

SECOND AMENDED

BYLAWS

OF

BIG HORN AT LONE MOUNTAIN

The following Bylaws supersede the Bylaws adopted March 19, 1993, and recorded in the office of the Madison County Clerk and Recorder, on April 30, 1993, in Book 370 of Records on pages 243-281.

ARTICLE I

DEFINITIONS

Unless the context expressly provides otherwise, the following definitions shall pertain through these Bylaws and in the interpretation thereof:

1. Aggregate Voting shall mean the entire number of votes or persons present or available to vote in a particular circumstance, based upon a total of 70 units in Big Horn at Lone Mountain, whether or not such unit has been constructed.

2. Association or Association of Unit Owners means all 70 of the Unit Owners acting as a group and in accordance with these Bylaws and the Declaration.

3. Board or Board of Directors shall mean the Board of Directors of the Association as more particularly defined in these Bylaws.

4. Building means a multiple unit building or buildings comprising a part of the property.

5. Common Elements means both general common elements and limited common elements.

a. General common elements include, but are not limited to, all those elements which are for the use of all Unit Owners and guests of the Unit Owners of Big Horn at Lone Mountain.

Specifically included are:

(1) The land upon which the buildings are constructed, as described above, and in the Declaration, and grounds surrounding the same except any portion thereof included in a unit, or for expansion, or made a limited common element by the Declaration.

(2) The sidewalks outside the buildings and the concrete or other pads located thereon.

(3) Any portions of the parking lot not specifically allocated to a particular unit.

(4) Any system of irrigation placed on the property so as to maintain proper landscaping around the buildings.

(5) Any portions of the buildings designated on the site plans as common to all units.

(6) All roads and utilities located and constructed upon and under the real property which is subject to the Declaration. However, all sewer lines shall be conveyed to Rural Improvement District 305 upon completion.

This list is not inclusive and the Association of Unit Owners may add or delete elements pursuant to the method of amendment as hereinafter described.

b. Limited common elements as used in these Bylaws shall mean those common elements which are reserved for the use of fewer than all the Unit Owners, business invitees and guests of Unit Owners of Big Horn at Lone Mountain and exclusive to other such owners, business invitees and guests of units contained therein. Specifically included are the following: conduits, public utility lines, water, sewer systems, electrical, cable television lines, and cold water pipes (all such utility pipes and lines are limited common elements but where they service all units, they shall be general common elements), designated parking spaces and fixtures or other portions of the building servicing only a particular unit or less than all of the units. The percentage of the limited common elements shall be computed by determining the number of units that have use of the limited common elements and dividing that number into the total value of those limited common elements. However, all sewer lines shall be conveyed to Rural Improvement District 305 upon completion.

6. Common Expenses means expenses of administration, maintenance, repair or replacement of general common elements, expenses agreed upon by the Association of all 70 Unit Owners, and expenses declared common by Sections 70-23-610 and 70-23-612, MCA.

7. Declarant means the owner of the property subject to the Declaration.

8. Limited Expenses means the expenses attributable to the maintenance, repair, and replacement of limited common elements and are expenses only for owners of units deriving benefit from such

limited areas.

9. Manager means any person or firm retained or appointed by the Association of Unit Owners for the purpose of conducting the day-to-day operations of Big Horn at Lone Mountain.

10. Property means all of the land, buildings, improvements, and structures thereon and all easements, rights and appurtenances belonging thereto, which are submitted to the Unit Ownership Act of Montana by the Declaration. (The property is more particularly described in Exhibit "A" attached hereto, and incorporated herein by reference.)

11. Unit means one of the 70 separate condominium chalets of Big Horn at Lone Mountain and is a parcel of real property included and containing one or more rooms occupying one or more floors or a part or parts thereof, with attached garage, intended for any type of independent use and with a direct exit to a public street or highway or to a common area or areas leading to a public street or highway.

12. Unit Designation means the combination of letters, numbers, and words which identify the 70 designated units.

13. Unit Owner means person owning a fee simple absolute or one who is co-owner in any real estate tenancy relationship that is recognized under the laws of Montana in one or more units of Big Horn at Lone Mountain.

14. Voting. A total of 70 units shall be utilized in determining the existence of a majority of Unit Owners for all matters requiring a quorum or vote herein.

ARTICLE II
OFFICES

The principal office of the corporation in the State of Montana shall be located in Mountain Village, County of Madison. The corporation may have such other offices, either within or without the State of incorporation, as the Board of Directors may designate or as the business of the corporation may from time to time require.

ARTICLE III
MEMBERSHIP

An owner of a unit in Big Horn at Lone Mountain shall automatically upon becoming the owner of said unit, be a member of Big Horn at Lone Mountain Unit Ownership Association, hereinafter referred to as the Association, and shall remain a member of said Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. The membership shall be limited to Unit Owners as defined in these Bylaws.

ARTICLE IV
UNIT OWNER MEETINGS

1. Annual Meeting. The Annual Meeting of the Unit Owners shall be held on the first Friday in October in each year or on such other date as may be fixed by the Board of Directors. The Annual Meeting shall be for the purpose of electing Directors and for such other business as may come before the meeting.
2. Special Meetings. The directors may by majority vote,

call a special meeting for the purpose of conducting any business it deems appropriate.

3. 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 personally or by mail. Said notice shall be mailed or delivered to each Unit Owner of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Unit Owner at his address as it appears on the books of the corporation, with postage thereon prepaid.

4. Membership List. The Secretary shall make, at least 10 days before each meeting of Unit Owners, a complete list of the 70 Unit Owners entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, which list, for a period of 10 days prior to such meeting, shall be kept at the principal office of the corporation and shall be subject to inspection by any Unit Owner at any time during usual business hours. Such list shall also be produced and be kept open at the time and place of the meeting and shall be subject to the inspection of any Unit Owner during the whole time of the meeting. The original list shall be prima facie evidence as to the Unit Owners entitled to examine such list or to vote at the meeting of Unit Owners.

5. Quorum. At any meeting of Unit Owners, twenty (20) Unit Owners entitled to vote and represented in person or by proxy, shall constitute a quorum. If less than twenty (20) Unit Owners

qualified to vote are represented at a meeting, a majority of those present may adjourn the meeting from time to time without notice. The Unit Owners present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Unit Owners to leave less than a quorum.

6. Proxies. At all meetings of Unit Owners, a Unit Owner may vote by proxy executed in writing by the Unit Owner or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting.

7. Vote. On all matters, unless excluded by these Bylaws, to be decided by the Association, each Unit Owner shall have a vote equal to his percentile interest in the general common elements.

8. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

1. Roll Call.
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes of preceding meeting.
4. Reports of officer(s).
5. Reports of committees.
6. Election of directors.
7. Unfinished business.
8. New business.

ARTICLE V

BOARD OF DIRECTORS

1. General Powers and Duties. The business and affairs of the corporation shall be managed by its Board of Directors. The directors shall in all cases act as a board, and they may adopt such rules and regulations for the conduct of their meetings and the management of the corporation, as they may deem proper, not

inconsistent with these Bylaws and the laws of this State. The Board of Directors, by majority vote, shall adopt a budget for the Association's income and expenses. Said budget shall be mailed to all Unit Owners. The Board of Directors may appoint committees and delegate authority to act to said committees.

2. Number, Term, and Qualifications. There shall be not less than three (3) nor more than five (5) Directors. Initially, there shall be three (3) Directors. There shall be (5) five directors after the Declarant sells 75% of the units. The Board of directors may change the number from time to time. Except for the initial panel, the term of office of a Director shall be three (3) years. The terms of the Directors shall be staggered. Three (3) Directors shall be elected at the first Annual Meeting of Unit Owners. At their first meeting, the Directors so elected shall determine by lot one (1) of their number to serve for a three (3) year term; one (1) for a two (2) year term; and one (1) for a one (1) year term. Thereafter, unless and until the number of directors is increased, one (1) Director shall be elected each year. At such time as there are more than three (3), the Directors shall be divided into three (3) classes. One (1) class shall be elected each year. Each Director shall be a Unit Owner.

3. Election. The Declarant shall be entitled to elect the initial Board of Directors. The Directors thus elected by the Declarant shall serve until the first Annual Meeting of the Unit Owners in September 1993, or until they sooner die, resign or are removed. Thereafter, the Declarant shall be entitled to elect a

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majority of the Directors until Declarant has sold at least seventy-five percent (75%) of the Units.

4. Regular Meetings. A regular meeting of the Directors, shall be held without other notice than this Bylaw immediately after, and at the same place as the annual meeting of Unit Owners. The Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

5. Special Meetings. Special meetings of the Directors may be called by or at the request of the President. The person or persons authorized to call special meetings of the Directors may fix the place for holding any special meeting of the Directors called by them.

6. Notice. Notice of any special meeting shall be given at least ten (10) days previous thereto by written notice delivered personally, or by telegram or mailed to each Director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. 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.

7. Quorum. At any meeting of the Directors, a majority

shall constitute a quorum for the transaction of business, but if less than said percent is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

8. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The Board of Directors may also act by unanimous written consent in lieu of an in-person meeting. The Board of Directors may also meet and act by a conference telephone call in lieu of an in-person meeting. The notice and quorum required for a meeting by conference telephone call shall be the same as for an in-person meeting.

9. Newly Created Directorships and Vacancies. Newly created directorships resulting from an increase in the number of Directors and vacancies occurring in the board for any reason except the removal of Directors without cause may be filled by a vote of a majority of the Directors then in office, although less than a quorum exists. A vacancy occurring by reason of the removal of a Director without cause shall be filled by vote of the Unit Owners. A Director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his predecessor.

10. Removal of Directors. Any or all of the Directors may be removed for cause by a majority vote of the 70 Unit Owners.

11. Resignation. A Director may resign at any time by giving written notice to the Board, the President or the Secretary of the

Association. Unless otherwise specified in the notice, the resignation shall take effect upon the receipt thereof by the Board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

12. Compensation. No compensation shall be paid to Directors, as such, for their services. Directors shall be entitled to reimbursement of all reasonable expenses incurred in the performance of their duties within the following guidelines: Travel - One (1) round trip to Big Sky per calendar year to attend the Annual Meeting of the Association from and to a point within the continental United States; telephone; and postage. If travel is by air, reimbursement shall be limited to economy class fare. Directors shall not be entitled to reimbursement for meals, entertainment or office expenses. Reimbursement exceeding these guidelines shall require approval of the Unit Owners at the next Annual Meeting after the expenses are incurred. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving the compensation therefor.

13. Presumption of Assent. A Director of the Association who is present at a meeting of the Directors at which action on any Association matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by

registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

14. Manager. The Board of Directors, by majority vote, may engage a Manager or Managing Agent. The Board of Directors, by majority vote, shall fix the compensation for said Manager.

ARTICLE VI

INDEMNIFICATION OF OFFICERS,
DIRECTORS, EMPLOYEES, AND AGENTS

1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a Director, Officer, employee, or agent of the corporation, or who is or was serving at the request of the corporation as a Director, Officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment or settlement, conviction or upon a plea of nolo

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contenders or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a Director, Officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a Director, Officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees), actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonable believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and

reasonably entitled to indemnity for such expenses which the court shall deem proper.

3. To the extent that a Director, Officer, employee, or agent of a corporation has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in paragraphs 1 and 2, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

4. Any indemnification under paragraphs 1 and 2 shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in paragraphs 1 and 2. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (c) by the Unit Owners.

5. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the Director, Officer, employee, or agent to repay such amount, unless

it shall ultimately be determined that he or she is entitled to be indemnified by the corporation as authorized in this article.

6. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement vote of Unit Owners, or disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

7. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a Director, Officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of these paragraphs.

8. If the corporation has paid indemnity or had advanced expenses to a Director, Officer, employee, or agent, the corporation shall report the indemnification or advance in writing to the Unit Owners with or before the notice of the next Unit Owners' meeting.

9. References to "the corporation" shall include in addition to the surviving corporation, any merging corporation, including any corporation having merged with a merging corporation, absorbed in any merger which otherwise would have lawfully been entitled to indemnify its Directors, Officers, employees, or agents.

ARTICLE VII

OFFICERS

1. Number. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, each of whom shall be elected by the Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Directors.

2. Election and Term of Office. The officers of the Association to be elected by the Directors shall be elected annually at the first meeting of the Directors held after each annual meeting of the Unit Owners. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

3. Removal. Any officer or agent elected or appointed by the Directors may be removed by the Directors whenever in their judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled

by the Directors for the unexpired portion of the term.

5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Directors, shall in general, supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Unit Owners and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Directors from time to time.

6. Vice President. The Vice President shall exercise all rights and responsibilities of the President in the President's absence.

7. Secretary. The Secretary shall keep the minutes of the Unit Owners' and of the Directors' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these Bylaws or as required, be custodian of the Association records and of the seal of the Association, and keep a register of the post office address of each Unit Owner which shall be furnished to the Secretary by such Unit

Owner, have general charge of the books of the Association, and 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 Directors.

3. Treasurer. The Treasurer shall have custody of the Association funds and securities and shall keep full and accurate account of the receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors at any meeting of the Board whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

All checks or demands for money and notices of the Association shall be signed by the Treasurer and countersigned by the President or may be signed by either the Treasurer of the Association or the President or such other person, providing the Board of Directors shall so designate. He shall give the Association a bond, if required by the Board of Directors, in a sum with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and for the restoration to the Association in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and

other property of whatever kind in his possession or under his control belonging to the Association; and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Directors.

9. Compensation/Reimbursement of Expenses. No compensation shall be paid to Officers, as such, for their services. Officers shall be entitled to reimbursement of all reasonable expenses incurred in the performance of their duties within the following guidelines: Travel - One (1) round trip to Big Sky per calendar year to attend the Annual Meeting of the Association from and to a point within the continental United States; telephone; and postage. If travel is by air, reimbursement shall be limited to economy class fare. Officers shall not be entitled to reimbursement for meals, entertainment or office expenses. Reimbursement exceeding these guidelines shall require approval of the Unit Owners at the next Annual Meeting after the expenses are incurred. Nothing herein contained shall be construed to preclude any Officer from serving the Association in any other capacity and receiving the compensation therefor.

ARTICLE VIII

ASSOCIATION RESPONSIBILITIES

The Association shall have the following responsibilities:

1. Maintenance. The Association shall be responsible for the maintenance, upkeep, and repair of the common elements of the property. The Association shall be responsible for the payment of

all expenses associated therewith. Payment vouchers shall be approved by a majority vote of the Board of Directors.

2. Personnel. The Board of Directors shall be entitled to employ such personnel as it deems necessary for the purpose of maintenance, upkeep and repair of the common elements.

ARTICLE IX

ASSOCIATION POWERS

The Association shall have the following powers and rights:

1. The power and right to provide for the management of the Association's affairs through its Board of Directors, officers, and agents thereof.

2. The power and right to levy assessments in accordance with the terms of these Bylaws and the Montana Unit Ownership Act.

3. The power and right, through a majority vote of the Board of Directors, to adopt and amend rules and regulations to govern the conduct of Unit Owners, their guests, invitees, and lessees.

4. The power and right to enter into contracts, incur indebtedness, and to transfer and receive title to both real and personal property.

5. Provided that for so long as the Declarant holds units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Declarant:

a. Assessment of the Declarant as a unit owner for

capital improvements.

b. Any action by the Association that would be detrimental to the sale of units by the Declarant.

ARTICLE X

ASSESSMENTS

1. Right to Assess. The Association shall have the power and right to levy assessments against the Unit Owners and the units in accordance with these Bylaws, the Declaration, and the Montana Unit Ownership Act. The Association may not levy assessments for the purpose of financing the construction of the development. All Unit Owners shall be obligated to the Association for the payment of said assessments.

2. Definitions. Assessments shall be of three kinds: (1) annual assessments, (2) special assessments, and (3) limited expense assessments. These assessments are defined as follows:

a. Annual Assessments. Annual assessments shall be those assessments established by the Association for the purpose of paying common expenses as defined by these Bylaws.

b. Special Assessments. Special assessments shall be those assessments levied by the Association for the purpose of paying extraordinary expenses incurred by the Association in the administration of its affairs as defined by these Bylaws, the Declaration, and the Montana Unit Ownership Act.

c. Limited Expense Assessments. Limited expense assessments shall be for the payment of those limited expenses defined by these Bylaws, the Declaration, or the Montana Unit

Ownership Act.

3. Manner of Assessment. Annual assessments, special assessments, and limited expense assessments shall be determined and established by the Board of Directors.

a. Annual Assessments. The Board of Directors shall determine and establish annual assessments at its regular annual meeting. Said determination and establishment of its annual assessments shall occur following the Board of Directors preparation and approval of a budget for the coming calendar year, setting forth the Association's projected income and expenses.

b. Special Assessments. The Board of Directors shall determine and establish special assessments at any regular or special meeting called for that purpose. The Board of Directors shall make a determination and establishment after reviewing the purpose for said assessment, together with its most recently adopted budget and its present financial condition.

c. Limited Expense Assessments. The Board of Directors shall determine and establish all limited expense assessments at its regular annual meeting. The determination and establishment of limited expense assessments shall occur after the Board of Directors' preparation and approval of the above mentioned budget.

4. Liability for Assessments. Unit Owners shall be responsible for all annual and special assessments levied against their unit based upon an interest of 1/number of units constructed and certified for occupancy by a duly authorized representative of the Big Sky Owners Association. Each unit shall share common

expenses equally and based upon said percentage. Each individual holding an ownership interest in a unit shall be jointly and severally liable for said assessments with any other person owning an interest in said unit.

A Unit Owner shall be responsible for any limited expense assessment for which his unit is benefitted, based upon and computed by using the percentile interest that each Unit Owner has in the limited common elements. A person owning an interest in a unit benefitted by the limited expense assessments shall be jointly and severally liable to all other persons owning an interest in said unit.

5. Payment. All assessments shall be due thirty (30) days from the date of mailing of such assessment and may be payable in one annual payment or in quarterly installments, at the option of the Association. No owner may exempt himself from liability for his contribution toward the common expenses and the limited expenses by waiver of the use or enjoyment of any of the general common elements or limited common elements or by abandonment of his unit.

All assessments which are not paid within thirty (30) days from the date they are due shall be deemed delinquent. The Manager shall have the responsibility of taking prompt action to collect any unpaid assessment which becomes delinquent. A delinquent assessment shall bear interest from the date due until paid at a rate equal to five (5) points over the national prime rate published in the Wall Street Journal for the due date of the

assessment or nearest business day. In addition, the Unit Owner shall be obligated to reimburse the Association for all reasonable costs of collection, including attorneys' fees, and a late charge of Fifty Dollars (\$50.00) per calendar quarter or fraction thereof that the assessment remains unpaid.

6. Unpaid Assessments. All sums assessed by the Association but unpaid, chargeable to any unit, shall constitute a lien on such unit prior to all the liens except only (1) tax liens on the unit in favor of the assessing unit and special district, and (2) all sums unpaid on the first mortgage of record. Such lien may be foreclosed by suit, by the Manager or Board of Directors, acting on behalf of the owners of the unit, in like manner as a mortgage on real property. In any foreclosure the Unit Owner shall be required to pay a reasonable rental for the unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Manager or Board of Directors, acting on behalf of the owners of the units, shall have power, unless prohibited herein, to bid on the unit at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosure or waiving the lien securing the same.

Where the mortgagee of a first mortgage of record or other purchaser of a unit obtains title to the unit as a result of foreclosure of the first mortgage, such acquire of title, his successors and assigns, shall be liable for the share of common

expenses or assessments by the Association chargeable to such unit which became due prior to the acquisition of title to such unit by such acquire.

7. Declarant Exemption. The Declarant shall be exempt from payment of all annual, special, and limited expense assessments on any 3 units it owns and holds for sale for a period of five (5) years from April 30, 1993.

ARTICLE XI

USE

1. The use of all of the units in Big Horn at Lone Mountain shall be for residential and other similar uses only. However, nothing shall prohibit a Unit Owner from leasing or renting his unit to third persons or holding it out for lease or rental, or entering into an agreement or contract with others for the lease or rental of his unit for residential use, or the Association from using units it owns for commercial enterprises compatible with residential use. The use of the general common areas shall be for the enjoyment of the Unit Owners, their guests, tenants, lessees, employees and invitees. The Declarant may utilize units owned or leased by it as models and/or offices for the purpose of marketing and sales. The units and common elements shall be limited as follows:

a. There shall be no obstruction of the common elements nor shall anything be stored in or on the common elements without prior consent of the Association. Each owner shall be obligated to maintain and keep in good order and repair the interior of his own

unit.

b. Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance of the buildings, or contents thereof, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on the buildings, or contents thereof, or which would be in violation of any law. No waste will be permitted on the common elements.

c. Small domestic pets owned by Unit Owners only shall be allowed subject to written approval on an individual basis by the Board of Directors.

d. No nuisances shall be allowed on the property nor shall any use or practice be allowed which is a source of annoyance to Unit Owners or which interferes with the peaceful possession and proper use of the property by its residents. No offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

e. Nothing shall be done in any unit or in, on or to the common elements and limited common elements which will impair the structural integrity of the buildings or which would structurally change the buildings except as is otherwise provided herein.

f. Nothing shall be altered or constructed in or removed from the common elements and limited common elements,

except upon the written consent of the Association.

g. Each owner or owners shall be entitled to exclusive ownership and possession of their unit. Such owners may use the general and limited common elements in accordance with the purposes for which they were intended and as they may otherwise agree between themselves, so long as they do not hinder or encroach upon the lawful rights of other Unit Owners.

h. A Unit Owner shall maintain and keep in repair the interior of his own unit, including the fixtures thereof. All fixtures and equipment installed in the unit commencing at a point where the utilities enter the unit shall be maintained and kept in repair by the owner thereof. A Unit Owner shall do no act nor any work that will impair the structural soundness or integrity of the buildings or impair any easement. A Unit Owner shall also keep any balcony, entrance or deck area appurtenant to this unit in a clean and sanitary condition. The right of each owner to repair, alter and remodel is coupled with the obligation to replace any finishing or other materials removed with similar or other types or kinds of materials. All glass replacement shall be with similar quality, shade and design. No act or alteration, repairing or remodeling by any Unit Owner shall impair in any way the integrity of the units of adjoining owners or the integrity of limited common elements or general common elements.

i. Labor performed or materials furnished and incorporated into a unit with the consent or at the request of the Unit Owner, his agent, his contractor or subcontractor shall be the

basis for filing a lien against the units of the Unit Owner consenting to or requesting the same. Each owner shall indemnify and hold harmless each of the other owners from and against all liability arising from the claim of any lien against the unit or any other owner or against the general common elements, or limited common elements for construction performed or for labor, materials, services or other products incorporated into the owner's unit at such owner's request.

j. No owner may change, alter or remodel the exterior of his unit without the prior written consent of the Association.

k. There shall be no timesharing of any unit.

ARTICLE XII
INSURANCE

1. Purchase. All insurance policies upon the condominium property shall be purchased by the Association and shall be issued by an insurance company authorized to do business in Montana.

a. Named insured - The named insured shall be the Association individuals and as agent for the Unit Owners without naming them. Such policies shall provide that payments for losses thereunder by the insurer shall be paid to the insurance trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the insurance trustee. Unit Owners may obtain insurance coverage, at their own expense, upon their own personal property and for their personal liability and living expense.

b. Copies to Mortgagees - One copy of each insurance

policy and of all endorsements thereon shall be furnished by the Association to each mortgagee of a Unit Owner on request.

2. Coverage

a. Casualty - All buildings and improvements upon the land shall be insured in an amount equal to the maximum insurable replacement value, and all personal property included in the common elements shall be insured for its value, all as determined annually by the Board of Directors of the Association, but subject to such deductible clauses as are required in order to obtain coverage at reasonable costs. Such coverage shall afford protection against:

(1) Loss or damage by fire or other hazards covered by a standard extended coverage endorsement; and

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the building on the land, including, but not limited to, vandalism and malicious mischief.

The policies shall state whether air handling or service equipment, interior fixtures and carpets are included within the coverage in order that Unit Owners may insure themselves if the items are not insured by the Association.

b. Public liability - In such amounts and with such coverage as shall be required by the Board of Directors of the Association, including, but not limited to, hired automobile and nonowned automobile coverages, and with cross-liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner.

c. Such other insurance as the Board of Directors of

the Association shall determine from time to time to be desirable and as may be required by the Federal and State laws.

3. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense, except that the amount of increase in the premium occasioned by use, misuse, occupancy, or abandonment of the unit or its appurtenances or of the common elements by the Unit Owners shall be assessed against the owner. Not less than ten (10) days prior to the date when a premium is due, evidence of such payment shall be furnished by the Association to each mortgagee upon request.

4. Insurance Trustee. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to such bank in Montana with trust powers as may be designated as insurance trustee by the Board of Directors of the Association, which trustee is herein referred to as the insurance trustee. The insurance trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of policies nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated in this instrument and for the benefit of the Unit Owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

a. Unit Owners - An undivided share for each Unit Owner, such share being the same as the undivided share in the common elements appurtenant to his unit.

b. Mortgagees - In the event a mortgagee endorsement has been issued as to a unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the Unit Owner and mortgagee pursuant to the provision of this Declaration.

5. Distribution of Proceeds. Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

a. Miscellaneous Expenses - Miscellaneous expenses of administration, insurance trustee and construction or remodeling supervision shall be considered as part of the cost of reconstruction or repair.

b. Reconstruction or Repair - If the damage for which the proceeds are paid is to be repaired or reconstructed by the Association, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable

jointly to them.

c. Failure to Reconstruct or Repair - If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them.

d. Certificate - In making distribution to Unit Owners and their mortgagees, the insurance trustee may rely upon a certificate of the Association made by its representative or manager as to the names of the Unit Owners and their respective shares of the distribution.

6. Association as Agent. The Association is irrevocably appointed agent for each Unit Owner and for each owner of a mortgage or other lien upon a suit and for each owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

7. Benefit to Mortgagees. Certain provisions of the paragraph entitled "insurance" are for the benefit of mortgagees of condominium parcels, and all of such provisions are covenants for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

ARTICLE XIII

RECONSTRUCTION

1. Repair After Casualty. If any part of the condominium

property shall be damaged by casualty, whether or not it shall be reconstructed or repaired, shall be determined in the following manner:

a. Lesser Damage - If a unit or units are found by the Board of Directors of the Association to be tenantable after the casualty, the damaged property shall be repaired.

b. If a unit or units are found by the Board of Directors to be not tenantable after the casualty, the damaged property will be reconstructed or rebuilt.

c. Certificate - The insurance trustee may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.

2. Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements or if not, then according to plans and specifications approved by the Board of Directors of the Association and by more than seventy-five percent (75%) of the Unit Owners, including the owners of all units the plans for which are to be altered. Any such reconstruction not in accordance with the original plans and specifications must be set forth in an amendment to this Declaration, which amendment shall be prepared and filed of record in accordance with the provisions of such amended filing, more particularly set forth in an amendment to this Declaration, which amendment shall be prepared and filed of record in accordance with the provisions of such amended filing,

more particularly set forth in Paragraph VIII and Paragraph IX, subparagraph 1 hereinabove.

3. Responsibility. The responsibility for reconstruction or repair after casualty shall be the same as for maintenance and repair in the condominium property.

4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair for which the Association is responsible, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such assessments shall be in proportion to the owner's percentile interest.

5. Construction Funds. The funds for payment of costs of reconstruction or repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the Association from assessments against Unit Owners, shall be disbursed in the sound discretion of the trustee and according to the contract of reconstruction or repair, which contract must have the approval of the Board and the Unit Owners involved.

It shall be presumed that the first monies disbursed in payment of costs for reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for

which the fund is established, such balance shall be paid to the Association for the use and benefit of the Unit Owner.

ARTICLE XIV

BIG SKY OWNERS ASSOCIATION

Each Unit Owner shall become a member of the Big Sky Owners Association. Each Unit Owner shall pay all assessments levied by said Association and shall be subject to all rules and regulations of the Big Sky Owners Association Architectural Committee.

If a Unit Owner fails or refuses to pay the Big Sky Owners Association assessment when due, the Association may, but is not obligated to, pay said assessment and seek reimbursement from the nonpaying Unit Owner of said assessment.

XV

UNIT TRANSFER

Any Unit Owner intending to transfer a unit by sale, gift, or trade shall give to the Association notice of said intention. Said notice shall be mailed to the Association, at the Association's office, certified mail, return receipt requested, and shall be postmarked at least thirty (30) days prior to the day of the intended transfer.

Said notice shall, in addition to stating the Unit Owner's intention, provide the following:

- (1) Name and address of intended transferee.
- (2) Name and address of realtor, if any.
- (3) Name and address of title company, if any.

The purpose of the notice provision is to assist the Association

with the collection of any unpaid assessments levied against the unit to be transferred.

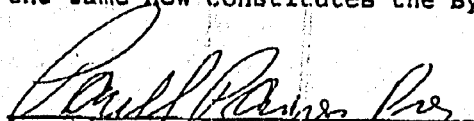
XVI

AMENDMENT

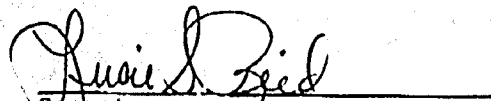
These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Declarant, in its sole discretion and without notice, until Declarant has sold at least seventy-five percent (75%) of the Units. After Declarant has sold seventy-five percent (75%) of the Units, these Bylaws may be amended in the following manner.

At any regular or special meeting of Unit Owners, a Unit Owner or the Board may propose an amendment by resolution. Upon adoption of the resolution by a majority vote of those present, the amendment shall be made a subject for consideration at the next meeting of Unit Owners. Notice of the proposed amendment, together with a copy thereof, shall be mailed to each Unit Owners no later than thirty (30) days in advance of such meeting. At such meeting, the amendment shall be adopted upon receiving the favorable vote of seventy-five (75%) of the Unit Owners present and voting.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned does hereby certify that the above and foregoing Bylaws were duly adopted by the Declarant, Seypar, Inc. as the Second Amended Bylaws of the Association on the 31 day of August, 1995, and that the same now constitutes the Bylaws of this Association.



President

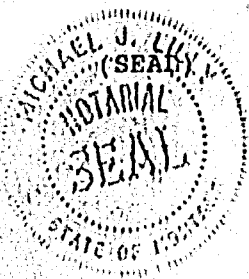


Secretary

STATE OF MONTANA
County of GALLATIN : ss.

On this 31 day of AUGUST, 1995, before me personally appeared PAUL S. PARISER, President, and LUCIE S. REID, Secretary, of the Declarant, Separ Inc. whose identity was proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to this instrument, and acknowledged that they executed the same on behalf of said Declarant.

Notary Public for the State of MONTANA
Residing at Bozeman, MT
My Commission Expires: 1-6-96



Filed for record on the 12th day of SEPTEMBER, A.D. 1995
9:07 o'clock A.M. and recorded in Book 392 RECORDS of
Page 225 - 261 Records of Gallatin County, Montana.

By Peggy Kartz County Recorder Deputy

Fee \$ 222.00 Return to BERG, LILLY ET AL
910 TECHNOLOGY BLVD.
SUITE A
BOZEMAN, MT 59715-4000