

**BYLAWS
OF
QUAIL RIDGE HOMEOWNERS ASSOCIATION, INC.**

These Bylaws are and constitute the bylaws for the QUAIL RIDGE HOMEOWNERS ASSOCIATION, INC. ("Homeowners Association"), effective as of April 8, 2003.

Plot: 200309810400

**ARTICLE I.
Definitions**

The terms defined in the Declaration of Covenants, Conditions and Restrictions of Quail Ridge, recorded in the records of Flathead County, Montana, (the "Declaration") shall have the same meaning in these Bylaws.

**ARTICLE II.
Offices**

The initial principal offices of the Homeowners Association shall be at 1630 Lake Blaine Rd., Kalispell, MT 59901. The board of directors may change the location of the principal offices. The Homeowners Association may also have offices and may carry on its purposes at such other places within and outside the State of Montana as the board of directors may from time to time determine.

**ARTICLE III.
Property Rights and Rights
of Enjoyment of Facilities and Functions**

Each member and guest shall be entitled to the use and enjoyment of the Homeowners Association Common Areas, common facilities and functions, subject to such rules and regulations as may be adopted by the board of directors from time to time, pursuant to these Bylaws, below.

**ARTICLE IV.
Membership, Voting, Quorum and Proxies**

1. Members. The members of the Homeowners Association shall be all Owners of the Lots within Quail Ridge, as defined in the Declaration. Initially, Quail Ridge consists of the property described on Exhibit "A" attached hereto. The Declarant may expand the membership of the Homeowners Association by annexing additional real property to Quail Ridge, as provided in the Declaration.

2. Voting Rights. The voting rights of the members within the Homeowners Association shall be limited to one (1) vote per Lot. If a person or entity owns more than one Lot, that person or entity shall have as many votes as the number of Lots owned by that person or entity. If more than one person or entity has an ownership interest in a single Lot, such persons or entities must decide among themselves how the vote for that Lot shall be cast. In the case of multiple owners of a single Lot, unless informed otherwise in writing, it shall be assumed that the first person listed in the ownership records of the Homeowners Association shall be permitted to act in all respects for that Lot.

3. Record Date. The board of directors shall have the power to fix in advance a date as a record date for the purpose of determining members entitled to notice of or to vote at any meeting or to be furnished with any other information or material, or in order to make a determination of membership, for any purpose. The members existing on any such record date shall be deemed members for such notice, vote, meeting, furnishing of information or material, or other purpose, and for any supplementary notice or information or material with respect to the same matter and for any adjournment of the same meeting. A record date shall not be more than 50 days prior to the date on which the particular action requiring determination of membership is proposed or expected to be taken or to occur. If no record date is established for a meeting, the date on which notice of such meeting is first given to any member shall be deemed the record date for the meeting.

4. Quorum. Except as otherwise provided in the Articles of Incorporation or these Bylaws, the presence in person or by proxy of the Owners of thirty-three percent (33%) of the Lots shall constitute a quorum.

5. Proxies. Votes may be cast in person or by proxy. Every proxy must be executed in writing by the member or his duly authorized attorney in fact. Except as provided in Article X herein, no proxy shall be valid after the expiration of eleven months from the date of its execution.

6. Majority Vote. At any meeting of the members where a majority vote is required, if a quorum is present, the affirmative vote of the Owners of a majority of the Lots represented at the meeting, in person or by proxy, shall be the act of the members unless the vote of a greater number is required by law, the Articles of Incorporation, the Declaration or these Bylaws as from time to time in force and effect.

7. Written Ballot. Any action which can be taken at a meeting of members may also be taken by written ballot. The ballot must set forth each action proposed to be taken and provide an opportunity to vote for or against the proposed

action. The ballots must be mailed to all members at their addresses shown on the records of the Homeowners Association, together with a statement of the number of responses needed to meet the quorum requirements, the percentage of votes that is needed to pass the proposed action, and the date upon which the ballot must be returned to the Homeowners Association in order to be counted. A written ballot, once received by the Homeowners Association, may not be revoked.

ARTICLE V. Meetings of Members

1. Annual Meeting. The annual meeting of the members of the Homeowners Association shall be held at a time and place in Flathead County designated by the Homeowners Association board of directors. The meeting shall be for the purpose of providing a forum for the homeowners to elect directors and for the transaction of such other business and matters as may be pertinent to the Homeowners Association which is brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday in Montana, such meeting shall be held on the next succeeding business day.

2. Special Meetings. Special meetings of the members, for any purpose, may be called by the president or by a majority of the board of directors.

3. Place of Meeting. The board of directors may designate any place in Flathead County as the place for any annual meeting or for any special meeting called by the board of directors.

4. Notice of Meeting. Written notice of any meeting of the members stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally or by mail to each member entitled to vote at such meeting not less than fourteen (14) days nor more than fifty (50) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears in the office of the Homeowners Association, with postage thereon prepaid.

ARTICLE VI. Board of Directors

1. Number, Tenure and Qualifications. The business and affairs of the Homeowners Association shall be managed by a board of directors. Directors shall be appointed or elected as follows:

(a) The initial Directors of the Homeowners Association shall be:

Roger M. Fricke
1630 Lake Blaine Rd.
Kalispell, MT 59901

Caren E. Fricke
1630 Lake Blaine Rd.
Kalispell, MT 59901

Norma Weatherald
1630 Lake Blaine Rd.
Kalispell, MT 59901

(b) During the Period of Declarant Control, Declarant may appoint, remove and replace from time to time all of the directors of the Homeowners Association. If Declarant so elects, Declarant may from time to time relinquish, either on a temporary or permanent basis, the right to appoint all or a portion of the directors of the Homeowners Association; provided that any such relinquishment shall be expressed in writing to the Homeowners Association.

(c) Following the Period of Declarant Control, Directors shall be elected or appointed annually by the members at the Homeowners Association annual meeting.

The total number of directors comprising the board of directors may be increased or decreased from time to time by act of the board of directors, but the number of directors shall not be less than three (3) directors nor more than five (5) directors. Each director shall hold office until the election or appointment and qualification of his successor. If a director resigns, his replacement shall hold office only until the next annual meeting of the Homeowners Association.

2. Resignations, Vacancies. Any director may resign at any time by giving written notice to the president or the secretary of the Homeowners Association. Such resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the board of directors by reason of resignation or death, may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum, except that during the Period of Declarant Control, the vacancy shall be filled by Declarant. A director elected to fill such a vacancy shall be elected to serve until the next annual meeting of the members.

3. General Powers. The board of directors shall have and may exercise all the powers of the Homeowners Association consistent with the Declaration, except such as are expressly conferred upon the members by law, by the Articles of Incorporation, or the Bylaws as from time to time in force and effect.

4. Additional Powers and Responsibilities. In addition to its general powers, the board of directors shall have the authority and the responsibility, acting through the board of directors and officers:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Articles of Incorporation, Declaration, or the Bylaws as from time to time in force and effect.

(b) To establish, make, amend, publish and enforce compliance with such reasonable rules and regulations governing (i) the operation and use of Common Areas, (ii) exterior maintenance of the structures and grounds of each Lot, (iii) any conduct which is deemed to be offensive or to interfere with the enjoyment by the members of their Lots.

(c) To manage and deal in all respects with the Common Area, to maintain in good order, condition and repair Common Areas and all items of personal property used in the enjoyment of such property, to include roads, landscaping, other facilities under control or deemed the responsibility of the Homeowners Association, to convey, mortgage or otherwise grant or transfer the Common Area, to convey easements over the Common Area, and to generally act on behalf of all Owners in all respects as to the Common Areas.

(d) To obtain and maintain appropriate insurance in connection with Common Areas and related personal property.

(e) To fix, determine, levy and collect Assessments from Owners to meet the Common Expenses of the Homeowners Association and to create reasonable reserves therefor.

(f) To collect promptly all delinquent assessments by suit or otherwise.

(g) To issue, or cause an appropriate officer to issue, upon written demand of any member a certificate setting forth whether any Assessment has been paid by such member. Such certificate shall be conclusive evidence against the Homeowners Association for all purposes. The Homeowners Association may charge a reasonable fee for such certificate.

(h) To protect and defend Common Areas and related personal property from loss and damage by suit or otherwise.

(i) To borrow funds in order to pay for any expenditure or outlay authorized by these Bylaws, the Declaration, and the Articles of Incorporation as from time to time in force and effect.

(j) To enter into contracts within the scope of their duties and powers.

(k) To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the board of directors.

(l) To maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Homeowners Association. Any member may inspect such records upon reasonable notice at any reasonable time.

(m) To employ independent, third-party accountants and/or auditors to annually review and inspect the financial records of the Homeowners Association and prepare a written report to the board regarding the findings.

5. Compensation. By resolution of the board of directors, any director may be paid any one or more of the following: his reasonable expenses incurred, if any, in furtherance of the business or affairs of the Homeowners Association; a fixed sum for attendance at meetings; or a stated salary as a director. No such payment shall preclude any director from serving the Homeowners Association in any other capacity and receiving compensation therefor.

6. Regular Meetings. Regular meetings of the board of directors may be held without call or formal notice at such places and at such times as the board may from time to time by vote determine. Any business may be transacted at a regular meeting. Until further determination, the regular meeting of the board of directors for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of members, or any special meeting of members at which a board of directors is elected.

7. Special Meetings. Special meetings of the board of directors may be held at any place and time when called by the president, or by two or more directors, upon at least five (5) days' prior notice of the time and place thereof being given to each director by leaving such notice with him or at his residence or usual place of business, or by mailing or telegraphing it prepaid, and addressed to him at his post office address as it appears on the books of the Homeowners Association, or by telephone or facsimile transmission. Notices shall state the purposes of the meeting. No notice of any adjourned meeting of the directors shall be required.

8. Quorum. A majority of the number of directors fixed by the Bylaws shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time. When a quorum is present at

any meeting, a majority of the voting directors in attendance shall decide any question brought before such meeting, except where a larger number is required by law, the Articles of Incorporation, or by these Bylaws as from time to time in force and effect.

9. Waiver of Notice. Before, at or after any meeting of the board of directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board shall be a waiver of notice by him except when a director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

10. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors 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. Such consent shall have the same force and effect as a unanimous vote of the directors.

11. Executive Committee. An executive committee may be appointed by the Directors as deemed necessary.

ARTICLE VII. Officers and Agents

1. General. The officers of the Homeowners Association shall be a president, one or more vice presidents, a secretary and a treasurer and such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as the board of directors may consider necessary or advisable. The officers shall hold their offices for such terms and have such authority and duties as from time to time may be determined by the board of directors. The officers shall be selected as follows:

(a) During the Period of Declarant Control, Declarant may appoint, remove and replace from time to time all of the officers of the Homeowners Association. If Declarant so elects, Declarant may from time to time relinquish, either on a temporary or permanent basis, the right to appoint all or a portion of the officers of the Homeowners Association; provided that any such relinquishment shall be expressed in writing to the Homeowners Association.

(b) Following the Period of Declarant Control, the officers shall be chosen in such manner as from time to time may be determined by the board of directors.

The salaries, if any, of all the officers of the Homeowners Association shall be fixed by the board of directors. In all cases where the duties of an officer, agent or employee are not prescribed by the Bylaws or by the board of directors, such officer, agent or employee shall follow the orders and instructions of the president or his designee.

2. Removal of Officers. During the Period of Declarant Control, any officer may be removed, either with or without cause, and his successor appointed by Declarant. After the Period of Declarant Control, upon an affirmative vote of a majority of the members of the board of directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the board of directors, or at any special meeting of the board called for such purpose.

3. Vacancies. A vacancy in any office, however occurring, may be filled (a) during the Period of Declarant Control, by the Declarant, or (b) after the Period of Declarant Control, by the board of directors for the unexpired portion of the term.

4. President. The president shall be the chief executive officer of the Homeowners Association. He shall have the general and active control of the affairs and business of the Homeowners Association and general supervision of its officers, agents and employees.

5. Vice Presidents. The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president designated by the board of directors or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made all vice presidents may exercise such powers and perform such duties.

6. Secretary. The secretary shall:

(a) Keep the minutes of the proceedings of the members, executive committee and the board of directors;

(b) See that all notices are duly given in accordance with the provisions of these Bylaws, the Articles of Incorporation and Declaration, and as required by law;

(c) Be custodian of the Homeowners Association's records and of the seal of the Homeowners Association and affix the seal to all documents when authorized by the board of directors;

(d) Keep at its principal place of business a record containing the names and registered addresses of all members, the designation of the property owned or leased by each member, and, if such property is mortgaged

and the mortgagee has given the Homeowners Association notice thereof, the name and address of the mortgagee;

(e) In general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

7. **Treasurer.** The treasurer shall be the principal financial officer of the Homeowners Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Homeowners Association and shall deposit the same in accordance with the instructions of the board of directors. He shall receive and give receipts for moneys paid into the Homeowners Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Homeowners Association of whatever nature upon maturity. He shall perform all other duties incident to the office of the treasurer and, upon request of the board of directors, shall make such reports to it as may be required at any time. He shall, if required by the board of directors, give the Homeowners Association a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the Homeowners Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Homeowners Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

ARTICLE VIII. Obligations of the Members

1. **Assessments.** Each member shall be obligated to pay and shall pay to the Homeowners Association all Assessments levied under the Declaration, the Articles of Incorporation or these Bylaws with respect to such Owner's Lot, and each member shall comply with any determinations made by the board of directors with respect to such Assessments.

2. **Compliance with the Articles of Incorporation, Bylaws and Rules and Regulations.** Each member shall comply with all provisions of the Declaration, Articles of Incorporation, these Bylaws, and any rules and regulations issued by the board of directors as from time to time in force and effect. The membership rights and privileges, including, but not limited to, the right to vote and the right to use Common Areas of any member or guest, shall be suspended by action of the board of directors during the period when any assessments or other amounts due relating to such member's Lot remain unpaid; but, upon payment of such assessments or other amounts, such rights and privileges shall be automatically restored.

ARTICLE IX. Evidence and Determination of Membership, Registration of Mailing Address and Lien Holders

1. **Evidence of Membership and Registration of Mailing Address.** Members in the Homeowners Association shall attain membership status by ownership of a Lot.

Members shall furnish to the Homeowners Association a copy of the deed or other recorded instrument vesting that party with the interest required to make it a member of the Homeowners Association. Each such member shall at the same time give a single name and address to which notices to such member may be sent. In the event of any change in the facts reported in the original written notice, including any change of ownership, the member shall give a new written notice to the Homeowners Association containing all the information required to be covered by the original notice. The Homeowners Association may, but shall not be obligated to, rely, for any and all purposes, on the information reflected in the most recent written notice furnished with respect to such member. The Homeowners Association shall keep and preserve the most recent written notice received by the Homeowners Association with respect to each member.

2. **Homeowners Association Determination as to Membership.** The Homeowners Association shall keep records of its determinations of membership which shall be used and may be relied upon by it for any and all purposes. No party shall be entitled to any notice or the right to vote until it has been determined by the Homeowners Association that such party is a member and that all dues assessed to that site have been paid in full. Any party aggrieved by any determination of the Homeowners Association with respect to its voting rights may contest such action within 45 days after it has notice thereof by commencing a legal action in the District Court of Flathead County, Montana, within such 45-day period. If such action is not commenced in such period, the determination of the Homeowners Association shall be final.

3. **Mortgagees.** Any member who mortgages or grants a deed of trust covering his Lot may notify the board of directors of the name and address of the mortgagee or beneficiary of the deed of trust and may file conformed copies of the note and security instrument with the board of directors. Such notice shall include an agreement by the lending institution that it will notify the Homeowners Association when its lien has been released. If such notice is given, the board of directors, when giving notice to a member of default in paying an assessment or other default, shall send a copy of such notice to each mortgagee or beneficiary of a deed of trust covering such member's Lot whose name and address has theretofore been filed with the Homeowners Association, and which has not been removed by appropriate notice that

2003098 10410

EXHIBIT A

Legal Description of Initial Phase of Quail Ridge

Quail Ridge, Phase 1, Subdivision, according to the map or plat thereof on file and of record in the office of the Clerk and Recorder of Flathead County, Montana.

STATE OF MONTANA COUNTY OF FLATHEAD) SS
RECORDED IN THE RECORDS OF FLATHEAD COUNTY, STATE OF MONTANA, AT THE
REQUEST OF SANDS ON 4/8/, 2003
\$ 42- PAID @ 10:41 O'CLOCK
Paula Peterson CLERK AND RECORDER BY [Signature] DEPUTY
RETURN Roger Fricke DOCUMENT # 2003098 10410
1630 LAKE BLANE RD
Kel MT 59901