy to be effective as to the entire voting rights of the lot members, unless the other members are present or have executed a proxy, in which event the vote shall be apportioned. The holder of a proxy or proxies shall be limited to one vote by proxy, so that if the holder is also a member, the total votes to be cast by that person shall be limited to two.

4. ASSESSMENTS

- 4.1 **General Assessments.** Upon approval by the members, annual and special assessments shall be made on all members for the costs necessary for the corporation to carry out its general purposes. General assessments shall be allocated proportionately to all members on the ratio of the voting rights of each to the total voting rights.
- 4.2 **Snow Plowing Assessments.** Annual and special assessments for the purpose of snow removal shall be limited to and voted upon only by those members with improvements on their lots.
- 4.3 **Side Road Improvements.** The cost of any substantial maintenance, repair or improvements (except snow removal) to the roads other than the main loop road shall be borne by the owners adjoining the roads in such manner as they shall agree.

5. OFFICERS

- 5.1 **Required and Permissible Officers.** The officers of this corporation shall include a president, vice president, secretary and treasurer. Any two or more offices may be held by the same person. Such other officers and assistant

officers and agents as may be deemed necessary may be elected or appointed by the board of directors.

- 5.2 **Election and Term of Office.** The officers of the corporation to be elected by the board of directors shall be elected annually by the board of directors at the regular meeting of the board of directors. If the election of officers shall not be held at the meeting, the election shall be held as soon thereafter as is convenient. Each officer shall hold office until a successor is duly elected or until the officer's death, resignation or removal. The officers shall have such duties, in addition to those expressed herein, as the board of directors shall specify from time to time.
- 5.3 **Removal.** Any officer or agent elected or appointed by the board of directors may be removed at any time, with or without cause, by the board of directors.
- 5.4 **Vacancies.** A vacancy in any office because of death, resignation, removal or otherwise, may be filled by the board of directors for the unexpired portion of the term.
- 5.5 **President.** The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. The president may sign any deeds, contracts, or other instruments, except in cases where the signing and execution is expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, and in general shall perform all duties incident to the office of president.
- 5.6 **Vice President.** In the absence of the president or in the event of the president's death, 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 perform such other duties as from time to time may be assigned by the president.
- 5.7 **Secretary.** The secretary shall: a) keep the minutes of the meetings of the shareholders and of the board of directors in one or more books provided for that purpose; b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; c) be custodian of the corporate records of the corporation; and d) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president.
- 5.8 **Treasurer.** The treasurer shall: a) have charge and custody of and be responsible for all funds and securities of the corporation, receive and give

receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all funds in the name of the corporation; b) furnish an annual report to each member, at or prior to the annual meeting of members, detailing the receipts and disbursements of the corporation, and its financial position; and c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the president.

- 5.9 **Compensation.** No officer shall receive compensation for any service rendered to the corporation. However, any officer may be reimbursed for actual reasonable expenses incurred in the performance of corporate duties that are approved by the board of directors.

6. CONTRACTS, LOANS, CHECKS AND DEPOSITS

- 6.1 **Contracts.** The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.
- 6.2 **Loans.** No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.
- 6.3 **Checks, Drafts, etc.** All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.
- 6.4 **Deposits.** All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

7. MISCELLANEOUS

- 7.1 **Waiver of Notice of Meetings.** Any notice which is required to be given to any director of the corporation under the provisions of these bylaws or under the provisions of the articles of incorporation, or under the provisions of the Montana Nonprofit Corporation Act, may be waived by the director by a written waiver, signed by the director entitled to the notice and filed with the minutes of the corporate records.

- 7.2 **Amending Bylaws.** These bylaws may be altered, amended or repealed and new bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors. Notice of the meeting must be given in accordance with paragraph 2.7 and the notice must also state that the purpose or one of the purposes of the meeting is to consider a proposed amendment to the bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment.
- 7.3 **Books and Records.** The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its board of directors.
- 7.4 **Indemnification.** The corporation shall indemnify any director or officer of the corporation against all claims, liabilities, expenses and costs necessarily incurred by him or her or incurred by the director or officer in connection with the defense, compromise or settlement of any action, suit or proceeding, civil or criminal, in which such person is made a party by reason of being or having been such director or officer, except in relation to matters as to which such person shall be adjudged in the action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the corporation, to the extent not otherwise compensated, indemnified or reimbursed by insurance.
- 7.5 **Fiscal Year.** The fiscal year of the corporation shall begin on January 1 and end on December 31 of each year.
- 7.6 **Expenses Without Written Approval.** A member of the association, including individual members of the Board, who encumbers the association for an expense without written approval of the Board, shall be responsible to pay the expense.

David L. Johnson

From: Grizzly Peak Homeowners [grizzlypeakhomeowners@gmail.com]
Sent: Monday, September 19, 2011 10:43 AM
To: Bishop, Randy & Julie; Boughey, Lynn & Lanette; Brown, Robert & Nancy; Burg, John & Pat; Carpenter, Vince & Janet; Compagna, Katherine; Crilly, Mike; Dahmer, Scott & Susan English; Dietrich, Anne; Dietrich, Janet & Dan Erikson; Dimich, Tom & Pam; Dimich-Louvet, Thierry & Nancy; Foster, Cynthia; Fulton, Angus & Margie; Garrett, Neil; Gertsen, Ketih & Gretchen; Griffin, Phil & Barbara; Hartman, Al & Connye; Haukedahl, Mark & Cathy; Henry, Steve & Judy; Herrick, Scott; Hoyer, Paul & Dikken; Jacobson, Tom & Julie; David L. Johnson; Kraft, Doug & Teri; Kristiansen, Don & Leigh; Lechner, Teresa; Leslie, Bill & Claire; Loendorf, Larry & Paula; Lohof, Bruce & Annemarie; Maniscalco, Joe & Lilani Snyder; McCracken, Clayton; McCracken, Joan; McDonough, Jean; Moak, Mark & Rhett; Monaghan, Peggy; Morledge, Patty; Norsworthy, Jase & Margaret Ann; Overton, John & Shirley; Paesler, Michael; Philipsborn, Anita; Pilcher, Chris & Dawn; Rawlings, Jim & Pat; Reno, Jim & Peggy; Ridgway, Jim & Diane; Schindele, Pat & Michelle; Selover, George & Patty; Sister Clara Scherr; Sister Marie Damian Glatt; Sisters of Charity; Smith, Barry; Smith, Ron & Karin; Streeter, Ramie; Summers/Schied; Tackes, Paul & Renee Elsen; Thom, Ron & Audra; Vap, Dennis & Sue; Vap, Susan & James Jacobsen; Vinik, Jay & Marilyn; Wilson, Mark & Sheila; Wroe, Joanne; Zawada, Joe & Jackie; nancydimich@gmail.com
Subject: Revised Bylaws (9/15/2011) and Budgets
Attachments: BYLAWS.doc; GP Financial Report 2011.xlsx; GP Treasurer's Report 2011.xlsx

Dear Grizzly Peak Homeowners,

Attached, please find the Revised Bylaws. These Bylaws incorporate the changes made on October 4, 2004 and the changes made by the current Board of Directors with the counsel of David Johnson, Len Smith and David Dietrick, for which we are grateful.

In summary, the changes from the July 27, 1996 Bylaws are as follows (the page numbers, unless noted, refer to the Sept. 15, 2011 revised Bylaws):

October 4, 2004 Changes:

- page 6 (3.5) change October to September
- page 10 Add (7.6) **Expenses Without Written Approval.** A member of the association, including individual members of the Board, who encumber the association for an expense without written approval of the Board, shall be responsible to pay the expense.

September 15, 2011 Changes:

- page 2 (2.2) The number of directors of the corporation was changed from 5 to 7.
- page 2 (2.2) The clause "except that two of the initial directors shall serve a one year term" was deleted since it is no longer time-relevant.
- page 2 (2.3 a) At the end of the paragraph, the legal description of the lots was substituted for "Robert Morrison family."
- page 3 (2.7) Added "or electronically mailed"
- page 5 (3.2) Deleted "Upon adoption of these bylaws" because it is no longer time-relevant. (1996 Bylaws)
- page 5 (3.2 a) Deleted entire paragraph beginning "Upon receipt by the corporation secretary...." (1996 Bylaws)
- page 6 (3.8) Added "or by electronic mail"
- page 7 (5.1) Added "vice president" to first sentence.
- page 8 (5.7 c) Deleted "and of the seal" since it is not legally necessary for our nonprofit corporation.
- page 9 (7.1) Deleted entire paragraph regarding Corporate Seal for the same reason as stated above. (1996 Bylaws)

BY-LAW CHANGE

SEPTEMBER 16, 2012

OLD BY-LAW

Section 4.3 **Side Road Improvements.** The cost of any substantial maintenance, repair or improvements (except snow removal) to the roads other than the main loop road shall be borne by the owners adjoining the roads in such manner as they shall agree.

NEW BY-LAW

Section 4.3 **Side Road Improvements.** Unless otherwise authorized by the members at an annual or special meeting, the cost of any substantial maintenance, repair or improvements (except snow removal) to the roads other than the main loop road shall be borne by the owners adjoining the roads in such manner as they shall agree.