

RESTATED BYLAWS OF  
SILVER BOW OWNERS' ASSOCIATION

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RESTATED BYLAWS  
OF  
SILVER BOW OWNERS' ASSOCIATION

ARTICLE I  
NAME

1.1 **Name:** The name of the corporation is SILVER BOW OWNERS' ASSOCIATION, hereinafter referred to as the Association.

ARTICLE II  
DEFINITIONS

2.1 **Definitions:** The definitions contained in the Declaration are incorporated by reference herein.

2.2 **Declaration:** "Declaration" shall mean and refer to the Restated Declaration of covenants, conditions and restrictions applicable to the Property recorded on \_\_\_\_\_, 2011 at Document No. \_\_\_\_\_ in the Office of the Clerk and Recorder of Gallatin County, State of Montana.

ARTICLE III  
MEETINGS OF MEMBERS AND VOTING

3.1 **Membership and Voting:** All Owners shall be Members of the Association. Membership shall be held as provided in the Declaration. The Members shall be entitled to one (1) vote for each Unit as set forth in the Declaration.

3.2 **Annual Meeting:** The annual meeting of the Members shall be held at a date, time and place to be set by the Board.

3.3 **Special Meetings:** Special meetings of the Members shall be promptly scheduled at any time by the Board in response to the vote of the Board, or a request by the president, or upon written request of Members representing five percent (5%) of the Total Voting Power.

3.4 **Notice and Place of Meetings:** Written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the secretary or Manager, by personal delivery or mailing a copy of such notice, first class mail, postage prepaid, at least thirty

(30) days but not more than sixty (60) days before such meeting to each first lien Mortgagee requesting notice and to all Members, 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. Notice may be given by email or facsimile transmission, if allowed by Montana Law. 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. If action is proposed to be taken at any meeting for approval of any proposals, the notice shall also state the general nature of the proposal. Member action on the following items is invalid unless the notice states the general nature of the proposal(s): (a) removing or electing a director; (b) amending the Governing Documents; (c) approving a conflict of interest transaction with a director; (d) indemnification of officers, employees or agents; (e) merger; (f) sale of assets; (g) dissolution; or (h) increasing the annual Assessment by over twenty percent (20%), or imposing a special Assessment in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year. Meetings shall be held within the Property or at a meeting place within the same county, as close to the Property as possible.

3.5 **Quorum:** The presence either in person or by proxy, at any meeting, of a majority of the Total Voting Power shall constitute a quorum for any action except as otherwise provided in the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members thereat shall have power to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days later. Notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for special meetings. The quorum for any such adjourned meeting shall not be less than one-third (1/3) of the Total Voting Power.

3.6 **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 before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Unit, or upon receipt of written notice by the secretary of the death or judicially declared incompetence of a Member, or upon the expiration of eleven (11) months from the date of the proxy. Any form of proxy shall afford the opportunity to specify a choice between approval and disapproval of each matter to be acted upon. The proxy also shall identify the person or persons authorized to exercise the proxy and the length of time it will be valid. In addition, voting by proxy shall comply with any other applicable requirements of Montana Code Section 35-2-539. Proxies may be sent and received by facsimile or email transmission. Proxies can only be voted on matters set forth in the notice of meeting.

3.7 **Conduct of Meetings:** Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure adopted by the Board. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action.

3.8 **Action Without Meeting:** Any action that may be taken at any annual or special meeting of Members (except for the election or removal of directors) may be taken without a meeting in accordance with the provisions of Mont. Code Ann., Section 35-2-529. Any form of

written ballot distributed shall afford the opportunity to specify a choice between approval and disapproval of each matter to be acted upon.

#### ARTICLE IV DIRECTORS

4.1 **Number and Qualification:** The affairs of this Association shall be managed by a Board of seven (7) directors, all of whom must be Members in good standing. For the purposes of this section, good standing means current in the payment of Assessments and in compliance with the Governing Documents. Where more than one person owns a Unit, only one Owner from that Unit may serve on the Board.

4.2 **Nomination:** Nomination for election to the Board may be made by a nominating committee appointed by the Board. Nominations may be made by petition signed by five percent (5%) of the Total Voting Power. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairperson, who shall be a director, and two (2) or more Members. The nominating committee may be appointed not less than ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The nominating committee may make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes. Notice to the Members of the annual meeting shall include the names of all those who are nominees at the time the notice is sent.

4.3 **Election:** The election of the Board shall be conducted at the annual meeting of the Members. The persons receiving the largest number of votes shall be elected. There shall be no cumulative voting.

4.4 **Term:** Directors shall serve a three (3) year term of office. Terms shall commence in such a manner so that approximately one-third (1/3) of the positions are eligible for election at each annual meeting. Unless vacated sooner, each director shall hold office until the director's term expires and a successor is elected. Directors may be elected to serve any number of consecutive terms.

4.5 **Removal; Vacancies:** A director shall be automatically removed upon ceasing to be an Owner. Any director may resign by giving notice to the Board. Any director may be removed by the vote of a majority of a quorum of the Total Voting Power. Notwithstanding anything to the contrary contained in this paragraph, any director who fails to attend three (3) consecutive Board meetings or becomes ninety (90) days delinquent in the payment of Assessments may be removed from office by a vote of the Board, and the successor director shall be chosen by the Board. If a director dies, resigns or is removed by the Board, the vacancy shall be filled by the Board at a duly held meeting, or by the sole remaining director. The Members may elect a director at any time to fill any vacancy not filled by the Board. A vacancy created by the removal of a

director by the Members can only be filled only by election by the Members. A successor director shall serve for the unexpired term of his or her predecessor.

4.6 **Indemnification:** The Association shall indemnify any present or former director or officer of the Association to the fullest extent authorized under Mont. Code Ann. Sections 35-2-447 and 35-2-452, or any successor statutes.

## ARTICLE V MEETINGS OF DIRECTORS

5.1 **Regular Meetings:** Regular meetings of the Board shall be held quarterly or as often as deemed necessary by the Board at such time as may be fixed from time to time by resolution of the Board.

5.2 **Special Meetings:** Special meetings of the Board may be called by the president, vice president or any two (2) directors.

5.3 **Notice and Place:** Board meetings shall be held on the Property or a meeting place within the County, as close to the Property as possible. Notice of the time and place of regular and special meetings of the Board shall be given to each director at least seven (7) days prior to the meeting. For a special meeting, the notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one (1) of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, including a voice message system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director. All such notices shall be given or sent to the director's address, email address, or telephone number as shown on the records of the Association. Notice shall be given to any Member who requests notice in writing.

5.4 **Quorum:** A majority of the directors shall constitute a quorum for the transaction of business. Every act performed or decision 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.

5.5 **Open Meetings:** All meetings of the Board shall be open to all Members, and the Board shall permit any Member to speak at any meeting of the Board, except for meetings of the Board held in executive session. The Board shall establish a reasonable time limit for all Members to speak before a meeting of the Board.

5.6 **Executive Session:** The Board may meet and convene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and matters relating to the formation of contracts with third parties. Matters involving Member discipline or Assessment payments shall be held in executive session and the Members involved are entitled to attend. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following open meeting.

5.7 **Electronic Attendance:** In the case of absence, a director may participate in a Board meeting by conference telephone or video conference, so long as all directors and Members participating in the meeting can communicate with one another.

5.8 **Action Without Meeting:** In the case of an emergency, any action required or permitted to be taken by the Board may be taken without a meeting if all directors consent in writing to the action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

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

6.1 **Powers and Duties:** It shall be the exclusive duty of the Board to exercise all powers and duties of the Association as expressed in the Governing Documents, and to manage and conduct the affairs of the Association, except as expressly reserved to a vote of the Members. Such powers and duties shall include, but are not limited to, the following:

- (a) To review and direct the officers and Manager to assure that the policies of the Board are being accomplished in a reasonable and prudent manner and that the requirements for the operation of the Association as set forth in the Governing Documents and the laws applicable to the Property are fulfilled to the extent reasonable and appropriate.
- (b) To call annual meetings of the Association and give due notice thereof.
- (c) To conduct elections of the Board of Directors.
- (d) To enforce the provisions of the Governing Documents by appropriate action.
- (e) To promulgate and adopt rules and regulations for conduct, behavior, for the use of the Common Elements and the Units and for the occupancy of the Units so as not to interfere with the peace and quiet of all the Members; and to establish fines and other discipline for violations of the rules or Governing Documents



(f) To provide for the management of the Condominium by hiring or contracting with suitable and capable management and personnel for the day-to-day operation, maintenance, upkeep and repair of the Common Elements.

(g) To levy Assessments as allowed by the Declaration, these Bylaws and the laws of the State of Montana, and to provide for the collection, expenditure and accounting of said Assessments.

(h) To pay for the expenses of the maintenance, repair and upkeep of the Common Elements and to approve payment vouchers either at regular or special meetings.

(i) To delegate authority to the Manager for the conduct of Association business, or to carry out the duties and powers of the Board, however, such authority shall be precisely defined with ultimate authority at all time residing in the Board of Directors.

(j) To provide a means of hearing grievances and foreclosure proceedings of Members and to observe all due process requirements imposed upon owners associations for condominiums.

(k) To levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operation or maintenance expenses, costs, or additional capital expenses, or because of emergencies.

(l) To take appropriate legal action to collect any delinquent Assessments, payments or amounts due from Members or from any person or persons owing money to the Association, and to levy a penalty and to charge interest on unpaid amounts due and owing.

(m) To defend in the name of the Association any and all lawsuits wherein the Association or Condominium is a party defendant.

(n) To enter into contracts with third parties to carry out the duties herein set forth, for and on behalf of the Association.

(o) To establish bank accounts and to keep therein all funds of the Association. Withdrawal of monies from such accounts shall only be by checks signed by such persons as are authorized by the Board of Directors.

(p) To make repairs, alteration and improvements to the Common Elements consistent with managing the Condominium in a first class manner and in the best interest of the Members.

(q) To arrange, keep, maintain, and renew the insurance for the Association as set forth in the Declaration.

- (r) To allow first lien Mortgagees to inspect Association and Board records.
- (s) To establish a fiscal year for accounting purposes.
- (t) In general, to act for and carry on the administration and affairs of the Association as authorized and prescribed by the Declaration and to do all those things which are necessary and reasonable in order to carry out the governance and operation of the Condominium.
- (u) To exercise all the powers generally granted to a Montana nonprofit corporation under Mont. Code Ann. Section 35-2-118.

6.2 **Enforcement (Notice and Hearing):** The Board shall have the power to enforce the Governing Documents, provided that any Member charged with violating the Governing Documents, except for default in payment of Assessments, shall be entitled to a hearing before the Board. Notice of the hearing that shall include a description of the alleged violation and the potential remedies therefor, shall be given to the Member at least ten (10) days prior to the meeting. Notice shall be given by personal delivery or by first class mail. The Board shall inform the Member of any disciplinary action within fifteen (15) days following the hearing.

6.3 **Budgets and Financial Statements:** The Board shall cause to be prepared and distributed budgets and financial statements to each Member as follows:

(a) An operating budget for each fiscal year shall be distributed not less than thirty (30) days nor more than ninety (90) days before the beginning of the fiscal year consisting of at least the following:

(1) Estimated revenue and expenses on an accrual basis;

(2) A summary of the Association's reserves based upon the most recent review to include the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(b) A report prepared in accordance with generally accepted accounting principles by a licensee of the Montana State Board of Accountancy shall be made available within one hundred twenty (120) days after the close of the fiscal year consisting of at least the following:

(1) a balance sheet as of the end of the fiscal year;

(2) an operating (income) statement for the fiscal year;

6.4 **Prohibited Acts:** The Board shall not take any of the following actions, except with the vote or written consent of a majority of the Total Voting Power:

(a) Incurring aggregate expenditures for new capital improvements to the Common Elements in any fiscal year in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year;

(b) Selling during any fiscal year property of the Association having an aggregate fair market value greater than ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year, except the sale of a Unit acquired through the foreclosure of an Assessment lien;

(c) Paying compensation to directors or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a director or officer to be reimbursed for the actual expenses, if reasonable, that are incurred in the performance of his or her duties.

(d) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than five (5) years.

## ARTICLE VII OFFICERS AND THEIR DUTIES

7.1 **Enumeration of Officers:** The officers of this Association shall be a president, and vice president, who shall at all times be directors, a secretary, and treasurer, and such other officers as the Board may from time to time by resolution create. The same person may fill the office of secretary and treasurer.

7.2 **Election of Officers:** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

7.3 **Term:** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until his or her successor is elected.

7.4 **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.

7.5 **Resignation and Removal:** Any officer may be removed from office (but not from the Board, if he or she is also a director) either with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, or the manager. Such resignation shall take effect at 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.

7.6 **Vacancies:** A vacancy in any office may be filled by the Board. The officer appointed to such vacancy shall serve the remainder of the term of the officer he or she replaces.

7.7 **Duties:** The duties of the officers are as follows:

(a) The president shall preside at all meetings of the Members and Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes and other written instruments. The president shall have the general powers and duties of management usually vested in the office of the president of a Montana nonprofit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

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

(c) The secretary shall supervise the recording of the votes and the maintaining of the minutes of all meetings and proceedings of the Board and of the Members; keep or have kept appropriate current records showing the Members together with their addresses, and shall perform such other duties as required by the Board.

(d) The treasurer shall cause the receipt and deposit in appropriate bank accounts of all monies of the Association and the disbursement of such funds as directed by the Board; shall keep or have kept proper books of account; and shall supervise the preparation of budgets and financial statements.

## ARTICLE VIII COMMITTEES

8.1 **Committees:** A nominating committee may be appointed, as provided herein. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under these Governing Documents or the non-profit corporation law of Montana, also require Board or Members' approval; (b) fill vacancies on the Board or in any committee; (c) amend or repeal any resolution of the Board; (d) appoint any other committees of the Board or the members of those committees; (e) approve any transaction to which the Association is a party and in which one or more directors have a material financial interest. Committee members may be appointed or removed by the Board at any time with or without cause.

ARTICLE IX  
BOOKS AND RECORDS

9.1 **Inspection by Members:** The membership register (including names, mailing addresses, and voting rights), accounting books and records, and minutes of meetings of the Members, of the Board, and of committees shall be made available for inspection and copying by any Member, or by his or her duly appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the business office of the Association.

9.2 **Rules for Inspection:** The Board shall establish reasonable rules with respect to: a) notice to be given to the custodian of the records by the Member desiring to make the inspection; b) hours and days of the week when such an inspection may be made; c) payment of the cost of assembling and reproducing copies of documents requested by a Member.

9.3 **Inspection by Director:** Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents, at the expense of the Association.

9.4 **Documents Provided by Board:** Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide any Member with a copy of (1) the Governing Documents; (2) a copy of the most recent budget and financial statements of the Association; (3) a true statement, in writing, from an authorized representative of the Association as to the amount of any Assessments levied upon the Member's Unit which are unpaid on the date of the statement, including late charges, interest, and cost of collection which, as of the date of the statement, are or may be made a lien upon the Member's Unit; (4) a statement of any monetary fines or penalties levied upon the Member's Unit that are unpaid; (5) a copy of any notice previously sent to the Owner that sets forth any alleged violations of the Governing Documents that remain unresolved; and (6) any change in the Association's current annual and special Assessments and fees which have been approved by the Board, but have not yet become due and payable. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

9.5 **Minutes:** The minutes or draft minutes of any meeting of the Board, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, or draft minutes shall be mailed to any Member upon request and upon reimbursement of the Association's costs in making that distribution.

ARTICLE X  
MISCELLANEOUS

10.1 **Amendment of These Bylaws:** These Bylaws may be amended only by the affirmative vote or written consent of Members representing a majority of the Total Voting Power. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

10.2 **Conflicts:** In the case of any conflict between the Articles and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

I, the undersigned, the duly elected and acting president of the Silver Bow Owners' Association, a Montana nonprofit corporation does hereby certify and declare under penalty of perjury that the foregoing Restated Bylaws were approved by the percentage of Owners required by the Bylaws.

Executed at \_\_\_\_\_, Montana on the \_\_\_\_\_, day of \_\_\_\_\_  
\_\_\_\_\_ 2011.

\_\_\_\_\_  
KIRK DIGE, President

State of Montana     )  
                                  ) ss  
County of             )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the Persons whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the Persons, or the entity upon behalf of which the Persons acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_