

59156

State of Mont., County of Gallatin, as filed for record February 20, 1979  
at 10:35 AM, and recorded in Book 48 of MISCELLANEOUS page 1525  
C. J. Hildes Recorder. By *C. J. Hildes* Deputy

BUILDING STANDARDS FOR  
CONDENOSA PINES RANCH, INC.

ARTICLE 1  
PURPOSE

These Building Standards are adopted and shall be enforced and amended to maintain insofar as possible and to promote the ranch-farm-rural environment which existed prior to the subdivision of the land and to maintain and enhance the natural beauty and rustic character of the land by controlling building practice which detract from a community devoted to ranch, farming, hunting and rural life styles.

ARTICLE 2

2.1 All dwellings or other structures built on residential lots shall be of good and sound construction.

2.2 Mobile homes, modular houses, A frames and log cabins are permitted, in areas which are not restricted, as well as custom designed and constructed homes. Structures such as tar-paper shacks, lean-tos, sod houses, and quonset huts are not permitted.

2.3 No site clearing shall be commenced, no building or other structure, shall be started, constructed, installed, erected or maintained on any tract, nor shall any addition be made, until complete plans and specifications for each development thereof have been submitted to and approved in writing by the Grantors.

ATTC - PPR

2.4 No temporary dwelling of any sort shall be placed upon the premises for occupancy for a period of over six (6) months without written approval of the Grantors. Any structures commenced must be completed within nine (9) months of starting date, and all materials for siding and roofing must meet with the approval of Grantors.

2.5 No mobile homes, or camper vehicles shall be permitted in the area described as that portion of Ponderosa Pines Ranch which lies within Sections 13, 12, 1 Township 3 North, Range 2 East or Section 25, Township 4 North, Range 2 East, and Sections 19, 20, and 29 in Township 4 North, Range 3 East, also west one-half of sections 6, 7, 18, and 19, Township 3 North, Range 3 East.

2.6 Construction of structures shall be promptly completed once commenced.

ARTICLE 3

USE RESTRICTIONS

3.1 No owner shall use his land for commercial purposes, such as stores, restaurants, bars, automobile service stations, automobile or machinery repair, etc. Casual commercial uses such as the occasional sale of animals and farm products are permissible.

3.2 No owner shall store or permit junk, salvage, abandoned vehicles or machinery, trash, or unused building materials to be stored or kept on his land. There shall be no burning of refuse out of doors except as may be approved by both the Gallatin County Health Department and Grantors.

This shall not be construed to prohibit or deny the installation and use of wood burning fireplaces, barbecue pits, or trash burning barrels. Each party owner shall provide suitable receptacles for temporary storage and collection of refuse and all such receptacles shall be screened from public view and protected from disturbance.

ARTICLE 4

ENFORCEMENT

4.1 The Developer, Ponderosa Pines Ranch, Inc., through its duly designated agent shall enforce the Building Standards and other covenants applicable. Upon the formation of a Homeowner's Association, the Developer may transfer its duties to the Association and thereupon shall be relieved of all responsibility hereunder. In the event that an owner refuses or fails to comply with any covenant within sixty (60) days after notification of violation, developer or owners' association may remedy such breach at the expense of the owner, and shall constitute a lien against owner's property until paid.

4.2 The standards set forth herein shall be binding upon each purchaser from Ponderosa Pines Ranch, Inc., and his or her heirs and assigns.

4.3 These standards are for the benefit of the land and the owners thereof and may be enforced by judicial proceedings by and against one or more purchasers from Ponderosa Pines Ranch, Inc., including without limitation, remedies by way of injunction, specific performance or other equitable or legal remedies available under the law of the State of Montana.

4.4 The provision against commercial uses shall not be deemed to bar activities of the Developer in selling lots of the Ponderosa Pines Subdivision.

ARTICLE 5  
AMENDMENT

5.1 These Building Standards may be amended from time to time by Ponderosa Pines Ranch, Inc. without notice to owners, and shall be effective upon promulgation. If the responsibility of enforcing these standards is assumed by the Owner's Association, amendment may be made by the Board of Directors of the Association.

ARTICLE 6  
ADOPTION

The foregoing standards have been adopted and promulgated JANUARY 6 1973.

PONDEROSA PINES RANCH, INC.

By Roberta Moche  
Its President

STATE OF MONTANA )  
                          : ss.  
County of Gallatin )

On this 6th day of January, 1973, before me, the undersigned, a Notary Public for the state of Montana, personally appeared ROBERTA MOCHE, as President of PONDEROSA PINES RANCH, INC., a Montana corporation, and acknowledged to me that she executed the within instrument for and on behalf of said corporation.



J. B. Sandoe  
Notary Public for the State of Montana. Residing at Bozeman, Montana. My Commission expires October 20, 1975

**AMENDED**  
**DECLARATION OF COVENANTS, CONDITIONS,**  
**BUILDING STANDARDS AND RESTRICTIONS**  
**FOR PONDEROSA PINES RANCH, INC.**

FILM 124 PAGE 4407

**KNOW ALL MEN BY THESE PRESENTS:**

That Ponderosa Pines Ranch Property Owners Association, hereinafter referred to as "Association," pursuant to the authority granted in Article 5.1 of the Declaration of Covenants, Conditions, Building Standards and Restrictions for Ponderosa Pines Ranch, Inc., heretofore recorded in the Miscellaneous records of Gallatin County, State of Montana, in Book 48, at page 1525, does hereby amend the Declaration to read as hereafter set out, said Amended Declaration to constitute COVENANTS RUNNING WITH THE LAND and accordingly to be applicable to all persons and entities therein described.

**I. LANDS TO WHICH APPLICABLE**

The following covenants, conditions, building standards and restrictions (all of which together are hereafter referred to as "the covenants") shall be applicable to and govern all lands which comprise that certain subdivision known as Ponderosa Pines Ranch, Inc., Gallatin County, Montana, described on Exhibit A, except such tracts as shall by Association be specifically exempted from the effect of said covenants. Hereafter the real property described in this paragraph I shall be referred to as "the lands." Tract 723 is specifically excluded from these provisions and is designated as a maintenance lot for the benefit of Ponderosa Ranch, Inc., and its owners and residents.

**II. DEFINITIONS**

As used herein, certain terms and words are defined as follows:

A. Accessory Building - a building, such as a garage, barn, or tack shed, detached from a dwelling and used for purposes which are incidental and subordinate to a residential or agricultural use.

- B. Agricultural Use - the practice of the science or art of cultivating the soil, growing fruits, vegetables or crops and raising or grazing of domestic livestock or poultry, for personal use, but specifically excluding a feedlot.
- C. Dwelling - a building, or portion thereof, designed for use as permanent living quarters having sleeping, cooking and complete sanitary facilities.
- D. Guest House - a building for use as temporary living quarters by guests of the owner of a dwelling which has no kitchen or cooking facilities and is clearly incidental or subordinate to a dwelling situated on the same tract of land.
- E. Junk Area - the use of land for the wrecking, dismantling and/or storage of junk, including, but not limited to, inoperable motor vehicles and scrap materials of every sort.
- F. Mobile Home - a vehicle built and transportable upon a chassis comprised of a frame and wheels which is designed for use as a dwelling.
- G. Modular Home - similar to a mobile home except assembled partially off-site and assembled at the building site in increments.
- H. Recreational Vehicle - a vehicle designed for use as a temporary dwelling for travel, recreation and vacation use; provided, that a recreational vehicle occupied for longer than one hundred eighty (180) days in any one year shall be deemed to be a mobile home.
- I. Residential Use - the occupying of a dwelling for living purposes.
- J. Single Family - one or more persons living together as a single, non-profit, house-keeping unit, as distinguished from a group occupying a hotel, motel, club, fraternity or sorority, commune and the like.
- K. Subdivision - a division of land, or land so divided, resulting in the creation of two or more tracts of land out of a single, larger tract in order that title to, possession or occupancy of the tract(s) so created may be sold, rented, leased or otherwise conveyed or transferred and shall include any re-subdivision.

L. Tract - a unit of land as designated on a certificate of survey filed in the office of the Clerk and Recorder, Gallatin County, Montana.

M. Industrial Use - the processing, manufacture, production, sale or bulk storage of raw materials for ultimate use in the making of a finished good; including the extraction thereof, such as mining or lumbering as well as refining, smelting and milling.

N. Commercial Use - any enterprise or enterprises of any kind for a profit.

O. Small Cottage Industry - small scale business endeavors for profit performed by Owner more akin to a hobby than to a commercial enterprise.

P. Mountain Vacation Cabin - a seasonal living structure of a minimum of 350 square feet for non-permanent living restricted to specific locations.

Q. Signs - any man-made structure, object, device, or part thereof, situated out-of-doors, or prominently visible from outside the building on which it is situated, which identifies, advertises, displays or otherwise attracts attention to either itself or some other object, person, institution, organization, business, product, service, event, activity, location, thing or happening of whatever nature, and by any means, including words, letters, numerals, figures, designs, symbols, fixtures, colors, mottos, illumination, projection, contrast, conspicuous and the like.

R. Developer - that entity known as Ponderosa Pines Ranch, Inc.

### III. PERSONS AFFECTED

The covenants hereafter set forth shall inure to the benefit of and shall govern all persons or entities who have or shall purchase or contract to purchase or otherwise become a purchaser or a grantee of any of the lands and shall be binding upon their respective heirs, executors, personal representatives, administrators, successors in interest and assigns as well as all persons occupying or using said lands as lessees, guests, employees, or otherwise under the authority or permission of said purchasers or grantees.

IV. **TERMS OF APPLICATION**

**FILM 1247014410**

The covenants set forth herein shall be binding upon the persons above described for a term ending December 31, 2011. The provisions hereof shall then continue in full force and effect for successive periods of ten (10) years each, unless and until at least six (6) months prior to the end of any such additional period, a majority of the persons then affected (i.e. being a majority of those persons described in paragraph 3 above) shall determine to modify, amend or abolish any or all of the provisions hereof.

V. **REFERENCE TO COVENANTS**

This Declaration, having been duly recorded, shall be referred to by Book and Page number on all instruments hereafter made affecting the title to any and all lots within the lands.

**GENERAL COVENANTS AND CONDITIONS**

A. No site clearing shall be commenced, no construction, improvements, or alterations affecting the external appearance of any building, secondary buildings, fence, cattle guard, gate, walls, railings, etc., shall be started, constructed, installed or erected on any tract, nor shall any temporary dwelling of any sort be placed on any tract until complete plans and specifications have been submitted to the Review Committee consisting of three members appointed by the Board of Directors of Ponderosa Pines Ranch Property Owners Association, and approved in writing by the Committee. Any dwelling constructed on any tract shall contain at least one thousand (1,000) square feet of covered inside living area on the first floor. The single exception is the mountain vacation cabin, designed for seasonal use only, and not as a permanent living structure. The cabin may contain as little as 350 square feet on the first floor, of enclosed living area. This type of structure shall be limited to Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, Township 3 North, Range 3 East, and the S½, Section 35, Township 4 North, Range 3 East. The mountain vacation cabin shall comply with all other conditions. In considering applications, the Committee will regard compatibility with site characteristics as the primary and foremost design objective. The development shall not dominate its surroundings, but rather shall be subservient to them. The total mood



should be one of relaxation, embodying the environment. There should be predominance of wood in the structures to assure harmony with the colors and textures of the natural environment. The character of the site can be reflected in the use of wood, stone and glass. Generous use of glass and multiple small components grouped properly with existing trees and open spaces will create a more intimate relationship with the three dimensional quality of the site. Maintaining earth tones must be achieved in all aspects of buildings exterior appearance.

B. In the event the Review Committee fails to approve or disapprove such design, location, construction and materials within sixty (60) days after the detailed plans and specifications have been submitted to it, approval shall not be required and this article shall be deemed to have been fully complied with. Any plans, specifications and proposals so approved, either expressly in writing or by the expiration of the sixty day period hereinabove provided, shall then permit the owner to commence construction in accordance with said plan, but any deviation from said plan which in the judgment of said Committee is a substantial detriment to the appearance of the structure or of the surrounding area shall be corrected to conform with the plan as submitted. Any structure to be erected in accordance with approval so given must be erected and completed within eighteen (18) months of approval or new approval obtained. If any structure is begun and is not completed within twelve (12) months of the commencement of construction, and in the judgment of the Review Committee is of offensive or unsightly appearance, the said Committee or the Directors of Ponderosa Pines Ranch Property Owners Association at the option of either may take such action as may be necessary in its judgment to improve the appearance so as to make the property harmonious with other properties, including completion of the exterior of the structure, screening or covering of the structure or any combination thereof, or similar operations, and the amount of any expenditures made in so doing shall be a lien on the property and may be enforceable by an action at law. The Review Committee may act by a majority of its members and any authorization or approval made by the Committee must be signed by a majority of the members thereof.

C. No person or entity affected by the covenants shall store or permit junk, salvage, abandoned or inoperable vehicles or machinery, trash, refuse of any kind, logging slash or any unusable building materials to be stored or kept on his or any other tract within the lands. Farm equipment, tractors, harvesters, various pulled equipment shall be screened from public view, from any roadway and adjoining property. No more than five (5) operable vehicles may be parked outside an enclosed building, i.e. garage or other approved structure.

D. All persons and entities affected by the covenants shall provide suitable receptacles for storage and collection of refuse; all such receptacles shall be screened from public view and protected from disturbance by animals. No such person or entity shall burn any trash or refuse of any kind out of doors, unless such trash or refuse is contained and burned in a proper receptacle.

E. No noxious or otherwise offensive activity shall be permitted upon any of the real property covered by these protective covenants, nor shall any use or activity be permitted which may be or may become an annoyance or nuisance to adjacent landowners or which may depreciate the natural environmental amenities of said property.

**USE RESTRICTIONS**

A. Each tract, except as hereafter provided, shall be used for residential and recreational purposes only. Residential use shall include agricultural use as defined herein.

B. Except with respect to such tracts as may be specifically, in writing, so designated by the Association, any and all commercial and/or industrial activity upon or within any tract is prohibited. Specifically excluded from this provision is Developer's right to develop any and all of its mineral interests including, but not limited to, all oil, gas, hydrocarbons and other minerals of whatever nature. Small cottage industry as defined in paragraph II.O. is excluded from this provision.

C. All persons affected by this Declaration shall maintain their respective tracts and all improvements thereon in a clean, sanitary manner in strict compliance with these covenants and all applicable local, state and federal laws and regulations.

D. Association reserves unto itself the right to use any unfenced portion of the subdivision for agricultural purposes.

**BUILDING STANDARDS AND RESTRICTIONS**

A. All structures and improvements of every kind shall conform to the provisions of the covenants. No structure which fails to meet the following minimum standards shall be erected, placed or allowed to remain on any tract, and the Review Committee shall have no power to approve any structure failing to at least meet these minimum standards:

1. No structure shall be erected, altered, placed, or permitted to remain on any tract other than a dwelling required for a single family and their guests, and structures associated with such dwelling providing for the exclusive recreation use of a single family, provided, however, that:
  - (a) In addition to the main single family dwelling, not more than one guest house may be constructed on a tract, provided it is not equipped with kitchen or cooking facilities and is not utilized as a permanent residence; and
  - (a) Dwellings accommodating two or more families may be constructed upon compliance with all of the following conditions:
    - (i) Such dwelling may be constructed only if two or more 10 acre tracts are combined into a single 20 acre building site, and such dwelling may not contain more dwelling units than the number of tracts so combined to form the building site;
    - (ii) No other dwellings may be constructed on any of the tracts so combined except one guest house as provided in subparagraph (a) on the combined tracts; and
    - (iii) Before the Review Committee shall approve the construction of a dwelling for two or more families, the combination of the tracts to form the building site must be evidenced by a recorded agreement between all of the owners of the combined tracts and the Association specifying the location of such dwelling, and describing the tracts upon which no further dwellings may be constructed.

B. No construction equipment or materials of any nature can be moved upon a tract more than sixty (60) days prior to start of construction.

C. Any building or residence erected on said tract shall be of new construction, and no old buildings shall be moved onto said premises.

D. No structure on any tract may be used for dwelling purposes until after its area, as defined by the foundation, has been completely enclosed according to plan and it has been substantially completed, and sanitary facilities and utilities permanently installed. No tent, shack or other outbuilding erected on a tract shall at any time be used as a residence, temporarily or permanently.

E. Mobile homes are specifically prohibited on any tract for any reason. A single mobile home existing on any tract, as of the date of recording of these Covenants, shall be allowed to remain. If such a mobile home is removed from a tract, it cannot be returned nor replaced with another. Modular homes are permitted as long as they are a minimum of 30 feet wide and comply with all general covenants and conditions and all architectural and building standards. Trailers, campers, recreational vehicles, boats, snowmobiles, or other mobile devices shall only be situated or parked on any tract when properly housed or screened from sight of the road and common areas and adjoining tracts.

F. All secondary structures on a site will match an external design and be made of the same basic external material as the primary structure.

G. All concrete that extends 12 inches or more above ground will be painted a blending color with its natural surroundings.

H. Any dwelling and any garage, carport or accessory structure attached to said dwelling erected on any tract shall be so located so that at ground level no portion thereof is less than 30 feet from any boundary line of the tract; except that in the case of tracts combined into a single building site for a dwelling for two or more families, no portion thereof, and no portion of any accessory buildings, shall be less than 30 feet from any exterior boundary of such combined building site.

I. No dwelling or other structure intended for use or occupancy by individuals shall be constructed without an adequate septic tank or sewage disposal system, and no outhouse or privy shall be permitted or maintained on any tract. Any septic tank or sewage or waste disposal system and any private water supply system including wells shall be located, installed and maintained at all times in compliance with standards established by the Montana State Board of Health and by any other governmental agency with jurisdiction.

J. All building construction shall be completed within twelve (12) months of date of commencement.

K. During the course of construction of a dwelling, one recreational vehicle for living purposes shall be permitted for a period not to exceed one hundred eighty (180) days from the date of commencement of construction, at the expiration of which time the recreational vehicle shall no longer be used for living purposes.

L. The visible exterior of all dwellings, guest houses, and accessory structures shall be constructed of natural materials, such as wood, log or stone, and shall be finished in rustic or earthen shades and tones so as to blend with the natural surroundings.

M. Exterior Maintenance. Each owner shall provide exterior maintenance upon his tract and any structures thereon, including painting and repairing the structures, maintaining the grounds to preclude weeds, underbrush and other unsightly growths, and not permitting refuse piles or other unsightly objects to accumulate or remain on the grounds. In providing such exterior maintenance, the owner shall utilize color and landscaping schemes that are harmonious with the surrounding area and consistent with generally accepted concepts for desirable residential developments. In the event any owner shall fail or neglect to provide such exterior maintenance, the Association shall notify such owner in writing specifying the failure and demanding that it be remedied within thirty (30) days. If the owner shall fail or refuse to provide such exterior maintenance with the thirty day period, the Association may then enter such tract and provide required maintenance at the expense of the owner. The full amount shall be due and payable within thirty

(30) days after the owner is billed therefor. Such entry on the tract by the Association shall not be deemed a trespass.

N. In order to protect the properties and structures thereon from fire, the Review Committee may adopt fire protection restrictions including, but not limited to, the following:

1. maintenance of spark arresters on chimneys;
2. at times of high fire danger, restrictions against smoking except within buildings;
3. maintenance at each dwelling of an externally available nozzle and 250 feet of hose connected to a primary or auxiliary water system;
4. approval by the Review Committee of all barbecue sites and units;
5. prohibition of all external burning of refuse; and
6. correction by tract owners of all unnecessary fire hazards and conditions.

**WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM**

A. No domestic water supply or sewage disposal system shall be drilled or constructed except in accordance with Gallatin County and State of Montana regulations and statutes governing domestic water supplies and sanitary systems in subdivision.

B. No work toward construction of a water supply or sewage disposal system shall be undertaken except upon the prior approval of and issuance of a permit by the Office of the Gallatin County Sanitarian and Department of Health and Environmental Sciences of the State of Montana.

**SIGNS**

A. Except as otherwise expressly permitted, all signs are prohibited.

B. One sign, identifying the owners of a dwelling, made of wood or other natural materials, rustic in appearance, and not exceeding six (6) square feet in area, ten (10) feet in height from the ground, or one (1) per tract, shall be permitted.

C. Real estate "For Sale" and "For Rent" signs not exceeding four (4) square feet in area, six (6) feet in height from the ground, one (1) per tract, shall be permitted. **CU 124004417**

D. Signs warning against hunting, fishing, trespassing, etc., not to exceed one (1) square foot in area of five (5) feet in height from the ground shall be permitted.

#### ANIMALS AND LIVESTOCK

In addition to household pets, four horses or cows and up to 15 poultry are permitted on each 10 acre tract if they are enclosed within a fence approved by the Review Committee, and so long as the enclosed area is kept clean and unoffensive to occupants of neighboring tracts and so long as they are properly fed and cared for. No domestic animal will be allowed off its owner's premises unless in the immediate company of its owners or agents. Occasional breeding of animals is permitted. Commercial breeding of animals is prohibited. Pigs are specifically prohibited from any tract for any reason. The Review Committee or the Association directors may limit the number of domestic animals on any tract, and may withdraw permission for any domestic animals for violations of this paragraph.

#### SUBDIVISION

A. No further subdivision of tracts as originally surveyed and recorded shall be permitted unless the resulting tracts are equal to or greater than twenty (20) acres in size.

B. The tracts resulting from any subdivision shall be bound by the terms of these Protective Covenants.

C. There shall be permitted upon each undeveloped tract resulting from a subdivision the same uses, kinds and number of buildings as would be permitted under these protective covenants had the tract so created by the subdivision been originally surveyed and recorded.

**PRESERVATION OF TREES AND SOIL**

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A. No trees shall be removed from within any tract except such trees as may be located in a building site or which may obstruct driveway access to a particular tract. All dead or diseased trees and shrubs will be removed in a timely manner.

B. No purchaser, grantee, lessee, guest, family member or other occupant on any tract may modify or cause any third party to modify any stream course which may traverse any tract, nor may such person obstruct, divert or alter by unnatural means the flow of any water.

C. No soil, sand, gravel or other naturally occurring cover shall be removed from any tract. Any natural material excavated to create ponds, pools or building substructures shall remain upon the tract from which excavated EXCEPT that the Review Committee of the Ponderosa Pines Ranch Property Owners Association may upon written application therefor grant for good reason a waiver of this prohibition.

**ENFORCEMENT**

These covenants, as above set forth, shall be enforced by the Association.

The Association shall be empowered and authorized, solely at their respective options, to establish committees and to delegate to them the authority and duty to enforce these covenants.

In all cases and by whomsoever undertaken, the enforcement of these covenants shall be conducted in a manner fair and reasonable and shall provide any alleged violator of any covenant fair opportunity to be heard after adequate notice and to be impartially adjudged as to any alleged violation.

If any violation shall be found to exist pursuant to the procedures established under the above constraints, the violator shall be given fourteen (14) days after notice to correct the violation, failing which, the Association, as the case may be, shall have full authority to enter the tract of the violator and correct the defect, if that be possible, or otherwise undo the violation, all at the expense of the violator. This period may be extended by the Association upon written request received within thirty (30) days after



notice. The cost of correcting the defect or undoing the violation, if undertaken by the Association, shall constitute a lien against the tract and/or the grantee's interest therein, such lien to be enforceable by sale under the laws of the State of Montana. The violator in addition shall be liable for all costs and reasonable attorney's fees incurred in enforcing the provisions of this paragraph.

**AMENDMENT**

These Protective Covenants, or any portion thereof, may be amended, modified or supplemented at any time by the written consent, duly recorded in the Office of the Clerk and Recorder of Gallatin County, of the Board of Directors of the Ponderosa Pines Ranch Property Owners Association.

**SEVERABILITY**

In the event any of the terms or provisions of these Protective Covenants, or any portion thereof, are invalid or void, such invalidity or voidness shall in no way affect the remainder of these protective covenants.

IN WITNESS WHEREOF, the Association has executed this Declaration this 23rd day of July, 1992.

PONDEROSA PINES RANCH PROPERTY OWNERS ASSOCIATION

By Roberta Moche  
ROBERTA MOCHE, Its President

Tom Niemann  
TOM NIEMANN, Director

Len Kannegard  
LEN KANNEGARD, Director

James Nakamine  
JAMES NAKAMINE, Director



Recorded Gallatin County, Montana

Corporation

STATE OF MONTANA  
City of Three Forks  
County of Gallatin

FILM 124NG14420

On this 27th day of July, 1992, before me appeared Tom Niemann and Len Kannegaard to me personally known, who being by me duly sworn did say that they are both Directors of Ponderosa Pines Ranch Property Owners Association and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said directors both acknowledge said instrument to be the free act and deed of said corporation.

*[Signature]*  
Notary Public for Montana  
Residing at Three Forks, MT  
Commission expires 4/1/94

INSTRUMENT OF RECORD  
PHOTOGRAPHIC QUALITY

CORPORATION

STATE OF HAWAII,  
City and County of Honolulu } ss.

On this 23rd day of July, A. D. 1992, before me appeared Ebertha Moché and James T. Nakamura to me personally known, who, being by me duly sworn, did say that they are the President and Director respectively of Ponderosa Pines Ranch Property Owners Association and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said President and Director acknowledged said instrument to be the free act and deed of said corporation.

JOANNE MORRIS  
NOTARY PUBLIC  
STATE OF HAWAII

NOTARY PUBLIC  
STATE OF HAWAII

*[Signature]*  
Notary Public,  
State of Hawaii.  
MY COMMISSION EXPIRES 3/12/95  
My Commission Expires 1995

INDEXED  
FILED

248515 THIS INSTRUMENT WAS FILED FOR RECORD IN THIS OFFICE ON  
THE 27th DAY OF July, A.D., 19 92  
OFFICE OF COUNTY RECORDER )  
COUNTY OF GALLATIN ) AT 10:30 A.M., AND WAS DULY RECORDED IN BOOK 124  
STATE OF MONTANA ) OF MISCELLANEOUS RECORDS, PAGE 4407

Fee \$ 84.00 pd Shelley M. Cheney RECORDER. BY Elizabeth A. Anderson DEPUTY  
5.75 pd ctf copy

Rt: Tom Nieman  
12450 Clarkston Road  
Three Forks, MT 59752

**AMENDED  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS**

KNOW ALL MEN BY THESE PRESENTS:

That Ponderosa Pines Ranch Property Owners Association, hereinafter referred to as "Association", pursuant to the authority granted in Article 5.1 of the Building Standards For Ponderosa Pines Ranch, Inc., heretofore recorded in Miscellaneous Records of the office of Gallatin County Clerk and Recorder's, Gallatin County, Montana, in Book 48, page 1525, Film 124, at page 4407, does hereby amend the Declaration to read as hereafter set out, said Amended Declaration to constitute COVENANTS RUNNING WITH THE LAND and accordingly to be applicable to all persons and entities therein described.

**ARTICLE I**

**LANDS SUBJECT TO COVENANTS**

The Following covenants, conditions, building standards and restrictions (all of which together are hereafter referred to as "the covenants") shall be applicable to and govern all lands which comprise that certain subdivision known as Ponderosa Pines Ranch, Inc., Gallatin County, Montana, described on Exhibit A of the "Building Standards For Ponderosa Pines Ranch, Inc.", as set forth above, and shall be deemed incorporated herein by reference except such tracts as are specifically exempted in this Article from the effect of said covenants. Hereafter the real property described in this Article I shall be referred to as "the lands". Tracts 1002A and 1002B-1 are specifically exempted from these provisions and designated as commercial lots, upon which the owner(s) may construct, maintain and operate any of the following types of commercial operations:

- f) A hunting or fishing lodge;
- g) A bed and breakfast;
- h) A "dude" ranch; and
- i) A convenience store and gas station.

Tract 1002A-1 is specifically exempted from these provisions and is designated as the Fire Station for the benefit of Ponderosa Pines Ranch Property Owner's Association, Inc.

Tract 1020 is specifically exempted from these provisions and is designated as the future site of a community center, park, solid waste collection facility and maintenance lot for the

benefit of Ponderosa Pines Ranch Property Owners Association, Inc., and its members.

Tract 1005 is specifically exempted from these provisions and is designated as the gravel pit for the benefit of the Ponderosa Pines Ranch Property Owner's Association, Inc.

Tracts 168 and 361 are specifically exempted from these provisions and are designated as Water Storage facilities for the Association's agricultural and other activities, and in the case of Tract 168, the future site of a park for the benefit of the Association and its Members.

## ARTICLE II

### DEFINITIONS

As used herein, certain terms and words are defined as follows:

- a) Accessory Building- a building, such as a garage, barn, or tack shed, detached from a dwelling and used for purposes which are incidental and subordinate to a residential or agricultural use.
- b) Agricultural Use – the practice of the science or art of cultivating the soil, growing fruits, vegetables or crops and raising or grazing of domestic livestock or poultry, for personal use, except as performed by the Association and/or the Developer, which actions are specifically commercial in nature, as provided in Article VIII Section 8.4 hereof, but specifically excluding a feedlot.
- c) Dwelling – a building, or portion thereof, designed for use as permanent living quarters having sleeping, cooking and complete sanitary facilities.
- d) Guest House – a building for use as temporary living quarters by guests of the owner of a dwelling, which has no kitchen or cooking facilities and is clearly incidental or subordinate to a dwelling situated on the same tract of land.
- e) Junk Area – the use of land for the wrecking, dismantling and/or storage of junk, including, but not limited to, inoperable motor vehicles and/or the use of land as a dumping ground for garbage, trash, scrap materials or refuse of every sort.
- f) Mobile Home/Housetrailer – As defined in MT ST 15-24-201, Definitions:
  - (2) "Housetrailer means a form of housing designed to be moved from one place to another by an independent power connected to the housetrailer, which is either 8 feet

wide or less or 45 feet long or less.

(4) "Mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to the mobile home or any trailer, housetrailer, or trailer coach up to 8 feet in width or 45 feet in length used as a principal residence.

Additionally, and for the purposes of these Amended Covenants, a mobile home or housetrailer is further defined as a vehicle built and transportable upon a single chassis comprised of a frame and wheels which is designed to be moved from place to place, to be used as a single family dwelling, and is taxed and classified by the State of Montana as a motor vehicle (15-24-201(3), MCA and 61-1-501, MCA, respectively). For the purposes of these covenants, a home taxed and classified as a mobile home at the time of its construction and sale remains a mobile home, even if subsequently placed on a permanent foundation, or built onto after the fact.

g) Modular/Manufactured Home – As defined in MT ST 15-24-201, Definitions:

(3) "Manufactured home" means a residential dwelling built in a factory in accordance with United States department of housing and urban development code and the federal Manufactured Home Construction and Safety Standards. A manufactured home does not include a mobile home or a housetrailer.

Additionally, and for the purposes of these Amended Covenants, a modular or manufactured home is further defined as a single family dwelling comprised of two or more sections, built off-site in a factory and transported separately to the site where they are then assembled on a permanent foundation, is at least 1000 square feet in size on the ground floor, has a pitched roof and siding and roofing materials that are customarily used on site-built homes, and is in compliance with applicable prevailing standards of the United States Department of Housing and urban Development at the time built. In order for a home to be classified as a modular or manufactured home, it must be "factory built" and said factory built building must be in compliance with MT ST 50-60-402(1), (2), (3) and (4).

h) Recreational Vehicle – a vehicle designed for use as a temporary dwelling for travel, recreation and vacation use; provided, that a recreational vehicle occupied for longer than one hundred eighty (180) days in any one year shall be deemed to be a mobile home.

- i) Residential Use – the occupying of a dwelling for living purposes.
- j) Single Family – one or more persons living together as a single, non-profit, house-keeping unit, as distinguished from a group occupying a hotel, motel, club, fraternity or sorority, commune and the like.
- k) Subdivision – a division of land, or land so divided, resulting in the creation of two or more tracts of land out of a single, larger tract in order that title to, possession or occupancy of the tract(s) so created may be sold, rented, leased or otherwise conveyed or transferred and shall include any additional subdivision.
- l) Tract – a unit of land as designated on a certificate of survey filed in the office of the Clerk and Recorder, Gallatin County, Montana.
- m) Industrial Use – the processing, manufacture, production, sale or bulk storage of raw materials for ultimate use in the making of a finished good; including the extraction thereof; such as mining or lumbering as well as refining, smelting and milling.
- n) Commercial Use – any enterprise or enterprises of any kind for profit; including but not limited to any retail or wholesale activity except for those activities of the Association and the Developer as defined Article VIII Section 8.4 hereof, and except for those activities described in “o” below. For the purposes of these covenants, a home office is not considered Commercial Use.
- o) Small Cottage Industry – small scale, non-retail business endeavors for profit performed by the Owner more akin to a hobby than to a commercial enterprise.
- p) Mountain Vacation Cabin – a seasonal living structure of a minimum 350 square feet for non-permanent living restricted to specific locations.
- q) Signs – any man-made structure, object, device, or part thereof, situated out-of-doors, or prominently visible from outside the building on which it is situated, which identifies, advertises, displays or otherwise attracts attention to either itself or some other object, person, institution, organization, business, product, service, event, activity, location, thing or happening of whatever nature, and by any means, including words, letters, numerals, figures, designs, symbols, fixtures, colors, mottoes, illumination, projection, contrast, conspicuous and the like.
- r) Developer – that entity known as Ponderosa Pines Ranch, Inc.

s) Association – that entity known as the Ponderosa Pines Ranch Property Owners Association, Inc.

t) Committee – That entity, known as the Review Committee, established by the Association Board of Directors, to review member’s development, construction and/or remodeling plans for compliance with these covenants and building standards, and to enforce these protective covenants.

### **ARTICLE III**

#### **PERSONS AFFECTED**

The covenants hereafter set forth shall inure to the benefit of and shall govern all persons or entities who have or shall purchase or contract to purchase or otherwise become a purchaser or grantee of any of the lands and shall be binding upon their respective heirs, executors, personal representatives, administrators, successors in interest and assigns as well as all persons occupying or using said lands as lessees, guests, employees, or otherwise under authority or permission of said purchasers or grantees.

### **ARTICLE IV**

#### **TERMS OF APPLICATION**

The covenants set forth herein shall be binding upon the persons above described for a term ending December 31, 2019. The provisions hereof shall then continue in full force and effect for successive periods of ten (10) years each, unless and until at least six (6) months prior to the end of any such additional period, a super-majority of the persons then affected (i.e. being a 3/5ths majority of those persons described in Article 3.1 above, and on the basis of one tract, one vote) shall determine to abolish any or all of the provisions hereof.

### **ARTICLE V**

#### **REFERENCE TO COVENANTS**

This Declaration, having been duly recorded, shall be referred to by Film and Page number on all instruments hereafter made affecting the title to any and all lots within the lands.

## ARTICLE VI

### REVIEW COMMITTEE

#### Section 6.1 **Structure, Powers and Duties**

The Review Committee shall consist of three (3) members, including at least one Director, nominated and elected by the Review Committee and ratified by the Board of Directors of the Association. The Review Committee members shall serve staggered terms of three years each, except that in the first year, the terms shall be one, two and three years respectively, the terms for each to be determined by drawing straws. The Review Committee shall have authority to review all proposed construction for compliance with the recorded covenants, and to investigate and act upon violations of the recorded covenants. Review Committee recommendations with regard to the final approval or rejection of proposed building plans must be ratified by the Association Board of Directors before notice is sent to the lot owner. Review Committee recommendations regarding covenant violation enforcement actions must be reviewed and ratified by the Association Board of Directors before any legal action is taken.

#### Section 6.2 **Terms, Members**

Review Committee member terms expire in October and the Review Committee shall nominate and elect candidates for the expiring term at the next meeting following a member's term expiring. Resignations of any committee member shall be in writing and delivered to the Chairman of the committee. Members who resign prior to their term expiring shall be replaced by nomination and election by the remaining Review Committee members.

#### Section 6.3 **Qualifications**

The minimum requirements for nomination, election and confirmation to the Review Committee are as follows:

- a) Must be a member of the Association.
- b) Must not be currently in violation of any covenant provisions, such violation being defined as being in receipt of a "Notice of Violation" letter from the Association Board of Directors or the Review Committee.
- c) Must, upon election and confirmation, sign a "letter of commitment" stating electees promise to uphold the recorded covenants and enforce same.
- d) Must attend regularly scheduled committee meetings.





**Section 6.4 Meetings**

Meetings of the review Committee shall be held on a schedule conducive to completing the work of reviewing projects in a timely manner. Since the review process is variable, depending on the timing and completeness of applicants submitted plans and specifications, meetings may be held on an "as needed" basis.

The Review Committee may act by a majority of its' members and any authorization or approval made by the Review Committee must be signed by a majority of the members thereof.

**Section 6.5 Officers**

The Review Committee shall nominate and elect a Chairman each year in October. The Chairman shall chair each meeting and be a liaison between the Review Committee and the Association Board of Directors.

The Review Committee may appoint a non-committee member as "clerk" to assist the Review Committee.

**ARTICLE VII**

**GENERAL COVENANTS AND CONDITIONS**

**Section 7.1 Restrictions**

No site clearing shall be commenced, no construction, improvements, or alterations affecting the external appearance of any building, accessory buildings, fence, cattle guard, gate, walls, railings, etc., shall be started, constructed, installed or erected on any tract, until complete plans, including a site plan, and specifications have been submitted to the Review Committee by certified mail, return receipt requested, and such plans are approved in writing by the Committee.

Any dwelling constructed on any tract shall contain at least 1000 square feet of covered inside living area on the first floor. The single exception is the mountain vacation cabin, designed for seasonal use only, and not as a permanent living structure. The cabin may contain as little as 350 square feet on the first floor, of enclosed living area. This type of structure shall be limited to Sections 1,2,3,10,11,12,13,14,15, Township 3 North, Range 3 East, and the S1/2, Section 35, Township 4 North, Range 3 East. The Mountain vacation cabin shall comply with all other conditions of these recorded covenants.

**Section 7.2 General Considerations for External Appearance**

In considering applications, the Review Committee will regard compatibility with site

characteristics as the primary and foremost design objective. The development shall not dominate its surroundings, but rather shall be subservient to them. The total mood should be one of relaxation, embodying the environment. There should be a predominance of wood in the structures to assure harmony with the colors and textures of the natural environment. The character of the site can be reflected in the use of wood, stone and glass. Generous use of glass and multiple small components grouped properly with existing trees and open spaces will create a more intimate relationship with the three dimensional quality of the site. Maintaining earth tones must be achieved in all aspects of buildings exterior appearance.

### Section 7.3 **Review and Construction Time Frames**

The Review Committee shall have sixty (60) days from its receipt of complete plans and specifications, to render a decision as to the acceptability of the submitted plans. For the purposes of calculation, the sixty (60) days will commence on the date the plans are signed for by the Association. If incomplete or undecipherable plans are received, the Review Committee may request additional information, and in such case, the sixty (60) day time frame will begin upon receipt of the additional requested information. In the event the Review Committee fails to approve or disapprove such design, location, construction and materials within sixty (60) days after the complete detailed plans and specifications have been received and signed for by the Review Committee and/or the Association, approval shall not be required and this Article shall be deemed to have been complied with, however, all construction approved in this manner must comply with all other provisions of these recorded covenants.

Any plans, specifications and proposals so approved, either expressly in writing or by the expiration of the sixty-day period hereinabove provided, shall then permit the Owner to commence construction in accordance with said plan.

Any structure so approved must be erected and completed within eighteen (18) months of approval unless written extension of the original approval, or new written approval, is obtained from the Committee. If any structure is begun and is not completed within twelve (12) months of the commencement of construction, and in the judgement of the review Committee is of offensive or unsightly appearance, the said Committee or the Board of Directors of the Association, at the option of either, may take such action as may be necessary in its judgement to improve the appearance so as to make the property harmonious with other properties, including completion of the exterior of the structure, screening or covering of the structure or any combination thereof, or similar operations, and the amount of any expenditures made in so doing shall be a lien on the property and may be enforceable by an action at law.

### Section 7.4 **General Appearance of Tracts**

No Person or entity affected by the covenants shall store or permit junk, salvage,

abandoned or inoperable vehicles or machinery, trash, refuse of any kind, logging slash or any unusable building materials to be stored or kept on his land or any other tract within the lands. Farm equipment, tractors, harvesters, various pulled equipment shall be screened from public view, from any roadway or adjoining property. No more than five (5) operable vehicles may be parked outside an enclosed building, i.e. garage or other approved structure.

**Section 7.5 Refuse and Burning Restrictions**

All persons and entities affected by the covenants shall provide suitable receptacles for storage and collection of refuse; all such receptacles shall be screened from public view and protected from disturbance by animals. No such person or entity shall burn any trash or refuse of any kind out of doors, unless such trash or refuse is contained and burned in a proper receptacle including a screened top comprised of a metal mesh material containing openings through which a one inch sphere or greater may not pass.

**Section 7.6 Other Activities**

No noxious or otherwise offensive activity shall be permitted upon any of the real property covered by these protective covenants, nor shall any use or activity be permitted which may be or may become an annoyance or nuisance to adjacent landowners or which may depreciate the natural environmental amenities of said property, to include, but not limited to, burying of any material, storage of toxic or hazardous waste or material or other activities that violate any county ordinance or state or federal laws.

**Section 7.7 Exceptions**

With respect to tracts 1002A, 1002A-1, 1002B-1, 168, 361, 1005 and 1020, the permitted improvements allowed on those tracts shall be any improvements consistent with the use of those Tracts for any of the uses set forth in Article I Section 1.1 and Article VIII, Section 8.2 hereof. To the extent practicable, those improvements shall be consistent with the standards set forth in Article VII Sections 7.1 and 7.2 hereof, although it is recognized that such commercial and/or other designated operations may require different types of improvements.

**ARTICLE VIII**

**USE RESTRICTIONS**

**Section 8.1 Use**

Each tract, except as hereafter provided, shall be used for residential and recreational purposes only. Residential use shall include agricultural use as defined herein.

**Section 8.2 Prohibitions and Exceptions**

Except with respect to such tracts as may be specifically, in writing, so designated by the Association, any commercial and/or industrial activity upon or within any tract is prohibited. Specifically excluded from this provision is the Developer's right to develop any and all of its mineral interests, including, but not limited to, all oil, gas, hydrocarbons and other minerals of whatever nature, the Association's and Developer's agricultural rights as provided in Section 8.4 below, and the Association's right to mine gravel as provided in Article XIV, Section 14.3 hereof. Small Cottage Industry as defined in Article II "o" is excluded from this provision.

Notwithstanding the provisions of Sections 8.1 and 8.2 immediately above, Tracts 1002A and 1002B-1 may be used to construct, maintain and operate any of the following types of commercial operations:

- f) A hunting or fishing lodge;
- g) A bed and breakfast;
- h) A "dude" ranch; and
- i) A convenience store and gas station.

**Section 8.3 Maintenance**

All persons affected by this Declaration shall maintain their respective tracts and all improvements thereon in a clean, sanitary manner in strict compliance with these covenants and all applicable local, state and federal laws and regulations.

**Section 8.4 Agricultural Use**

Notwithstanding the provisions of Sections 8.1 and 8.2 above, The Association reserves unto itself the right to use any unfenced portion of and/or within the subdivision for commercial grazing purposes, the proceeds from such activity to be used solely for improvement to and maintenance of the roads and other common areas in the seasonal part of the subdivision, as it is described in Article VII, Section 7.1, Paragraph 2 hereof. Additionally, and notwithstanding the provisions of Sections 8.1 and 8.2 above, the Developer reserves unto itself the right to use any unfenced portion of and/or within the subdivision for commercial farming purposes.



## ARTICLE IX

### BUILDING STANDARDS AND RESTRICTIONS

#### Section 9.1 **Minimum Standards**

All structures and improvements of every kind shall conform to the provisions of the covenants. No structure, which fails to meet the following minimum standards, shall be erected, placed or allowed to remain on any tract, and the Review Committee shall have no power to approve any structure failing to at least meet these minimum standards:

1. No structure shall be erected, altered, placed, or permitted to remain on any tract other than a dwelling required for a single family and their guests, and structures associated with such dwelling providing for the exclusive recreation use of a single family, provided, however, that:
  - a) In addition to the main single family dwelling, not more than one guest house may be constructed on a tract, provided it is not equipped with kitchen or cooking facilities and is not utilized as a permanent residence; and
  - b) Dwellings accommodating two or more families may be constructed upon compliance with all of the following conditions:
    - (i) Such dwelling may be constructed only if two or more 10 acre tracts are combined into a single 20 acre building site, and such dwelling may not contain more dwelling units than the number of tracts so combined to form the building site;
    - (ii) No other dwellings may be constructed on any of the tracts so combined except one guest house as provided in subparagraph (a) on the combined tracts; and
    - (iii) Before the Review Committee shall approve the construction of a dwelling for two or more families, the combination of the tracts to form the building site must be evidenced by a recorded agreement between all of the owners of the combined tracts and the Association specifying the location of such dwelling, and describing the tracts upon which no further dwellings may be constructed.
2. No construction equipment or materials of any nature can be moved upon a tract more than sixty (60) days prior to start of construction.
3. Any building or residence erected on said tract shall be of new construction and

- no buildings which have been constructed or remodeled greater than nine (9) years prior to the time it shall be placed upon the property shall be allowed.
4. No structure on any tract may be used for dwelling purposes until after its area, as defined by the foundation, has been completely enclosed according to plan and it has been substantially completed and sanitary facilities and utilities permanently installed. No tent, shack, or other accessory building erected on a tract shall at any time be used as a residence, temporarily or permanently.
  5. mobile homes and housetrailer are specifically prohibited on any tract for any reason. A single mobile home or housetrailer existing on any tract as of the date of the recording of the 1992 Amended Covenants, shall be allowed to remain. If such a mobile home or housetrailer is removed from a tract, it cannot be returned nor replaced with another. Modular/Manufactured homes are permitted as long as they are a minimum 24 feet wide, are placed on a permanent foundation and comply with all general covenants and conditions and all architectural and building standards. Trailers, campers, recreational vehicles, boats, snowmobiles, or other mobile recreational devices may be parked on a temporary basis on any tract without prior approval of the Review Committee. All accessory structures on a site will match an external design and be made of the same basic external material as the primary structure.
  6. All concrete that extends 24 inches or more above the ground will be painted a blending color with its natural surroundings.
  7. Any dwelling and any garage, carport or accessory structure attached or not attached to said dwelling erected on any tract shall be so located that at ground level no portion thereof is less than 30 feet from any boundary line of the tract; except that in the case of tracts combined into a single building site for a dwelling for two or more families, no portion thereof, and no portion of any accessory buildings, shall be less than 30 feet from any exterior boundary of such combined building site.
  8. No dwelling or other structure intended for use or occupancy by individuals shall be constructed without an adequate septic tank or sewage disposal system, and no outhouse or privy shall be permitted or maintained on any tract. Any septic tank or sewage or waste disposal system and any private water supply system including wells shall be located, installed and maintained at all times in compliance with standards established by the Montana State Board of Health and by any other governmental agency with jurisdiction.
  9. All building construction shall be completed within twelve (12) months of date of commencement of such construction unless new written approval or a written extension of the original approval has been obtained from the Review Committee.
  10. During the course of construction of a dwelling, one recreational vehicle for living purposes shall be permitted for a period not to exceed one hundred eighty (180) days

from the date of commencement of construction, at the expiration of which time the recreational vehicle shall no longer be used for living purposes.

11. Fences shall be approved by the Review Committee prior to erection on any tract.

Fences shall conform to the following standards:

- a) Posts: Posts shall be of standard metal drive-in type or standard wood round or square in type. All post types require Review Board approval.
- b) Fence material: Fence material shall be of standard barbed wire, smooth wire, wood split rail, horizontal wood members, standard rolled wire fencing fabric, chain link fabric, or vertical wood members of uniform design. All fence material types require Review Board approval.

12. The visible exterior of all dwellings, guest houses, and accessory structures shall be constructed of natural materials, such as wood, log or stone, and shall be finished in rustic or earthen shades and tones so as to blend with the natural surroundings. Pole barns, stables and similar structures may be constructed of steel building systems so long as they are factory painted in color(s) to match the primary structure.

13. Notwithstanding the provisions of this Article IX, Tracts 1002A, 1002A-1, 1002B-1, 168, 361, 1005 and 1020 are specifically exempted from these provisions insofar as these provisions would prohibit the use of or improvements upon these Tracts for any purpose permitted in Article 1 Section 1.1 and Article 8 Section 8.2 hereof.

## Section 9.2 Exterior Maintenance

Each owner shall provide exterior maintenance upon his tract and any structures thereon, including painting and repair of the structures, maintaining the grounds to preclude noxious weeds, underbrush and other unsightly growths, and not permitting refuse piles or other unsightly objects to accumulate or remain on the grounds. In providing such exterior maintenance, the owner shall utilize color and landscaping schemes that are harmonious with the surrounding area and consistent with generally accepted concepts for desirable residential developments. In the event any owner shall fail or neglect to provide such exterior maintenance, the Association shall notify such owner in writing specifying the failure and demanding that it be remedied within thirty (30) days. If the owner shall fail or refuse to provide such exterior maintenance within the thirty day period, the Association may then enter such tract and provide required maintenance at the expense of the owner. The full amount shall be due and payable within thirty (30) days after the owner is billed therefor. Such entry on the tract by the

Association shall not be deemed trespass.

**Section 9.3 Fire Protection Restrictions**

In order to protect the properties and structures thereon from fire, the Review Committee may adopt fire protection restrictions including, but not limited to, the following:

- a) Maintenance of spark arresters on chimneys;
- b) At times of high fire danger, restrictions against smoking except within buildings;
- c) Maintenance at each dwelling of an externally available nozzle and 250 feet of hose connected to a primary or auxiliary water system;
- d) Approval by the Review Committee of all barbecue sites and units;
- e) Prohibition of all external burning of refuse; and
- f) Correction by tract owners of all unnecessary fire hazards and conditions.

**ARTICLE X**

**WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM**

**Section 10.1 Compliance with Regulations**

No domestic water supply or sewage disposal system shall be drilled or constructed except in accordance with Gallatin County and State of Montana regulations and statutes governing domestic water supplies and sanitary systems in subdivision.

**Section 10.2 Permits**

No work toward construction of a water supply or sewage disposal system shall be undertaken except upon the prior approval of and issuance of a permit by the office of the Gallatin County Sanitarian and Department of Health and Environmental Sciences of the State of Montana or other governmental agencies with jurisdiction.

**ARTICLE XI**

**SIGNS**

**Section 11.1 Prohibition**



Except as otherwise expressly permitted, all signs are prohibited.

## Section 11.2 **Exceptions**

Signs meeting the following specifications and limitations shall be permitted:

- a) One sign, identifying the owners of a dwelling, made of wood or other natural materials, rustic in appearance, and not exceeding six (6) square feet in area, ten (10) feet in height from the ground, or one (1) per tract, shall be permitted.
- b) Real estate "For Sale" and "For Rent" signs not exceeding four (4) square feet in area, six (6) feet in height from the ground, and one (1) per tract, shall be permitted.
- c) Signs warning against hunting, fishing, trespassing, etc., not to exceed one (1) square foot in area or five (5) feet in height from the ground shall be permitted.
- d) Notwithstanding the provisions of Article XI, Section 11.1 and 11.2 immediately above, Tracts 1002A, 1002A-1, 1002B-1, 1005, 168, 361 and 1020 are specifically exempted from these provisions insofar as these provisions would prohibit use of or improvements upon these Tracts, or placing on or near these Tracts any signs necessary or appropriate for, any purpose permitted on these Tracts.

## **ARTICLE XII**

### **ANIMALS AND LIVESTOCK**

#### **Section 12.1 Limitations and Prohibitions**

In addition to household pets, four (4) horses or cows and up to 15 poultry are permitted on each 10 acre tract if they are enclosed within a fence approved by the Review Committee, and so long as the enclosed area is kept clean and inoffensive to occupants of neighboring tracts and so long as they are properly fed and cared for.

No domestic animal will be allowed off its owner's premises unless in the immediate company of its owners or their agents.

Occasional breeding of animals is permitted. "Commercial" breeding of animals, as the term is defined in Article II (n), is strictly prohibited.

Pigs are specifically prohibited from any tract for any reason.

The Review Committee or the Association Directors may limit the number of domestic animals on any tract, and may withdraw permission for any domestic animals for violations of this Article.

**Section 12.2 Exemptions**

The Association is specifically exempted from the provisions of Section 12.1 above, insofar as those provisions would prohibit and/or limit use of any unfenced portion of the subdivision by the Association for commercial grazing purposes. Tracts 1002A and 1002B-1 are specifically exempted from these provisions insofar as these provisions would prohibit use of or improvements upon these Tracts, or breeding, keeping or maintaining livestock or animals on these tracts necessary or appropriate for, any purpose permitted on these Tracts.

**ARTICLE XIII**

**SUBDIVISION**

**Section 13.1 Prohibition and Exceptions**

No further subdivision of tracts as originally surveyed and recorded shall be permitted unless:

- e) The resulting tracts are equal to or greater than twenty (20) acres in size.
- f) The tracts resulting from any subdivision shall be bound by the terms of these protective covenants; and
- g) There shall be permitted upon each undeveloped tract resulting from such subdivision the same uses, kinds and number of buildings as would be permitted under these protective covenants had the tract so created by the subdivision been originally surveyed and recorded.

**ARTICLE XIV**

**PRESERVATION OF TREES AND SOIL**

**Section 14.1 Removal of Trees**

No trees shall be removed from within any tract except such trees as may be located in a building site or which may obstruct driveway access to a particular tract. All dead or diseased trees and shrubs will be removed in a timely manner.

**Section 14.2 Streams**

No purchaser, grantee, lessee, guest, family member, or other occupant on any tract may



modify or cause any third party to modify any stream course, which may traverse any tract, nor may such person obstruct, divert or alter by unnatural means the flow of any water.

**Section 14.3 Soil, Gravel**

No soil, sand, gravel, or other naturally occurring cover shall be removed from any tract. Any natural material excavated to create ponds, pools or building substructures shall remain upon the tract from which excavated EXCEPT that the Review Committee and/or the Association may upon written application therefor, grant for good reason a waiver of this prohibition.

The Association is specifically exempted from the provisions of this section insofar as it applies to the mining of gravel on any tract so designated by the Association for that purpose, such mining to be done by the Association or its designee, solely for the purposes of the maintenance and improvement of the subdivision roads and common areas.

**ARTICLE XV**

**ENFORCEMENT**

**Section 15.1 Association**

These covenants, as above set forth, shall be enforced by the Association.

The Association shall be empowered and authorized, solely at their respective options, to establish committees and to delegate to them authority and duty to enforce these covenants.

In all cases and by whomsoever undertaken, the enforcement of these covenants shall be conducted in a manner fair and reasonable and shall provide any alleged violator of any covenant fair opportunity to be heard after adequate notice and to be impartially adjudged as to any alleged violation.

**Section 15.2 Enforcement Procedures**

If any violation shall be found to exist pursuant to the procedures established under the above constraints, the violator shall be given fourteen (14) days after notice to correct the violation, failing which, the Association, as the case may be, shall have full authority to enter the tract of the violator and correct the defect, if that is possible, or otherwise undo the violation, all at the expense of the violator. This period may be extended by the Association upon written request received within fourteen (14) days after notice. The Association may, at its discretion, develop, or authorize the Review Committee to develop, additional procedures, which the

Review Committee will follow in identifying and correcting violations and to assist it with the process of prioritizing its enforcement actions.

The cost of correcting the defect or undoing the violation, if undertaken by the Association, shall constitute a lien against the tract and/or the grantee's interest therein, such lien to be enforceable by sale under the laws of the State of Montana. The violator in addition shall be liable for all costs and reasonable attorney's fees incurred in enforcing the provisions of this Article, and in giving notice of violation.

## **ARTICLE XVI**

### **LIABILITY**

The Board of Directors, and the Review Committee acting under the supervision of the Board of Directors, Officers, employees and volunteers of the Association, being a Non-Profit corporation organized under Montana law, are subject to the protections from personal liability as set forth in Montana Code Annotated, including the provisions of Title 35 Chapter 2. These individuals shall not be held liable to any person for damages which may result from the Review Committee's action taken pursuant to these amended covenants, including, but not by way of limitation, damages which may result from correction, Amendment, change or rejection of plans, the issuance, suspension, or enforcement of construction approval, or any delays associated with such action on the part of the Review Committee.

## **ARTICLE XVII**

### **AMENDMENT**

These protective covenants, or any portion thereof, may be amended, modified or supplemented at any time by:

14. The affirmative vote of the Association Board of Directors and a simple majority of the persons then affected (i.e. being a majority of those persons described in Article III Section 3.1 hereof), such voting to be by mail-in ballot on the basis of one tract, one vote, the notice for which explained the purpose of the vote and included all amendments, modifications and/or supplementary language to be added, deleted or substituted to or from these protective covenants; or
15. The affirmative vote of a three fifths (3/5) majority of the persons then affected (i.e. being a three fifths (3/5) majority of those persons described in Article III Section 3.1 hereof), such voting to be by mail-in ballot on the basis of one tract, one vote, the notice for which explained the purpose of the vote and included all amendments,

modifications and/or supplementary language to be added, deleted or substituted to or from these protective covenants.

To be valid, a ballot used in a vote to amend, modify or supplement these protective covenants must contain the unique Tract number assigned by the Developer at the time the original certificates of survey were filed with the Clerk and Recorder of Gallatin County, State of Montana, and the name, address and signature of the Tract owner(s) or such other person(s) as are authorized in writing by the owner(s) to cast the vote for that Tract. There shall be one (1) ballot for each Tract in the subdivision.

**ARTICLE XVIII**

**SEVERABILITY**

In the event any of the terms or provisions of these Protective Covenants, or any portion thereof, are invalid or void, such invalidity or voidness shall in no way affect the remainder of these protective covenants.

IN WITNESS WHEREOF, The Association has executed this Declaration this <sup>20<sup>th</sup></sup> day of ~~September~~ <sup>October</sup>, 2000.

PONDEROSA PINES RANCH PROPERTY  
OWNERS ASSOCIATION

By Roberta Moche  
Roberta Moche, its President  
Pat Smith  
Pat Smith, Director  
Prescott Walker  
Prescott Walker, Director  
Bill Shott  
Bill Shott, Director

STATE OF MONTANA     )  
                                  )  
County of Gallatin     )

On this 20<sup>th</sup> day of October, 2000 before me, a Notary Public in and for said State, personally appeared Roberta Moche, Pat Smith, Prescott Walker, and Bill Shott known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.



Mark A. Byer  
Notary Public for the State of Montana  
Residing at Bozeman  
My Commission Expires: 1-28-03

**REMOVAL OF AMENDED  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS**

Know all men by these presents:

That Ponderosa Pines Ranch Property Owners Association, hereinafter referred to as "Association", did file Amended Declaration of Covenants, Conditions, and Restrictions with the Clerk and Recorder of Gallatin County on 20 October 2000. This document serves to remove that document due to the following:

The Amended Declaration of Covenants, Conditions, and Restrictions - filed with the Clerk and Recorder of Gallatin County on July 27, 1992 states:

**"III. PERSONS AFFECTED**

The covenants hereafter set forth shall inure to the benefit of and shall govern all persons or entities who have or shall purchase or contract to purchase or otherwise become a purchaser or a grantee of any of the lands and shall binding upon their respective heirs, executors, personal representatives, administrators, successors in interest and assigns as well as any person occupying or using said lands as lessees, guests, employees, or otherwise under the authority or permission of said purchasers or grantees.

**IV. TERMS OF APPLICATION**

The covenants set forth herein shall be binding upon the persons above described for a term ending December 31, 2011. The provisions hereof shall then continue in full force and effect for successive periods of ten (10) years each, unless and until at least six (6) months prior to the end of any such additional period, a majority of the persons then affected (i.e. being a majority of those persons described in paragraph 3 above) shall determine to modify, amend or abolish and or all of the provisions hereof."

If we are to assume the document filed with the Clerk and recorder in 1992 was legal, then we must ascertain that the above provisions were not complied with before the newest document was filed in October 2000. The time limit was not met nor was there a vote held of the members of this organization on this issue prior to it's filing.

2024397  
Page: 2 of 2  
11/06/2000 04:32P  
12.00  
Shelley Vance-Gallatin Co MT MISC

We, as members of Ponderosa Pines Ranch Property Owners Association, therefore do remove the Amended Declaration of Covenants filed on 20 October 2000. (Doc. 2023254)

Signed,

Theda Bea Bouldin

Theda Bea Bouldin - Lots 839 & 842 & by proxy for lots 701,105, 589,590,619

Miriam Van Straaten

Miriam VanStraaten - Lot 686 & by proxy for lots

Patrick McCall

Patrick McCall - Lot 702

Larry Isom

Larry Isom - Lots 717 & 718

Jim Rinehart

Jim Rinehart - Lots 624 & 625

Dennis Painter

Dennis Painter - Lots 517 & 518

STATE: MONTANA

COUNTY: GALLATIN

On this 5<sup>th</sup> day of November, 2000 before me, a notary public in and for said state, personally appeared Theda Bouldin, Miriam Vanstraaten, Patrick McCall, Larry Isom, Jim Rinehart, and Dennis Painter, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that the executed the same.



Carolyn Isom

Carolyn Isom

Notary Public for the State of Montana

Residing at Three Forks, MT

My Commission expires: 5-22-03

Removal of Amended Covenants - 2 of 2



2434100

Page: 1 of 4 12/06/2012 11:38:56 AM

Charlotte Mills - Gallatin County, MT

Fee: \$38.00  
MISC



**AMENDED  
DECLARATION OF BUILDING STANDARDS  
PONDEROSA PINES RANCH SUBDIVISION  
GALLATIN COUNTY, MONTANA**

KNOW ALL MEN BY THESE PRESENTS:

That Ponderosa Pines Ranch Property Owners Association, Inc. Pursuant to the authority granted by article 5.1 of the "BUILDING STANDARDS FOR PONDEROSA PINES RANCH, INC" heretofore recorded in Miscellaneous Records of the office of Gallatin County Clerk and Recorder's Gallatin County, Montana, in book 48, page 1525, film 124, at page 4407, does hereby cancel said document as binding and replaces it with these Amended building Standards, said amended declaration to constitute COVENANTS RUNNING WITH THE LAND and accordingly to be applicable to all persons and entities herein described

**ARTICLE 1**

**PURPOSE**

These building standards shall be adopted to maintain, insofar as possible, the ranch-farm-rural environment that the State of Montana is known for.

**ARTICLE 2**

**LANDS SUBJECT TO THESE BUILDING STANDARDS**

The following land shall be bound to these conditions:

All the lands described in the " DECLARATION OF EASEMENTS AND RIGHT-OF WAY" document as filed with the Gallatin County Clerk and Records office in the book of miscellaneous starting at Pg 506, and recorded as film 50 Pg 506 to Pg 510.

EXCEPTIONS: Any lots lying within T3N, R3E, MPM Sec. 1, 2, 3, 10, 11, 12, 13, 14, 15, And T4N, R3E MPM Sec. 35.

Or any lots that where sold prior to the filing of the afore stated document or any lot that may have stipulations of covenant expiration attached to them shall not be bound by these Building Standards

*See Exhibit "A"*

**ARTICLE 3**

**USE RESTICTIONS**

3.1: No owner or lessee of a lot shall use his land or allow another to use his land for any commercial purpose that is not consistent with a rural farming, ranching community, there shall be no large scale farming or ranching activities allowed, such as cattle or horse operations or feed lots of any sort. Commercial operations of pigs, hogs or chickens are not allowed. This shall not be construed to prohibit or deny any lot owner the right to have animals, so long as they do not become offensive to the community.

3.2: No owner or lessee shall use his land or allow another to use his land for any use that is not in compliance with the laws of the State of Montana.

3.3: No owner or lessee of a lot shall use his land or allow another to use his land to store junk, salvage or abandoned vehicles or machinery.

3.4: No owner or lessee of a lot shall use his land or allow another to use his land to store construction equipment or materials. This shall not be construed to prohibit or deny the storage of equipment or materials for a planed project in the near future.

3.5: There shall be no top soil or gravel removed or transported off any lot. This shall not be construed to prohibit or deny the removal of materials for the excavation work necessary to meet building needs.

3.6: There shall be no associations of any kind that have a mandatory membership clause allowed.

#### **ARTICLE 4**

#### **BUILDING CONSTRUCTION**

4.1: All dwellings or other structures shall be constructed to meet the National Building Code in place at the time any building or structure is begun.

4.2: No structure shall be started without the approval of a building review committee.

4.3: A building review committee shall be comprised of the full time residents of the adjacent tracts from the proposed building site. The adjacent residents shall not exceed more than 2500 ft from the proposed building site. If there are no full time residents on said lots then no approval is needed. If the adjacent residents fail to approve the site plans within thirty (30) days then construction can commence without approval. The review committee must give good reason to disapprove a site plan.

4.4: All structures built as permanent residence shall be (at the time of completion) a minimum of 800 square feet. As determined by Gallatin County / State of Montana tax appraisals. No single wide mobile homes older than 5 years shall be placed on any lot.

4.5: All structures shall be completed in a timely manner. Weather, finances and physical health can have an impact and shall be considered in the construction time.

#### **ARTICLE 5**

#### **ENFORCEMENT**

The enforcement of these protective covenants shall be the responsibility of the offended party. The enforcement of these protective covenants shall never be administered by any association. This clause may never be changed or amended in any way.

#### **ARTICLE 6**

#### **AMENDMENT**

These standards, (the ones that may be amended) may be AMENDED, (that is, they may be detracted from, but never added to) from time to time, by a 75% vote of the resident land owners affected. This clause may never be changed or amended in any way.

#### **ARTICLE 7**

#### **ADOPTION**

We, the undersigned do solemnly affirm that the Board of Directors, Ponderosa Pines Ranch Property Owners Association, Inc. has come to this decision by a majority vote, and that we have entered into

and signed this instrument of our own free will, without duress of any kind. The foregoing standards have been adopted and promulgated this 6th day of December, 2012

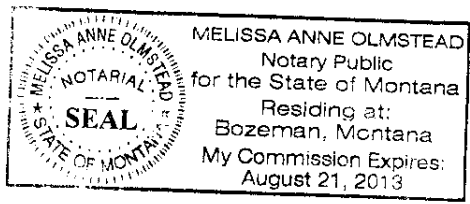
Ponderosa Pines Ranch Property Owners Association, Inc.

President: Printed Name Edward Arnold  
Signature [Handwritten Signature]

State of Montana )  
) Solemnly affirming  
County of Gallatin ) and subscribing

On this 6 day of December, 2012 before me, the Undersigned, a Notary public in and for said State, personally appeared the above named persons. Known to me to be the persons whose names are subscribed to the within instrument.  
\* Edward Arnold, President, PPR POA

Witness my hand and official seal:  
Melissa Anne Olmstead  
Notary Public in and for the State of Montana  
Residing in \_\_\_\_\_  
My commission Expires \_\_\_\_\_



'EXHIBIT "A"

DESCRIPTION

CAL-2360

P.L.M. 50 mg 510

Township 3 North, Range 3 East, N.P.M.

- Section 1: All  
 Section 2: All  
 Section 3: All  
 Section 6: All, EXCEPT the  $N\frac{1}{2}SW\frac{1}{2}SW\frac{1}{2}NW\frac{1}{2}$ , and the  $NW\frac{1}{2}SW\frac{1}{2}NW\frac{1}{2}$   
 Section 7:  $E\frac{1}{2}SW\frac{1}{2}$ , Lots 1 and 2 and the  $E\frac{1}{2}$  of the  $NW\frac{1}{2}$   
 Section 8:  $SW\frac{1}{2}$ , all that part of the  $NW\frac{1}{2}$  of Section 8, described as follows: Commencing at the West Quarter Corner of said Section 8, thence North along the West line of said Section to the Northwest corner; thence in a straight line Southeast to the center of said Section; thence west along the center line of said section to the point of beginning. The  $SE\frac{1}{2}$ , EXCEPTING therefrom a tract of land in the Northeast corner more particularly described as follows: Commencing at the East Quarter corner of said section thence South along the East line of said Section a distance of 1320 feet; thence in a straight line Northwesterly to a point in the East-West center line of said Section, which point is 650 feet West of the East line of said Section; thence East along said Center line a distance of 660 feet to the point of beginning.
- Section 10: All  
 Section 11: All  
 Section 12:  $N\frac{1}{2}NW\frac{1}{2}$ , and the  $SW\frac{1}{2}NW\frac{1}{2}$ ,  $NE\frac{1}{2}$  and the  $NE\frac{1}{2}SE\frac{1}{2}$ ,  $SE\frac{1}{2}NW\frac{1}{2}$ ,  $SW\frac{1}{2}$ ,  $W\frac{1}{2}SE\frac{1}{2}$ ,  $SE\frac{1}{2}SE\frac{1}{2}$   
 Section 13: All  
 Section 14: All  
 Section 15: All  
 Section 17: All  
 Section 18: All  
 Section 19: All

Township 4 North, Range 3 East, M.P.M.

- Section 19: Lots 1, 2, 3, and 4,  $S\frac{1}{2}SE\frac{1}{2}$ ,  $NE\frac{1}{2}SE\frac{1}{2}$ , lying South and East of the Railroad right-of-way.  
 Section 20: All that part of the  $NW\frac{1}{2}$  lying South and East of the Railroad right-of-way.  
 Section 29: All that part of the  $W\frac{1}{2}$  of Section 29, described as follows: Beginning at the Northwest corner of said Section 29, thence East along the North line of said Section a distance of 1500 feet to a point; thence from said point in a straight line in a southwesterly direction to a point on the South line of said Section 29, which point is 660 feet east of the Southwest corner of said Section 29; thence West along the South line of said Section 29 a distance of 660 feet to the Southwest corner of said Section; thence North along the west line of said Section 29 a distance of 5280 feet to the point of beginning;
- Section 30: All  
 Section 31: All  
 Section 35:  $S\frac{1}{2}$

Township 3 North, Range 2 East, M.P.M.

- Section 1: All, lying East of the Railroad right-of-way, EXCEPTING the  $E\frac{1}{2}NE\frac{1}{2}SE\frac{1}{2}NE\frac{1}{2}$  and the  $E\frac{1}{2}W\frac{1}{2}NE\frac{1}{2}SE\frac{1}{2}NE\frac{1}{2}$   
 Section 12: All that part of the  $SE\frac{1}{2}$  lying East of the right-of-way of the Northern Pacific Railway Company and all that part of the  $NE\frac{1}{2}$ , lying East of the right-of-way of the Northern Pacific Railway Company.  
 Section 13: All that part of Section 13, lying East of the right-of-way of the Northern Pacific Railway Company.

Township 4 North, Range 2 East, M.P.M.

- Section 25: Lots 1, 2, 3,  $SE\frac{1}{2}SE\frac{1}{2}$ , lying East of the right-of-way of the Northern Pacific Railway Company.

2434101

Page: 1 of 3 12/06/2012 11:38:56 AM

Charlotte Mills - Gallatin County, MT

Fee: \$31.00  
MISC



**REPEAL OF  
AMENDED  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS.**

Know all men by these presents:

That we, the board of Directors, Ponderosa Pines Ranch Property Owners Association, Inc. hereby repeal that certain document known as the "**Amended Declaration of Covenants, Conditions and Restrictions**". Filed in the Clerk and Records Office, Gallatin County, Montana. Document number 2023258. We also Repeal that certain document known as "**Amended Declaration of Covenants, Conditions, Building Standards and Restrictions for Ponderosa Pines Ranch, Inc.**" filed with the Clerk and Records Office, Gallatin County, Montana, at Film 124, Page 4407 to Page 4420.

We do this of our own free will on the grounds that we believe that the above mentioned document does not meet the requirements as stated in Article 5.1 of the **Building Standards for Ponderosa Pines Ranch, Inc.** recorded in miscellaneous Records of the office of the Gallatin County Clerk and Recorder's, Gallatin County, Montana in Book 48, page 1525. The above mentioned passage reads as such.

*See Exhibit "A"*

**ARTICLE 5  
AMENDMENT**

*5.1 These Building Standards may be **amended** from time to time by Ponderosa Pines Ranch, Inc. without notice to owners, and shall be effective upon promulgation. If the responsibility of enforcing these standards is assumed by the Owners Association, amendment may be made by the Board of Directors of the Association.*

Our reason for this decision is based on the term "AMEND". See blacks Law Dictionary

**AMEND | Definition of AMEND (Black's Law Dictionary, 2<sup>nd</sup> Edition)**

**To improve; to make better by change or modification. See ALTER.**

**[thelawdictionary.org/amend/](http://thelawdictionary.org/amend/)**

It is the opinion of the Board of Directors and the Officers of Ponderosa Pines Ranch Property Owners Association, Inc. that the "AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTION" and " Amended Declaration of Covenants, Conditions, Building Standards and Restrictions for Ponderosa pines Ranch, inc." sited above do not **improve or make better** the living conditions of Ponderosa Pines Ranch. In fact we believe they detract from the very thing that the Developer was trying to achieve. See article 1 of BUILDING STANDARDS FOR PONDEROSA PINES RANCH, INC. document as listed above.

ARTICLE 1  
PURPOSE

These building Standards are adopted and shall be enforced and **amended** to maintain insofar as possible and to promote the **Ranch-Farm-Rural environment** which existed prior to the subdivision of the land and to maintain and enhance the natural beauty and rustic character of the land by controlling building practice which detract from **a community devoted to ranch, farming, hunting and rural life styles.**

**In a community based around ranching and farming there should be no restrictions on the number or type of farm or ranch animals a land owner may have on his or her property.**

We, the undersigned do solemnly affirm that the Board of Directors, Ponderosa Pines Ranch Property Owners Association, Inc. has come to this decision by a majority vote of all land owners, and that we have entered into and signed this instrument of our own free will, without duress of any kind. This 6<sup>th</sup> day of December, 2012

President: Printed Name Edward Arnold  
Signature [Signature]

State of Montana )  
) Solemnly affirming  
County of Gallatin ) and subscribing

On this 6 day of December, 2012 before me, the Undersigned, a Notary public in and for said State, personally appeared the above named persons. \*Known to me to be the persons whose names are subscribed to the within instrument.  
\* Edward Arnold President, PPRPCA

Witness my hand and official seal:  
Melissa Anne Olmstead  
Notary Public in and for the State of Montana  
Residing in \_\_\_\_\_  
My commission Expires \_\_\_\_\_

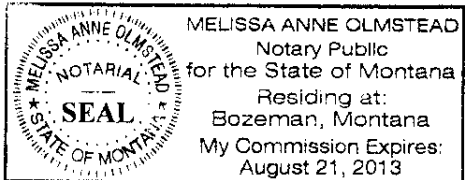


EXHIBIT "A"

DESCRIPTION

CAL-2560

P.L.M 50 mg 513

Township 3 North, Range 3 East, M.P.M.

Section 1: All  
 Section 2: All  
 Section 3: All  
 Section 6: All, EXCEPT the NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , SW $\frac{1}{4}$ , NW $\frac{1}{4}$ , and the NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , NW $\frac{1}{4}$   
 Section 7: E $\frac{1}{2}$ , SW $\frac{1}{4}$ , Lots 1 and 2 and the E $\frac{1}{2}$  of the NW $\frac{1}{4}$   
 Section 8: SW $\frac{1}{4}$ , all that part of the NW $\frac{1}{4}$  of Section 8, described as follows: Commencing at the West Quarter Corner of said Section 8, thence North along the West line of said Section to the Northwest corner; thence in a straight line Southeast to the center of said Section; thence west along the center line of said section to the point of beginning. The SE $\frac{1}{4}$ , EXCEPTING therefrom a tract of land in the Northeast corner more particularly described as follows: Commencing at the East Quarter corner of said section thence South along the East line of said Section a distance of 1320 feet; thence in a straight line Northwesterly to a point in the East-West center line of said Section, which point is 660 feet West of the East line of said Section; thence East along said Center line a distance of 660 feet to the point of beginning.

Section 10: All  
 Section 11: All  
 Section 12: NW $\frac{1}{4}$ , and the SW $\frac{1}{4}$ , NE $\frac{1}{4}$  and the NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ , SE $\frac{1}{4}$ , SE $\frac{1}{4}$ , SE $\frac{1}{4}$   
 Section 13: All  
 Section 14: All  
 Section 15: All  
 Section 17: All  
 Section 18: All  
 Section 19: All

Township 4 North, Range 3 East, M.P.M.

Section 19: Lots 1, 2, 3, and 4, SE $\frac{1}{4}$ , NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , lying South and East of the Railroad right-of-way.  
 Section 20: All that part of the NW $\frac{1}{4}$  lying South and East of the Railroad right-of-way.  
 Section 29: All that part of the W $\frac{1}{2}$  of Section 29, described as follows: Beginning at the Northwest corner of said Section 29, thence East along the North line of said Section a distance of 1500 feet to a point; thence from said point in a straight line in a southwesterly direction to a point on the South line of said Section 29, which point is 660 feet east of the Southwest corner of said Section 29; thence West along the South line of said Section 29 a distance of 660 feet to the Southwest corner of said Section; thence North along the west line of said Section 29 a distance of 5280 feet to the point of beginning;  
 Section 30: All  
 Section 31: All  
 Section 35: S $\frac{1}{2}$

Township 3 North, Range 2 East, M.P.M.

Section 1: All, lying East of the Railroad right-of-way, EXCEPTING the E $\frac{1}{2}$ , NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , NE $\frac{1}{4}$  and the E $\frac{1}{2}$ , NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , NE $\frac{1}{4}$   
 Section 12: All that part of the SE $\frac{1}{4}$  lying East of the right-of-way of the Northern Pacific Railway Company and all that part of the NE $\frac{1}{4}$ , lying East of the right-of-way of the Northern Pacific Railway Company.  
 Section 13: All that part of Section 13, lying East of the right-of-way of the Northern Pacific Railway Company.

Township 4 North, Range 2 East, M.P.M.

Section 25: Lots 1, 2, 3, SE $\frac{1}{4}$ , SE $\frac{1}{4}$ , lying East of the right-of-way of the Northern Pacific Railway Company.

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Page: 1 of 2 11/13/2017 02:30:16 PM Fee: \$14.00  
Charlotte Mills - Gallatin County, MT DECREE



GALLATIN COUNTY CLERK  
OF DISTRICT COURT  
JENNIFER BOYD JUDON

2017 NOV -2 PM 3: 50

FILED

EIGHTEENTH JUDICIAL DISTRICT COURT *CYE* DEPUTY  
GALLATIN COUNTY, MONTANA

DWIGHT E AND SALLY J ASHCRAFT, )  
ANTHONY AND JULIA CARUANA, )  
MICHAEL AND LORRAINE SALMON )  
and JENNIFER ROYSTON TONJUM )

Petitioners, )

vs. )

PONDEROSA PINES RANCH )  
PROPERTY OWNERS ASSOCIATION )  
Inc., a Montana Non-profit Corporation, )  
and EDWARD ARNOLD, )

Respondents, )

Cause No: DV-15-647C

SUMMARIZED  
ORDER RE: ENTRY OF  
DEFAULT JUDGMENT  
REPEALING DOCUMENTS  
NUMBERED 2434101 AND  
2434100, BOTH FILED DECEMBER  
6, 2012, GALLATIN CLERK AND  
RECORDER'S OFFICE

In order to provide a summarized version of the Final Default Judgment Order, the Court enters this Summarized Order re: Entry of Default Judgment Repealing Documents Numbered 2434101 and 2434100, Both Filed on December 6, 2012, Gallatin Clerk and Recorder's Office. Before December 6, 2012, the Covenants in effect were October 20, 2000 Amended Declaration of Covenants, Conditions and Restrictions, Document No. 2023258, Gallatin County (2000 Amended Declaration of Covenants). On October 27, 2017, this Court found good cause to enter Default Judgment against Respondent Ponderosa Pines Property Owner's Association. This Court found that the Association's own affidavit regarding the alleged vote proved that necessary votes were not cast to Amend the 2000 Amended Declaration of Covenants Therefore, the Association did not have the power and should not have filed Documents Numbered 2434101



and 2434100, Both Filed on December 6, 2012, Gallatin Clerk and Recorder's Office.

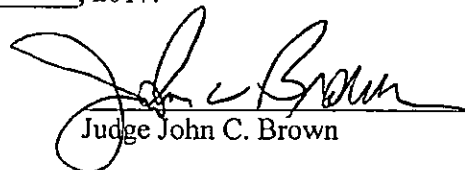
Therefore, the Court entered the following order:

Based on the foregoing, this Court **GRANTS** the Landowner's Requested relief contained in their Request for Declaratory Judgment. This Court **ENTERS DEFAULT JUDGMENT** in favor of the Landowners. Therefore, the following documents **NO LONGER HAVE ANY FORCE AND EFFECT**:

- a. Repeal of Amended Declaration of Covenants, Conditions and Restrictions, Doc. No. 2434101, filed on December 6, 2012, Gallatin County Clerk and Recorder's Office; and
- b. Amended Declaration of Building Standards, Doc. No. 2434100, filed on December 6, 2012, Gallatin County Clerk and Recorder's Office.

To see the full order, please see the October 27, 2017 Order on file with the Gallatin Clerk of Court.

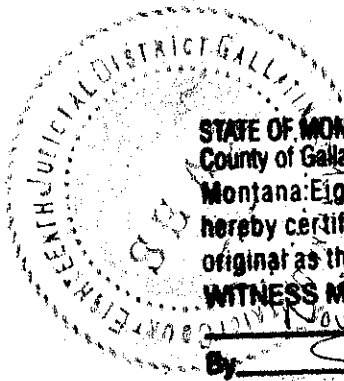
Dated this 2 day of November, 2017.

  
 Judge John C. Brown

cc:

Alanah Griffith  
Art Wittich

*Emailed*  
*11-3-2017*

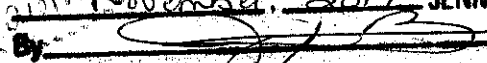


STATE OF MONTANA } ss  
County of Gallatin

JENNIFER BRANDON, Clerk of the

Montana: Eighteenth Judicial District Court, Gallatin County, do hereby certify that the above is a full, true and correct copy of the original as the same appears in the files and records of this office.

WITNESS MY HAND and the Seal of this Court this 13 day of November, 2017 JENNIFER BRANDON, CLERK

By  Deputy



PLA 50 REG 506

62252

State of Mont., County of Gallatin, as Filed for record May 18 79  
at 1:00 P.M., and recorded in Book 50 of MISCELLANEOUS page 506  
Enelle G. Bridges Recorder. By *Cawson Taylor* Deputy

DECLARATION OF EASEMENTS  
AND RIGHTS-OF-WAY

KNOW ALL MEN BY THESE PRESENTS:

That PONDEROSA PINES RANCH, INC., a Montana corporation, having its business address at Bozeman, Montana, hereafter called the "Grantor", does hereby make, provide and grant to those persons described below those certain easements, rights-of-way and privileges hereafter defined.

1. GRANTEES: All of the persons who shall now or hereafter be purchasers not in default; grantees, owners and lessees of portions of the lands described on Exhibit "A", attached hereto and made a part hereof by incorporation, are hereinafter collectively referred to as the "Grantees." The lands as a whole described on Exhibit "A" are hereafter referred to as "Ponderosa Pines Ranch."
2. DESCRIPTION OF ROADWAY EASEMENTS: Each Lot of the Ponderosa Pines Ranch shall have appurtenant thereto access by way of an easement and right-of-way thirty feet (30') in width. As of the date hereof, the location of certain of said easements has not been determined by the Grantor. The Grantor reserves the right to determine the location of such access easements, the centerlines of which shall, insofar as practicable, coincide with the boundaries between Lots of Ponderosa Pines Ranch, the Grantor to consider, in determining the location, the topography and soil conditions of the lands concerned.
3. USE OF ROADWAY EASEMENTS: The above-described roadway easements shall be used in common with the Grantor and all Grantees for ingress and egress for all purposes to and from their respective Lots; for the construction, repair and maintenance of roadbeds and road surfaces which exist or may be placed thereon; for the use, construction, maintenance and repair of utility lines, pipelines, water

DATE - 5/12

storage facilities, wells and springs together with all apparatus associated therewith; the taking of surface water located within the same and for all transportation uses by the Grantor, the Grantees and their respective employees, families and guests.

**4. GRANTS AND RESERVATIONS OF EASEMENTS AND RIGHTS-OF-WAY:**

The Grantor hereby grants to the Grantees a perpetual, non-exclusive easement and right-of-way in, over, under and across the said roadway easements for the purposes and uses above set forth in common with the Grantor and all other Grantees, Reserving to the Grantor its rights as expressed in this instrument.

**5. RESERVATION OF RELOCATION RIGHTS:**

The Grantor hereby expressly reserves the right to determine the location of all roadway easements and to relocate the same wherever it shall be deemed necessary by the Grantor by reason of topography and soil conditions.

**6. CONSTRUCTION AND MAINTENANCE OF ROADS:**

The Grantor shall not be responsible for either the construction, repair or maintenance of roadways within the said easements, nor shall the Grantor be liable to any Grantee or third person for damages arising from the use or the locating of said easements. Monies received from the general maintenance assessment shall be used for maintenance and upkeep of existing improvements so long as such monies shall be received and administered by the Grantor.

**7. RESERVATION OF FARMING AND GRAZING RIGHTS:**

The Grantor reserves the right to farm and to graze any Lot within Penderosa Pines Ranch until such Lot shall be physically occupied by its Grantee.

**8. CONDITIONAL GRANT:**

The Grants herein made are CONDITIONED UPON the acceptance of all of the provisions contained in this instrument. The use of any easement herein

described by any Grantee shall conclusively establish acceptance by such Grantee of all of the provisions, conditions and reservations set forth herein.

9. SUCCESSION AND APPLICABILITY:

The grants and reservations herein made shall run in favor of and be binding upon the Grantor and the Grantees and its and their respective heirs, executors, administrators, assigns and successors in interest, forever, such easements as hereby granted and reserved being covenants running with the land.

10. WAIVER OF GRANTOR'S RIGHTS:

The Grantor may at any time after the recording of this instrument waive, release or transfer to any Grantee any of the rights, reservations and privileges by it herein retained. The Grantor shall not expand or enlarge such rights and privileges. No such waiver, release or transfer shall be valid unless expressed in a writing executed by the Grantor or its successors in interest.

11. RECORDING:

This declaration shall be recorded in the Office of the Recorder, Gallatin County, State of Montana. It shall be binding upon the Grantor, the Grantees and all persons claiming under them and shall affect all lands described on Exhibit "A". From and after the date of such recording, the provisions hereof may be incorporated into any other instruments affecting any of the lands described on Exhibit "A" by referring to the Book (Film) and Page numbers in which this Declaration shall be recorded.

IN WITNESS WHEREOF, the Grantor pursuant to resolution of its Board of Directors has caused the presents to be duly executed by its President on this 12<sup>th</sup> day of April, 1979.

PONDEROSA PINES RANCH, INC.

By Roberta Moche  
ROBERTA MOCHE, Its President,  
"Grantor"



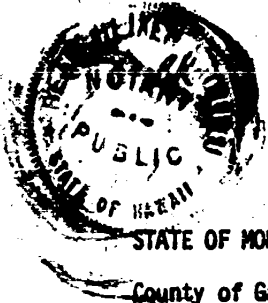
STATE OF HAWAII }  
CITY AND COUNTY } SS  
OF HONOLULU }

FILED 50 REG 509

On this 13<sup>th</sup> day of April, 1979, before me,  
a Notary Public in and for said State, personally appeared before  
me ROBERTA MOCHE, known to me to be the President of the corporation  
that executed this instrument and that she executed the same on  
behalf of said corporation and acknowledged to me that it is the  
free act and deed of the corporation.

Betty Heiken Kaolulu  
Notary Public, First Judicial Circuit  
State of Hawaii

My Commission expires March 26, 1983.



STATE OF MONTANA )  
: SS  
County of Gallatin )

I hereby certify that this instrument was filed for record  
at \_\_\_\_\_ minutes past \_\_\_\_\_ o'clock \_\_\_\_\_ M., this  
\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, in my office, and duly  
recorded in Book \_\_\_\_\_ of \_\_\_\_\_  
at Page \_\_\_\_\_.

\_\_\_\_\_  
County Clerk and Recorder

By \_\_\_\_\_  
Deputy Recorder

Fees: \$ \_\_\_\_\_

Please Return to: PONDEROSA PINES RANCH, INC.  
P. O. Box 3620  
Honolulu, Hawaii 96811

Township 3 North, Range 3 East, M.P.M.

- Section 1: All  
 Section 2: All  
 Section 3: All  
 Section 6: All, EXCEPT the NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ , and the NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$   
 Section 7: E $\frac{1}{2}$ , SW $\frac{1}{4}$ , Lots 1 and 2 and the E $\frac{1}{2}$  of the NW $\frac{1}{4}$   
 Section 8: SW $\frac{1}{4}$ , all that part of the NW $\frac{1}{4}$  of Section 8, described as follows: Commencing at the West Quarter Corner of said Section 8, thence North along the West line of said Section to the Northwest corner; thence in a straight line Southeast to the center of said Section; thence west along the center line of said section to the point of beginning. The SE $\frac{1}{4}$ , EXCEPTING therefrom a tract of land in the Northeast corner more particularly described as follows: Commencing at the East Quarter corner of said section thence South along the East line of said Section a distance of 1320 feet; thence in a straight line Northwesterly to a point in the East-West center line of said Section, which point is 660 feet West of the East line of said Section; thence East along said Center line a distance of 660 feet to the point of beginning.

- Section 10: All  
 Section 11: All  
 Section 12: NW $\frac{1}{4}$ , and the SW $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$  and the NE $\frac{1}{4}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$   
 Section 13: All  
 Section 14: All  
 Section 15: All  
 Section 17: All  
 Section 18: All  
 Section 19: All

Township 4 North, Range 3 East, M.P.M.

- Section 19: Lots 1, 2, 3, and 4, SE $\frac{1}{4}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ , lying South and East of the Railroad right-of-way.  
 Section 20: All that part of the NW $\frac{1}{4}$  lying South and East of the Railroad right-of-way.  
 Section 29: All that part of the W $\frac{1}{2}$  of Section 29, described as follows: Beginning at the Northwest corner of said Section 29, thence East along the North line of said Section a distance of 1500 feet to a point; thence from said point in a straight line in a southwesterly direction to a point on the South line of said Section 29, which point is 660 feet east of the Southwest corner of said Section 29; thence West along the South line of said Section 29 a distance of 660 feet to the Southwest corner of said Section; thence North along the west line of said Section 29 a distance of 5280 feet to the point of beginning;  
 Section 30: All  
 Section 31: All  
 Section 35: S $\frac{1}{2}$

Township 3 North, Range 2 East, M.P.M.

- Section 1: All, lying East of the Railroad right-of-way, EXCEPTING the E $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$  and the E $\frac{1}{2}$ W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$   
 Section 12: All that part of the SE $\frac{1}{4}$  lying East of the right-of-way of the Northern Pacific Railway Company and all that part of the NE $\frac{1}{4}$ , lying East of the right-of-way of the Northern Pacific Railway Company.  
 Section 13: All that part of Section 13, lying East of the right-of-way of the Northern Pacific Railway Company.

Township 4 North, Range 2 East, M.P.M.

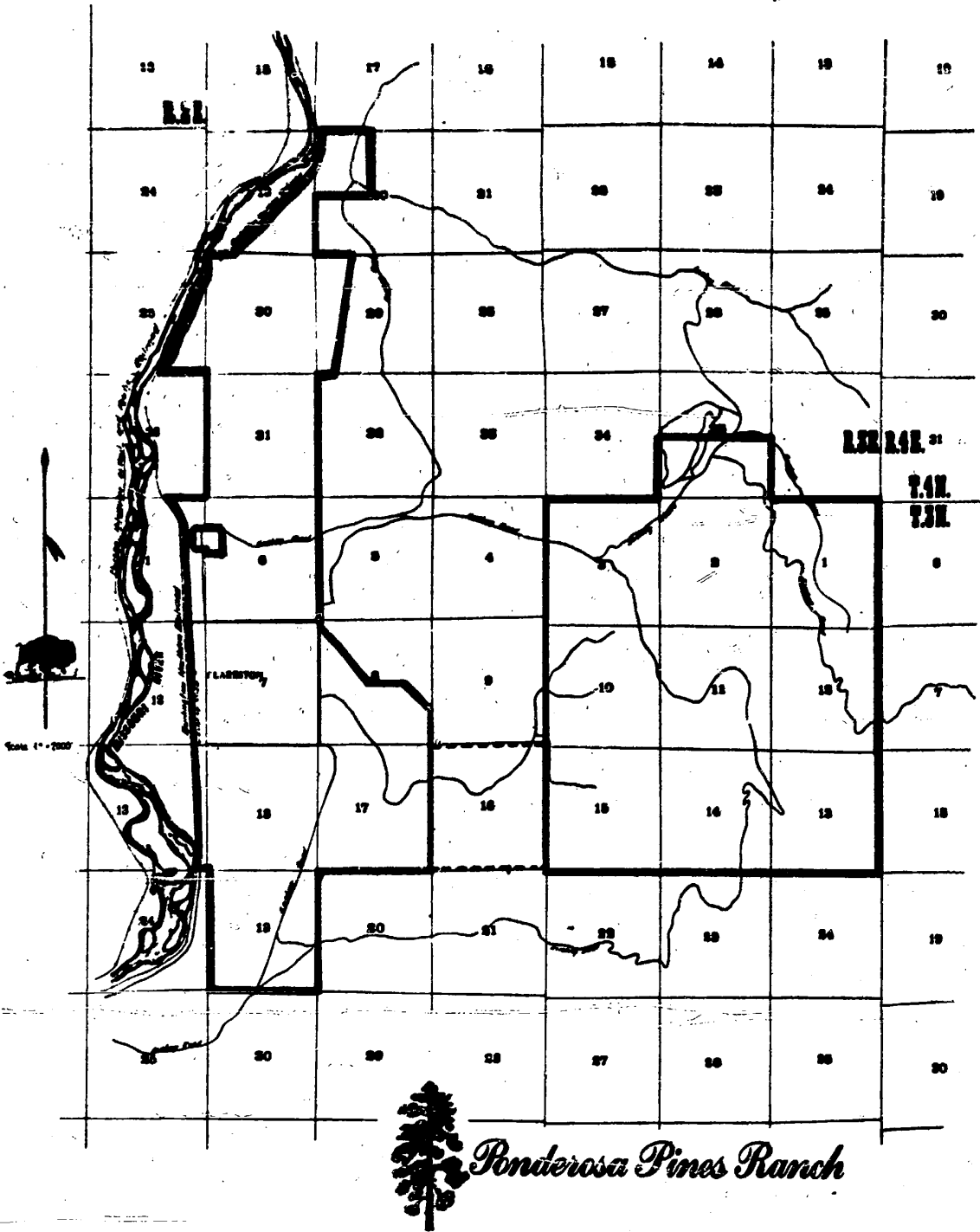
- Section 25: Lots 1, 2, 3, SE $\frac{1}{4}$ SE $\frac{1}{4}$ , lying East of the right-of-way of the Northern Pacific Railway Company.

Prepared for:

**South Seas Land, Ltd.**  
HONOLULU, HAWAII

FILE NO. **50 005 511**

Principal Office, Boston  
Collier County, Boston



NOTICE

To all property owners in Ponderosa Pines Subdivision, including lots in the following certificates of survey:

Section 19, Twp. 3 N., R.3E., Gallatin County

COS #854, 846, 827, 828, 583, 582, 580, 581, 847, 848, 830, 829, 869, 870, 873, 738, 439, 438, 741, 742, 647, 852, 849, 851, 850, 809, 831, 811, 810, 833, 832, 495, 496, 497, 835, 498, 834, 812, 853, 813, 814, 836, 855, 838, 837, 863, 862, 864, 861, 273, 272, 441, 440, 671-A, 871, 806, 670

Section 19, Twp. 4 N., R.3E.

COS #2757, 578, 576A & B, 657A, B, & C, 560, 560B, 860, 585, 807, 808, 579, 865, 866, 867, 868, 739, 740

RE: Easements and rights-of-way within these tracts

A "Declaration of Easements and Rights-of-Way" (recorded on May 18, 1979, in Book 50 of Miscellaneous, at pp. 506-511, Document No. 62252) governing the tracts within Ponderosa Pines Ranch, detailed by Certificates of Survey as numbered hereinabove, provides in pertinent part as follows:

2. DESCRIPTION OF ROADWAY EASEMENTS: Each Lot of the Ponderosa Pines Ranch shall have appurtenant thereto access by way of an easement and right-of-way thirty feet (30') in width. As of the date hereof, the location of certain of said easements has not been determined by the Grantor. The Grantor reserves the right to determine the location of such access easements, the centerlines of which shall, insofar as practicable, coincide with the boundaries between Lots of Ponderosa Pines Ranch, the Grantor to consider, in determining the location, the topography and soil conditions of the lands concerned.

3. USE OF ROADWAY EASEMENTS: The above-described roadway easements shall be used in common with the Grantor and all Grantees for ingress and egress for all purposes to and from their respective Lots; for the construction, repair and maintenance of roadbeds and road surfaces which exist or may be placed thereon; for the use, construction, maintenance and repair of utility lines, pipelines, water storage facilities, wells and springs together with all

2575781

Fee: \$31.00  
MISC

Page: 1 of 3  
03/30/2017 11:49:33 AM  
Charlotte Mills - Gallatin County, MT





apparatus associated therewith; the taking of surface water located within the same and for all transportation uses by the Grantor, the Grantees and their respective employees, families and guests.

4. GRANTS AND RESERVATIONS OF EASEMENTS AND RIGHTS-OF-WAY:

The Grantor hereby grants to the Grantees a perpetual, non-exclusive easement and right-of-way in, over, under and across the said roadway easements for the purposes and uses above set forth in common with the Grantor and all other Grantees, Reserving to the Grantor its rights as expressed in this instrument.

5. RESERVATION OF RELOCATION RIGHTS: The Grantor hereby expressly reserves the right to determine the location of all roadway easements and to relocate the same wherever it shall be deemed necessary by the Grantor by reason of topography and soil conditions.

6. CONSTRUCTION AND MAINTENANCE OF ROADS: The Grantor shall not be responsible for either the construction, repair or maintenance of roadways within the said easements, nor shall the Grantor be liable to any Grantee or third person for damages arising from the use or the locating of said easements. Monies received from the general maintenance assessment shall be used for maintenance and upkeep of existing improvements so long as such monies shall be received and administered by the Grantor.

9. SUCCESSION AND APPLICABILITY: The grants and reservations herein made shall run in favor of and be binding upon the Grantor and the Grantees and its and their respective heirs, executors, administrators, assigns and successors in interest, forever, such easements as hereby granted and reserved being covenants running with the land.

At the current time, and pursuant to such, Grantor Roberta Moche will attempt to resolve any confusion relating to easements and rights-of-way within Ponderosa Pine Ranch by enunciating the following policies:

1. Rights-of-way shall generally be 30 feet in width; to the extent practicable, the centerlines of such shall coincide with the surveyed boundaries between lots;

2. Pursuant to reserved authority, the Grantor shall determine the placement of roadways where the topography and soil conditions of the land concerned do not permit their location on surveyed boundaries between lots;

3. Where the exact location of easements has become disputed, the Grantor, or her designated agent, may engage an engineer to determine such, whereupon a record of the easements shall be filed with the Stillwater County Clerk & Recorder.

4. Pursuant to Special Power-of-Attorney executed by Roberta Moche on September 22, 2016, all authority to clarify, situs and survey roadways within this Subdivision has been granted to Joe Velli, Broker/Owner, River Realty, Bozeman, MT.

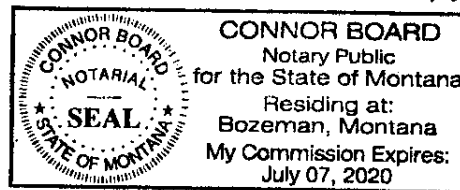
Dated this 30 day of ~~September, 2016.~~ <sup>MARCH, 2017</sup>

Roberta Moche by: Joe Velli P.O.A.  
JOE VELLI  
Special POA

State of: Montana  
County of: Gallatin

Connor Board 3/30/17  
- Notary

This instrument was acknowledged before me on March 30, 2017 by Joe Velli as POA for Roberta Moche.



Connor Board

Residing at: Bozeman, MT  
My Commission expires: 7/7/20

BY-LAWS  
OF  
PONDEROSA PINES RANCH PROPERTY  
OWNERS ASSOCIATION CORPORATION

ARTICLE I  
FORMATION AND OBJECTIVES

Section 1.1 Formation

The Ponderosa Pines Ranch Property Owners Association Corporation (hereafter called the "Association") is a non-profit, eleemosynary corporation organized and existing under the laws of the State of Hawaii.

Section 1.2 Objectives

The objectives of the Association are:

- a) To maintain, preserve and improve the common areas used by Members of the Association, their guests and other permitted users, for ingress, egress, recreational and utility purposes; and
- b) To enforce covenants heretofore or hereafter adopted affecting the Ponderosa Pines Ranch Subdivision (hereafter called the "Subdivision").
- c) To perform such other functions consistent with law and validly directed by the Board of Directors to be performed by the Association.

ALTC - R 1418

ARTICLE II  
MEMBERSHIP

Section 2.1 Definition of Members

Those persons and entities described below as

"lot owners" and "lot purchasers" and their successors in interest are and shall be Members of the Association.

"Lot owners" are those persons or entities to whom Ponderosa Pines Ranch, Inc. (hereafter called the "Developer") has delivered a Warranty Deed for one or more lots in the Subdivision. A lot for which a Warranty Deed shall have been delivered shall be deemed "owned".

"Lot purchasers" are those persons or entities who have entered into a Contract for Deed with the Developer to purchase one or more lots in the Subdivision, but to whom a Warranty Deed for any lot has not been delivered by the Developer.

Those persons or entities who by reason of purchase, assignment or otherwise acquire the rights of lot owners or lot purchasers are and shall be deemed, respectively, lot owners or lot purchasers, as the case may be.

#### Section 2.2 Classes of Members

Lot owners are and shall be Class A Members.

Lot purchasers are and shall be Class B Members.

#### Section 2.3 Voting

Class A Members shall for each lot owned have one vote for at-large Members of the Board of Directors and for all other issues upon which votes shall be taken.

Class B Members shall have no vote except as provided in Section 4.2 but they shall have all other rights, privileges and duties of Members.

The Developer shall have one vote on each matter subject to vote for each lot of the Subdivision for which

no Warranty Deed shall have been delivered.

Where there is more than one person or entity comprising the Grantee of any individual lot of the Sub-division, the person or entity first named in the Warranty Deed as Grantee shall be entitled to exercise the vote attributable to such lot UNLESS all of the persons or entities, collectively named as Grantee shall exercise such vote or shall designate in writing prior to exercising such vote a person or entity different from that above described.

Section 2.4 Proxies

Any Member entitled to vote may do so in person or by proxy. No proxy shall be valid for more than eleven months after the date of execution thereof unless otherwise provided in the proxy instrument.

Any officer of the Developer shall have the right to exercise the Developer's voting rights.

ARTICLE III

MEETINGS OF MEMBERS

Section 3.1 Annual Meeting

There shall be an annual meeting of Members of the Association to be held at the headquarters of Ponderosa Pines Ranch, Inc. at Three Forks, Montana unless some other place shall be designated in the notice of meeting.

The annual meeting shall be held on the 1st day of June of each year, commencing 1984, or upon such other date, not later than ninety days thereafter, as

shall be designated in the notice.

Notice of the date of the annual meeting or of any special meeting shall be mailed to all Members at least thirty days prior to the date set for such meeting.

Section 3.2 Business To Be Conducted At  
The Annual Meeting

Whether specified in the notice, or not, the following reports shall be presented to the Members at the annual meeting.

- a) Report of the activities of the Association for the preceeding year.
- b) Report of the financial condition of the Association.
- c) Budget for the forthcoming year with identification of proposed expenditures for the forthcoming year and anticipated revenues.

Election of Directors shall be held at the Annual Meeting.

Section 3.3 Special Meetings of Members

Special meetings of the Members may be called by a majority of the Board of Directors or by the Secretary upon written demand of the Members owning or purchasing at least ten percent (10%) of the lots in the Subdivision.

Section 3.4 Agenda For Meetings

All notices of meetings shall set forth all matters upon which action of the Members will be requested.

Section 3.5 Voting, Quorum

No action shall be taken nor be binding upon the Association unless:

a) The matter shall have been duly noticed for action in the call for the meeting or in these By-Laws; and

b) The action shall have been affirmatively voted upon by the Developer and by a majority of those Members entitled to vote who were present in person and by proxy at the meeting; or

The Board of Directors was authorized by such vote of the Members and Developer to take such action; and

c) There was a quorum present, in person or by proxy, at said meeting, the quorum comprising the Developer and the owners and purchasers of at least ten percent (10%) of the lots of the Sub-division.

## ARTICLE IV

DIRECTORSSection 4.1 Number of Directors

There shall be five Directors of the Association, together constituting the Board of Directors. The Directors shall from among their number select a Chairman who shall preside at meetings of the Board.

Section 4.2 Elections of Directors

Those lot owners and lot purchasers actually residing full-time upon one or more of their respective lots in the Subdivision shall, as a group, by majority vote based upon the number of lots owned or being purchased, be entitled to elect one of the five Directors.

The Developer, so long as it shall retain legal title to ten percent (10%) or more of the total number of lots in the Subdivision, shall be entitled to select one of the five Directors.

The remaining three Directors shall be elected in accordance with the provisions of Section 2.3 hereof. These shall be known as "Directors at Large".

#### Section 4.3 Terms of Office

The Director elected by resident lot owners and lot purchasers shall hold office for one year.

The Director selected by the Developer shall hold office for one year.

The Directors at Large shall each hold office for three years, except that at the first election of Directors the persons receiving the first, second and third largest number of votes as Directors at Large shall hold office as Directors, respectively, for three years, two years and one year.

#### Section 4.4 Directors Meetings

There shall be at least one meeting of the Board of Directors annually, the first to be held immediately after the annual meeting of the Members. Other meetings



of the Board may be called by the Chairman upon ten days prior written or telephoned notice.

A majority of the Directors shall constitute a quorum; all business conducted shall require the affirmative action of a majority of the Directors present at the meeting. No Director may act by proxy.

#### Section 4.5 Functions of Directors

Directors shall establish the policies and the programs of the Association, these to be executed by the officers of the Association.

#### Section 4.6 Informal Approval of Actions

Meetings of Directors may be held although the Directors shall not have been physically present together at the same time. Actions resulting from meetings by electronic or other means may be ratified and confirmed in subsequent writings.

### ARTICLE V

#### OFFICERS

##### Section 5.1 Titles

There shall be a president and a secretary of the Association and such other officers as may be deemed necessary by the Board of Directors. The officers shall be appointed by the Board of Directors and shall serve at the pleasure of the Board. Members of the Board of Directors may be officers, but need not be.

##### Section 5.2 Duties of Officers

The Board of Directors by resolution shall specify and delineate the duties and responsibilities of the officers of the Association. No officer shall be required to undertake his office until the duties and responsibilities of his office shall have been set forth in writing and acknowledged by him.

ARTICLE VI

GENERAL PROVISIONS RELATING  
TO DIRECTORS AND OFFICERS

Section 6.1 Payment for Services

Members of the Board of Directors shall not be eligible for any remuneration for their services. Officers of the Association shall be paid such amounts as shall be determined by the Board of Directors.

Members of the Board of Directors and officers of the Association shall be reimbursed all of their respective expenses justifiably and necessarily incurred in the performance of their duties. The Board may institute such procedures for control of and payment for such expenses as it may deem appropriate.

Officers may be appointed for specific terms, not to exceed two years, pursuant to contract with the Association.

Section 6.2 Holding Over

The term of office of Directors and officers shall automatically be extended to the date that the successor of each such Director and officer shall take office, except in the case of removal of such Director

or officer.

Section 6.3 Removal of Officers and Directors

Any officer or Director may be removed from office prior to the expiration of the term thereof in the following manner and for the following causes:

Directors

For malfeasance, upon conviction thereof in any court of law.

Without any grounds alleged or cause assigned, by the affirmative vote of three-fourths of the Members entitled to vote and the assent of the Developer at a special meeting held for that purpose.

Officers

For malfeasance, upon conviction thereof in any court of law.

For malfeasance, upon action of the Board of Directors.

For violation of the provisions of any employment contract between the officer and the Association, upon action of the Board of Directors.

Section 6.4 Resignations

Any Director or officer may resign, such resignation being effective upon delivery of notice thereof to the Secretary of the Association, or at such later date stated in the notice.

Section 6.5 Filling Vacancies

Vacancies in the Board of Directors shall be filled by appointment of temporary Directors to serve until the next annual meeting of the Association, such appointments to be made by the remaining Director or Directors.

If there shall at any time be no Director, the President shall immediately call a special meeting of Members to elect a new Board of Directors in accordance with Section 4.2 hereof.

Section 6.6 Waivers, Ratifications

Notices of meetings of Directors may be waived in writing. Actions of the Board and/or the officers may be ratified by the Members or the Board of Directors, as the case may be, where such action was not properly authorized before being taken.

ARTICLE VII

RECORDS

Section 7.1 Records To Be Maintained

The Association shall maintain the following records in a current status:

- a) A list, with current addresses, of all Class A and Class B Members.
- b) Minutes of all meetings of Members of the Association and all meetings of the Board of Directors.
- c) A record of the status of all Members as to the payment of maintenance

assessments, whether the same shall have been required by contract or other undertaking or as a result of the action of the Association.

d) Financial data showing all receipts and disbursements of the Association and a balance sheet as of the end of each fiscal year showing the assets and liabilities of the Association.

Nothing in this Section shall be construed to limit the records to be maintained only to those mentioned above.

Section 7.2 Custody of Legal Instruments

The Association shall safely and securely maintain all legal documents and instruments which may be delivered to its custody.

Section 7.3 Furnishing Copies of Records

Any Member or the Developer shall, promptly upon payment of the actual cost of copying and the actual postage and a charge of ten dollars (\$10.00) per hour for the necessary services of any Association Member or employee required therefore, be entitled to obtain a copy of any Association record the Member or Developer shall request.

No copy of any record shall be furnished any person or entity other than a Member or the Developer without a valid order from a court having jurisdiction.

ARTICLE VIII

FINANCES

Section 8.1 Budget

Prior to the annual membership meeting the Board of Directors will cause a proposed budget for the forthcoming year to be prepared. A copy of that budget, with any explanation deemed desirable by the Board, shall be sent to each Member with the notice of the meeting.

The proposed budget shall be considered at the annual meeting of Members. Members not present may make their views known by writing to the Secretary prior to the meeting.

It shall be the duty of the Board of Directors at a meeting held immediately after the annual meeting of the Members to adopt a budget, having first ascertained the sense of the Members at the annual meeting.

Section 8.2 Balanced Budget

The budget as proposed and as adopted shall provide in anticipated revenues adequate funds to pay for all anticipated expenditures during the same period.

Section 8.3 Determination of Assessments

The Board of Directors shall determine a fair and equitable method of assessing Members an annual amount for the payment of budgeted expenditures; the Board shall, utilizing such method, establish such assessment for each lot in the Subdivision; the Board shall notify the owners or purchasers of each lot of the assessment and the Board shall indicate how such assessment shall be paid.

Section 8.4 Unpaid Assessments Liable

The Board of Directors may cause a lien to be placed against the interest of any owner or purchaser of a lot in the Subdivision for the amount of any assessment remaining unpaid after the same has become due.

Section 8.5 Special Assessments

In addition to the annual assessments hereinabove provided, the Board of Directors may make special assessments to provide for emergencies.

The Board of Directors may require special assessments for lots deriving special or unequal benefits.

Section 8.6 No Change to Contracts

Nothing in this Article VIII or any other provision of these By-Laws shall be construed as amending or purporting to amend any provision of any contract, condition or covenant heretofore entered into between the Developer and any lot owner or lot purchaser nor any contract, condition or covenant hereafter entered into between the Developer and any lot owner or lot purchaser which is not inconsistent with any provision of these By-Laws.

ARTICLE IX

PROTECTIVE COVENANTS

Section 9.1 Enforcement of Protective Covenant

The Association acknowledges the existence of certain protective covenants applicable to the Subdivision which covenants have heretofore been recorded by the Developer, said covenants being hereby incorporated and made a part of these By-Laws by reference.

The Association hereby assumes the right to enforce the said protective covenants if the Developer shall fail to do so within a reasonable time.

The expenses of such enforcement shall be deemed proper items for inclusion as expenditures for which assessments shall be required.

ARTICLE X

PROTECTION OF AND RESTRICTIONS

UPON DIRECTORS AND OFFICERS

Section 10.1 Indemnity

The Association shall indemnify any Director or officer against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. The Association may also reimburse to any Director or officer the reasonable costs of settlement of any such action, suit or proceeding, if it shall be found by a majority of the Directors not involved in the controversy (whether or not a quorum) that it was to the interest of the Association that such settlement be made and that such Director or officer was not guilty of negligence or misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director or officer may be entitled under any By-Law, agreement, vote of Members or otherwise.



Section 10.2 Conflicts of Interest

An officer or Director may act for the Association although he is associated with or interested in another party which is involved in the transaction, provided that he has fully disclosed that interest to the Association and no other officer or Director has made known any objection. Contracts and other transactions of the Association with Ponderosa Pines Ranch, Inc. shall be valid for all purposes although all or some of the officers or Directors acting for the Association are also officers, directors or other agents of Ponderosa Pines Ranch, Inc. or are also acting for Ponderosa Pines Ranch, Inc.

Section 10.3 Loans

No loan shall be made by the Association to any Director or officer.

ARTICLE XI

ACCOUNTING YEAR

Section 11.1 Fiscal Year

The fiscal year of the Association shall commence on July 1 of each year and terminate on June 30 of the following year.

ARTICLE XII

SEAL

Section 12.1 Form of Seal

The seal of the Association shall be circular in form and bear the name and date of incorporation.

ARTICLE XIII

AMENDMENTS

Section 13.1

These By-Laws may be amended by the affirmative vote of a majority of the members present at any meeting duly called and held, the notice of which meeting shall have stated that a purpose of the meeting was to consider the amendment or repeal of the By-Laws.

In accordance with Section 416-79, Hawaii Revised Statutes, these By-Laws have been adopted by the signers of the Petition For Charter.

Dated: Honolulu, Hawaii, June 17, 1983.

  
\_\_\_\_\_  
L. N. NEVELS, JR.

  
\_\_\_\_\_  
MARY ANN NEVELS

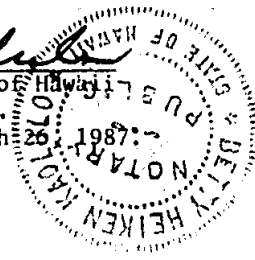
  
\_\_\_\_\_  
PATRICIA ANN KUCIN

STATE OF HAWAII )  
CITY AND COUNTY ) ss  
OF HONOLULU )

On this 17th day of June, 1983, before me, the undersigned, A Notary Public for the State of Hawaii, personally appeared L. N. Nevels, Jr., MARY ANN NEVELS, and PATRICIA ANN KUCIN, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

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

Betty Heiken Kaele  
Notary Public for the State of Hawaii,  
residing at Honolulu, Hawaii.  
My commission expires: March 28, 1987.



**INDEXED**

STATE OF MONTANA )  
COUNTY OF GALLATIN ) ss. **124174**

I hereby certify that this instrument was filed for record at  
3:35 o'clock PM, this 16 day of May,  
1984, in my office, and duly recorded in Book (Film) 83  
of MISCELLANEOUS at Page 86.

Rt: American Land Title  
\$43.00

Gary W. Pringle  
County Clerk & Recorder  
by Shelley M. Cheney  
Deputy Recorder

BY-LAWS FILM 185-14419  
OF  
CLARKSTON PROPERTY OWNERS ASSOCIATION, INC.  
& PONDEROSA PINES RANCH SUBDIVISION

ARTICLE I  
FORMATION AND OBJECTIVES

Section 1.1 Formation

The Clarkston Property Owners Association, Inc. (hereafter called the "Association") is a non-profit corporation incorporated and governed by the laws of the State of Montana.

Section 1.2 Objectives

The objectives of the Association are:

a) To Maintain, preserve and improve the common areas used by the Members of the Association, their guests and other permitted users, for ingress, egress, recreational and utility purposes; and

b) To enforce the Declaration of Easements and Rights-of-Way (Recorded, Gallatin County, MT., 23 July, 1992, film 124, page 4407) and Covenants heretofore or hereafter adopted affecting the Ponderosa Pines Ranch Subdivision (hereafter called the "Subdivision") as described in Exhibit "A" attached hereto; and

c) To perform such other functions consistent with law and validly directed by the Board of Directors to be performed by the Association.

ARTICLE II  
MEMBERSHIP

Section 2.1 Definition of Members

Those persons and entities described below as "lot owners" and "lot purchasers" and their successors in interest are and shall be members of the Association.

"Lot owners" are those persons or entities to whom a Warranty Deed has been delivered for one or more lots in the Subdivision. A lot for which a Warranty Deed shall have been delivered shall be deemed "owned".

"Lot purchasers" are those persons or entities who have entered into a Contract for Deed or Contract for Indentured Deed to purchase one or more lots in the Subdivision, but to whom a Warranty Deed for any lot has not been delivered.

Those persons or entities who by reason of purchase, assignment or otherwise acquire the rights of lot owners or lot purchasers are and shall be deemed, respectively, lot owners or lot purchasers, as the case may be.

### Section 2.2 Voting

Voting rights are allocated to "lot owners" and "lot purchasers" (as defined in Section 2.1) on the basis of one vote per lot. Voting rights for each lot transfer automatically to "lot purchasers" when they enter into a Contract for Deed or Contract for Indentured Deed. Votes are weighted 1.00 for each resident lot owner for each lot they own in the Subdivision, and .25\* for each non-resident lot owner for each lot they own in the Subdivision. For the purposes of this section, "resident" is defined as any lot owner or lot purchaser which lives at least 8 months of each year in their year-round residence in the Subdivision. Vacation cabins on the mountain do not qualify as year-round residences unless they are both accessible and occupied for at least 8 months of each year.

Ponderosa Pines Ranch, Inc. (hereafter called the Developer) shall have one vote on each matter subject to vote for each lot of the Subdivision for which it remains the sole owner. For the purposes of this section, "sole ownership" is defined as any lot for which the Developer has neither entered into a Contract for Deed or Contract for Indentured Deed with a "lot purchaser" or otherwise sold or transferred the Warranty Deed. The votes of the Developer will be weighted the same as those of non-resident lot owners (.25). The Developer may, at its discretion, appoint an agent to represent its interests and exercise its voting rights. The Developer or its agent must present proof of lots owned prior to casting votes for same.

Where there is more than one person or entity comprising the Grantee of any individual lot of the Subdivision, only one of the persons or entities so entitled may cast the lot's vote, and only after they have identified themselves to the Board as the representative selected by said persons or entities.

Voting rights are suspended whenever property assessments for any lot are 12 or more months in arrears.

### Section 2.3 Proxies

Any Member entitled to vote may do so in person or by proxy. No proxy shall be deemed valid unless it has been notarized. No proxy shall be valid for more than eleven months after the date of execution thereof unless otherwise provided in the proxy instrument.

\* MCA 35-2-513

Prior to any meeting at which the Members shall be called upon to vote, the Board of Directors shall prepare an Agenda outlining each matter subject to a vote and a proxy document providing a space in which the member may indicate their vote to the affirmative or negative on each such matter subject to a vote.

Members voting by proxy may make their views on each matter subject to a vote known to the Board of Directors by checking the appropriate box on the proxy document. The Secretary will tabulate all proxy votes on each matter subject to a vote, and provide the Board with the results prior to the meeting of Members, at which the Board will vote said proxies as directed. Proxy documents received by the Board on which the Member has failed to indicate a preference on any or all of the matters subject to a vote, will be voted by the Board in the same percentage (yea and nay) as the actual votes cast in person and by proxy.

Members may give their proxy to other members to vote in their behalf however, the proxy must meet the requirements set forth above and will be voted in like fashion. Any Member voting the proxy of another Member must submit the proxy document to the secretary prior to the beginning of the meeting\*. The secretary, in the presence of the Member voting the proxy, will mark the ballots as directed on the proxy and said ballots will be added to those already received by the Board of Directors. Counting of ballots after each vote will occur in the presence of the Membership.

Any person designated by the Developer as it's agent shall have the right to exercise the Developer's voting rights.

\* MCA 35-2-539

### ARTICLE III MEETINGS OF MEMBERS

#### Section 3.1 Annual Meeting

There shall be an annual meeting of Members of the Association to be held at a site designated by the Board in the notice of the meeting.

The annual meeting shall be held on the 1st day of July of each year, or upon such other date, not later than 90 days thereafter, as shall be designated in the notice.

Notice of the date of the annual meeting or of any special meeting shall be mailed to all Members at least thirty days prior to the date set for such meeting.

**Section 3.2 Business To Be Conducted At The Annual Meeting**

Whether specified in the notice, or not, the following reports shall be presented to the Members at the annual meeting:

- a) Report on the state of the Association.
- b) Report of the financial condition of the Association.
- c) Budget for the forthcoming year with identification of proposed expenditures and anticipated revenues.

Election of Directors shall be held at the annual meeting.

**Section 3.3 Special Meetings of Members**

Special meetings of the Members may be called by a majority of the Board of Directors or by the Secretary upon written demand of the Members owning or purchasing at least 10% of the lots of the Subdivision.

**Section 3.4 Agenda For Meetings**

All notices of meetings shall set forth all matters upon which action of the Members will be requested.

**Section 3.5 Voting, Quorum**

No action shall be taken nor be binding upon the Association unless:

- a) The matter shall have been duly noticed for action in the written "notice of the meeting" or in these By-Laws; and
- b) The action shall have been affirmatively voted upon by a majority of those Members entitled to vote who were present in person or by proxy at the meeting; or the Board of Directors was authorized by such vote of the Members to take such action; and
- c) There was a quorum present, in person or by proxy, at said meeting, the quorum comprising the owners and purchasers of at least 10% of the lots of the Subdivision.

ARTICLE IV  
DIRECTORS

Section 4.1 Number of Directors

There shall be five Directors of the Association, together constituting the Board of Directors. The Directors shall, from among their number, select a Chairman who shall preside at meetings of the Board. In addition, the Board may appoint one alternate to serve on the Board of Directors in a temporary capacity when all of the following circumstances exist:

- a) One or more of the Board Members is absent for an extended period of time; or
- b) One or more of the Board Members has withheld their vote on a particular issue before the Board due to the existence of a conflict of interest; and
- c) The remaining Board members, having voted on the issue, are dead-locked.

*In such situations, the Alternate Member will cast the deciding vote.*

Section 4.2 Elections of Directors

Those lot owners and lot purchasers actually residing full-time upon one or more of their respective lots in the Subdivision shall, as a group, by majority vote based on the total number of lots owned or being purchased, be entitled to elect two of the five Directors (hereafter called the "Residents Directors").

The remaining three Directors shall be elected in accordance with the provisions of Section 2.2 hereof. These shall be known as "Directors at Large". All nominations for Directors at Large must be received by the Board no later than six weeks prior to the annual meeting of the Members. The names of individuals so nominated shall be included on the proxy document mailed to all Members.

All persons nominated and elected as Directors must be Members of the Association as defined in Section 1.1. No Member may be seated as a Director or officer unless they are current in their maintenance assessments, nor may they actively participate in the deliberations of the Board of Directors or serve as an officer should they fall 90 days in arrears on their maintenance or any special assessments.

Section 4.3 Terms of Office

The Directors elected by the resident lot owners and lot purchasers shall hold office for two years. The Directors at large shall each hold office for two years except that one shall hold office for three years, and all five positions shall come up for reelection on the following schedule:



- Position 1 (Director at Large) shall come up for election at the annual meeting in 1999
- Position 2 (Residents Director) shall come up for election at the annual meeting in 1999
- Position 3 (Director at Large) shall come up for election at the annual meeting in 2000
- Position 4 (Residents Director) shall come up for election at the annual meeting in 2000
- Position 5 (Director at Large) shall come up for election at the annual meeting in 2001

#### Section 4.4 Directors' Meetings

There shall be monthly Directors meetings, the first to be held immediately after the annual meeting of the Members. Other meetings of the Board can be held either in person or by other electronic means.

A majority of the Directors shall constitute a quorum; all business conducted shall require the affirmative action of a majority of the Directors present at the meeting. No Director may act by proxy.

All directors must attend at least two thirds of the regularly scheduled monthly meetings.

#### Section 4.5 Functions of Directors

Directors shall establish the policies and the programs of the Association, these to be executed by the officers of the Association.

#### Section 4.6 Informal Approval of Actions

Meetings of Directors may be held although the Directors shall not have been physically present together at the same time. Actions resulting from meetings by electronic or other means must be ratified and confirmed in subsequent writings.

### ARTICLE V OFFICERS

#### Section 5.1 Titles

There shall be a president and a secretary of the Association and such other officers as may be deemed necessary by the Board of Directors. The officers shall be appointed by the Board of Directors and shall serve for two years. Members of the Board of Directors may be officers, but need not be. The secretary may be an alternate but may not be a regular member of the Board.

**Section 5.2 Duties of Officers**

The Board of Directors by resolution shall specify and delineate the duties and responsibilities of the officers of the Association. No officer shall be required to undertake his or her office until the duties and responsibilities of the office shall have been set forth in writing and acknowledged by the candidate.

**ARTICLE VI  
GENERAL PROVISIONS RELATING  
TO DIRECTORS AND OFFICERS**

**Section 6.1 Payment for Services**

Members of the Board of Directors shall not be eligible for any remuneration for their services. Officers of the Association shall be paid such amounts as shall be determined by the Board of Directors.

Members of the Board of Directors and officers of the Association shall be reimbursed all of their respective expenses justifiably and necessarily incurred in the performance of their duties. The Board may institute such procedures for control of and payment for such expenses as it may deem appropriate.

Officers may be appointed for specific terms, not to exceed two years, pursuant to contract with the Association.

**Section 6.2 Holding Over**

The term of office for Directors and officers shall automatically be extended to the date that the successor of each such Director and officer shall take office, except in the case of removal of such Director or officer.

**Section 6.3 Removal of Officers and Directors**

Any officer or Director may be removed from office prior to the expiration of the term thereof in the following manner and for the following causes:

**Directors**

For malfeasance, upon conviction thereof in any court of law.

Without any grounds alleged or cause assigned, by the affirmative vote of at least 50% + 1 of the Members entitled to vote at a special meeting held for that purpose\*.

\* MCA 35-2-421, 422, 423

**Officers**

For Malfeasance, upon conviction thereof in any court of law.

For malfeasance, upon action of the Board of Directors.

For violation of the provisions of any employment contract between the officer and the Association, upon action of the Board of Directors.

**Section 6.4 Resignations**

Any Director or Officer may resign by submitting, in writing, notice of said resignation to any member of the Board of Directors however, the Board of Directors has the right to delay the effective date of such resignation at its discretion for a period not to exceed 12 months from the date of the notice of resignation. The notice of resignation cannot be back dated.

**Section 6.5 Filling Vacancies**

Vacancies in the Board of Directors shall be filled by appointment of temporary Directors to serve out the term of the vacancy, such appointments to be made by the remaining Director or Directors.

If there shall at any time be no Director, the President shall immediately call a special meeting of Members to elect a new Board of Directors in accordance with Section 4.2 hereof.

**Section 6.6 Waivers, Ratification's**

Notices of meetings of Directors may be waived in writing. Actions of the Board and/or the officers may be ratified by the Members or the Board of Directors, as the case may be, where such action was not properly authorized before being taken.

**ARTICLE VII  
RECORDS**

**Section 7.1 Records to Be Maintained**

The Association shall maintain the following records in a current status:

- a) A list, with current addresses, of all Members.
- b) Minutes of all Committee meetings, Board of Directors meetings, Hearings held by the Board of Directors to consider Covenant violations and all annual or special meetings of the Members of the Association.

c) A record of the status of all Members as to the payment of Property or other special assessments.

d) A record of all aspects of Association business, including financial data showing all receipts and disbursements of the Association and a balance sheet as of the end of each fiscal year showing the assets and liabilities of the Association.

e) All correspondence to and from the Association.

These records shall be maintained on CPOA property and will be available to the Membership on request. Nothing in this Section shall be construed to limit the records to be maintained only to those mentioned above.

#### Section 7.2 Custody of Legal Instruments

The Association shall safely and securely maintain all legal documents and instruments which may be delivered to its custody.

#### Section 7.3 Furnishing Copies of Records

Any Member shall, promptly upon payment of the actual cost of copying and the actual postage, be entitled to obtain a copy of the Association records. If, due to the amount of records requested, the time required to copy them exceeds three hours, any time spent in excess of three hours will be billed at \$20.00 per hour, payable at the time the records are collected by the Member requesting them.

No copy of any record shall be furnished any person or entity other than a Member without a valid order from a court having jurisdiction.

### ARTICLE VIII FINANCES

#### Section 8.1 Budget

Prior to the annual membership meeting, the Board of Directors will cause a proposed budget for the forthcoming year to be prepared. A copy of that budget, with any explanation deemed desirable by the Board, shall be sent to each Member with the notice of the meeting.

The proposed budget shall be considered at the annual meeting of the Members. Members not present may make their views known by writing to the Secretary or any member of the Board of Directors, prior to the meeting.

It shall be the duty of the Board of Directors at a meeting held directly after the annual meeting of the Members, to adopt a budget, having first ascertained the sense of the Members at the annual meeting.

**Section 8.2 Balanced Budget**

The Budget as proposed and as adopted shall provide in anticipated revenues adequate funds to pay for all anticipated expenditures during the same period.

**Section 8.3 Determination of Assessments**

The Board of Directors shall determine a fair and equitable method of assessing Members an annual amount for the payment of budgeted expenditures; the Board shall, utilizing such method, establish such assessment for each lot in the Subdivision; the Board shall notify the owners or purchasers of each lot of the assessment and the Board shall indicate how such assessment shall be paid.

**Section 8.4 Unpaid Assessments Liable**

The Board of Directors may cause a lien to be placed against the interest of any owner or purchaser of a lot in the Subdivision for the amount of any assessment remaining unpaid.

**Section 8.5 Special Assessments**

In addition to the annual assessments hereinabove provided, the Board of Directors may make special assessments to provide for emergencies.

The Board of Directors may require special assessments for lots deriving special or unequal benefits.

**ARTICLE IX  
PROTECTIVE COVENANTS**

**Section 9.1 Enforcement of Protective Covenants**

The Association acknowledges the existence of certain protective covenants applicable to the Subdivision which covenants have heretofore been recorded with Gallatin County, Mt., said covenants being hereby incorporated and made a part of these By-Laws by reference.

The covenants may be amended by the Association Members with a majority vote of quorum at annual meeting. The Board of Directors may temporarily suspend or amend items of the covenants until such time as a vote of the Association Members can be held.

The Board of Directors, as the governing body of the Association, will accept any

complaints of covenants violation. The Board will investigate said complaints and follow guidelines to resolve violations. If violations cannot be resolved in a timely manner, legal action may be taken by the Board. The expenses of such enforcement shall be deemed proper items for inclusion as expenditures for which assessments shall be required, and where appropriate, may be collected from the Members found to be in violation as provided in the "Declaration of Covenants" in the Section titled "Enforcement".

ARTICLE X  
PROTECTION OF AND RESTRICTIONS UPON  
DIRECTORS AND OFFICERS

Section 10.1 Indemnity

The Association shall carry Indemnity Insurance to cover and protect each officer and Director against any legal action, suit or proceeding in which they, jointly or singly, are made party by reason of being or having been such Director or officer, except in relation to matters as to which the Director or officer shall be adjudged in such action, suit or proceeding to be liable for criminal activity or gross negligence in the performance of duty.

Section 10.2 Conflicts of Interest

It is the duty of an officer or Director to immediately notify the Board of Directors if the officer or Director is associated with or interested in another party which is involved in any transaction which might constitute a conflict of interest\*. The officer or Director may continue to act for the Association provided that he has fully disclosed that interest to the Board of Directors in writing and no other officer or Director has made known any objection however, under no circumstances may an officer or Director participate in the deliberations of the Board, or vote on an issue before the Board, where such officer or Director will derive direct financial benefit from the decision taken by the Board on said issue.

No Director or officer may be party to a transaction which the majority of the Board of Directors deems to be contrary to the interests of the Association or its Membership. In such situations where this is deemed to be the case, the Board of Directors must act to officially notify the Director or officer of the conflict of interest, and may take whatever actions it deems appropriate and are consistent with Section 6.3 hereof, to remedy the situation should it persist.

Section 10.3 Loans

No loan shall be made by the Association to any Director or officer.

\*MCA 35-2-418

ARTICLE XI  
ACCOUNTING YEAR

FILM 1857014430

Section 11.1 Fiscal Year

The fiscal year of the Association shall commence on July 1 of each year and terminate on June 30th of the following year.

ARTICLE XII  
SEAL

Section 12.1 Form of the Seal

The seal of the Association shall be circular in form and bear the name and date of incorporation.

ARTICLE XIII  
AMENDMENTS

Section 13.1 Amendment of the By-Laws

These By-Laws may be amended by the affirmative vote of a majority of the Members present at any meeting duly called and held, the notice of which meeting shall have stated that the purpose of the meeting was to consider the amendment or repeal of the By-Laws.

The Board of Directors may also amend items in the By-Laws if such action is the result of a reorganization of the Association already voted on and approved by the Association Members.

Dated: Three Forks, Montana, June 10th, 1998

Clarkston Property Owners Association, Inc.

*I hereby witness and seal on June 12, 1998*

  
Donald E. Singer - President

  
Prescott E. Walker - Secretary

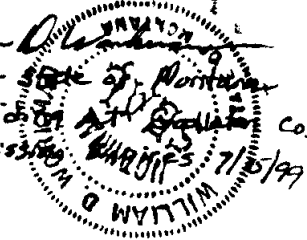
*William D. Walker*  
Notary Public for State of Montana  
Residing in Three Forks, MT  
my Commission Expires 7/25/99  


EXHIBIT "A"

LEGAL DESCRIPTION  
PONDEROSA PINES RANCH SUBDIVISION

FILM 185 PAGE 4431

Township 3 North, Range 3 East, M.P.M.

- Section 1: All  
Section 2: All  
Section 3: All  
Section 6: All, EXCEPT the N1/2N1/2SW1/4SW1/4NW1/4, and the NW1/4SW1/4NW1/4  
Section 7: E1/2, SW1/4, Lots 1 and 2 and the E1/2 of the NW1/4  
Section 8: SW1/4, all that part of the NW1/4 of Section 8, described as follows: Commencing at the West Quarter Corner of said Section 8, thence North along the West line of said Section to the Northwest corner; thence in a straight line southeast to the center of said Section; thence West along the center line of said Section to the point of beginning. The SE1/4, EXCEPTING therefrom a tract of land in the Northeast corner more particularly described as follows: Commencing at the East Quarter corner of Section thence South along the East line of said Section a distance of 1320 feet; thence in a straight line Northwesterly to a point in the East-West center line of said Section, which point is 660 feet West of the East line of said Section; thence East along said center line a distance of 660 feet to the point of beginning.  
Section 10: All  
Section 11: All  
Section 12: N1/2NW1/4, and the SW1/4NW1/4, NE1/4 and the NE1/4SE1/4, SE1/4NW1/4, SW1/4, W1/2SE1/4SE1/2SE1/4  
Section 13: All  
Section 14: All  
Section 15: All  
Section 17: All  
Section 18: All  
Section 19: All

Township 4 North, Range 3 East, M.P.M.

- Section 19: Lots 1, 2, 3 and 4, S1/2SE1/4, NE1/4SE1/4, lying South and East of the Railroad right-of-way.  
Section 20: All that part of the NW1/4 lying South and East of the Railroad right-of-way.  
Section 29: All that part of the W1/2 of Section 29, described as follows: Beginning at the Northwest corner of said Section 29, thence East along the North line of said Section a distance of 1500 feet to a point; thence from said point in a straight line in a Southwesterly direction to a point on the South line of said Section 29, which point is 660 feet east of the Southwest corner of said Section 29; thence West along the South line of said Section 29 a distance of 660 feet to the Southwest corner of said Section; thence North along the West line of said Section 29 a distance of 5280 feet to the point of beginning.



Section 30: All  
Section 31: All  
Section 35: S1/2

PLM 185PAC14432

Township 3 North, Range 2 East, M.P.M.

Section 1: All, lying East of the Railroad right-of-way, EXCEPTING  
the E1/2NE1/4SE1/4NE1/4 and the E1/2W1/2NE1/4SE1/4NE1/4  
Section 12: All that part of the SE1/4 lying East of the right-of-way of the Northern Pacific  
Railway Company and all that part of the NE1/4 lying East of the right-of-way  
of the Northern Pacific Railway Company.  
Section 13: All that part of Section 13, lying East of the right-of-way of the Northern  
Pacific Railway Company.

Township 4 North, Range 2 East, M.P.M.

Section 25: Lots 1, 2, 3, SE1/4SE1/4, lying East of the right-of-way of the Northern  
Pacific Railway Company.

367022



State of Mont., County of Gallatin, ss Filed for record JUNE 15, 19 98  
at 1:30 P. M., and recorded in Book 185 of MISCELLANEOUS page 4419

Shelley Vance Recorder. By [Signature] Deputy

FEE: \$84.00PD

\$2.00 COPIES PAID

RT: CLARKSTON PROPERTY OWNERS ASSOCIATION, INC  
P.O. BOX 909  
THREE FORKS, MT. 59752



REMOVAL  
BYLAWS OF CLARKSTON PROPERTY OWNER'S ASSOCIATION, INC.  
& PONDEROSA PINES RANCH SUBDIVISION

ByLaws of Clarkston Property Owner's Association, Inc. & Ponderosa Pines Ranch Subdivision were executed by Donald E. Singer, President and Prescott E. Walker, Secretary on June 10, 1998, and were filed as document 367022 with the Gallatin County Clerk and Recorder on June 15, 1998, at 1:30 p.m., and recorded in Book 185 of Miscellaneous Page 4419 of said record of the Office of the County Clerk and Recorder of Gallatin County, Montana.

The undersigned, Prescott E. Walker, who executed the document as Secretary hereby files this document of record to remove the ByLaws of Clarkston Property Owner's Association, Inc. & Ponderosa Pines Ranch Subdivision on the following grounds:

1. Ponderosa Pines Ranch Property Owner's Association was formed pursuant to Article 5.1 of the Building Standards for Ponderosa Pines Ranch, Inc., executed on February 20, 1979 and filed in film 48, page 1525 in the Office of the Clerk and Recorder of Gallatin County, Montana, to administer the covenants filed on the Ponderosa Pines Ranch, Inc. property.

2. The Notice sent by Donald E. Singer to the membership of the Ponderosa Pines Ranch Property Owner's Association in October, 1997 calling a Special Meeting for November 21, 1997, did not properly notice to the membership as required by the ByLaws, that a vote would be held at this meeting to authorize the formation of a new association.

3. The filing of the ByLaws as referenced above was done without the authority of Ponderosa Pines Ranch Property Owner's Association, Inc., who continue to be the sole entity authorized to enforce the Building Standards and Covenants of the Ponderosa Pines Ranch, Inc., property set forth in film 48, page 1525 and as amended in film 124, page 4407 of the records of the Office of the Clerk and Recorder of Gallatin County, Montana.

4. The annual meeting called by Clarkston Property Owner's Association, Inc., to be held on September 26, 1998, the purpose of which, in part, was to ratify the actions of the Board of Directors in setting up the new association, was not successfully held, and none of the votes required by the new association's ByLaws were taken.

Sworn and attested by Prescott E. Walker, on this 20<sup>TH</sup> day of December, 1999.

  
PRESCOTT E. WALKER



STATE OF MONTANA )  
 ) ss.  
County of Gallatin )

Subscribed and sworn to before me this 20<sup>th</sup> day of December, 1999, by PRESCOTT  
E. WALKER.

Witness my hand and official seal.



Mark A Beyer  
NOTARY PUBLIC for the State of Montana  
Residing at: Bozeman, Montana  
My commission expires: 1/28/03



VERIFICATION

STATE OF MONTANA     )  
  :SS.  
County of Gallatin     )

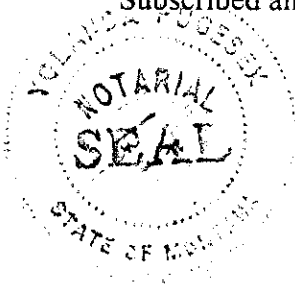
GORDON ROSS, being first duly sworn, depose and says:

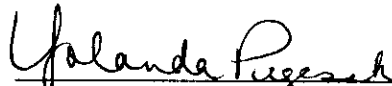
That he is the Secretary for Ponderosa Pines Ranch Property Owners Association, Inc.; that he has read the foregoing instrument and know the contents thereof, and that the foregoing By-Laws are the current By- Laws for the Corporation in effect as of the date of his signature below and the same is true of his own knowledge, information and belief.

Dated: 8-8-02

  
\_\_\_\_\_  
GORDON ROSS

Subscribed and sworn to before me this 8<sup>th</sup> day of August, 2002.



  
\_\_\_\_\_  
Notary Public for the State of MT  
Residing at Bozeman  
My Commission Expires: 08/30/2005

**BYLAWS**

**OF**

**PONDEROSA PINES RANCH PROPERTY OWNERS ASSOCIATION, INC.**

**a Non-Profit Corporation**

**ARTICLE I. OFFICES**

**Section 1.1 Business Office**

The principal office and place of business of the corporation shall be located at the direction of the board of directors on the Ponderosa Pines Subdivision. The corporation may have such other offices, either within or without the State of Montana, as the board of directors may determine from time to time. The board of directors may designate the location of other offices. The secretary of the corporation shall maintain a copy of the records required herein at the principal office.

**Section 1.2 Registered Office**

The corporation's registered office shall be located within Montana at the address of the corporation's registered agent. The location of the registered office may be, but need not be, identical with that of the principal office if the latter is located within Montana. The board of directors may change the registered agent and the address of the registered office from time to time, upon filing the appropriate statement with the Secretary of State.

**ARTICLE II. MEMBERS**

**Section 2.1 Membership**

(a) *Membership.* Membership in the corporation may be held by an individual, a group of household members, a corporation, or other entity. If membership is held by a household, corporation or other entity, the entity or group shall be considered one member. Each member (subject to restrictions herein) shall be entitled to one vote on any business matter which shall lawfully come before the members. If a membership stands of record in the names of two or more persons, then the vote of one name shall bind all other names on that one membership. Each member shall be eligible for benefits that the board of directors shall determine from time to time.

(b) *Membership Admission.* Those persons and entities described below as "lot owners" and "lot purchasers" and their successors in interest are and shall be Members of the Association.

"Lot Owners" are those persons or entities to whom title to the lot(s) vests in their name(s).

"Lot Purchasers" are those persons or entities who have entered into a Contract for Deed or other contract with the lot owner to purchase one or more lots in the Subdivision, but to whom a Warranty Deed for the lot(s) has not been delivered by the lot owner(s).

"Members in Good Standing" shall be those Members, as determined by the Association's records, who are current on their Annual and any Special Assessments, and who have no "Past Due" balance on their Association Account, as the term is defined hereafter.

(c) *Classes of Members.* Lot Owners are and shall be Class A Members. Lot Purchasers are and shall be Class B Members.

## Section 2.2 Voting Rights

(a) *Voting rights by Class membership.* Class A Members shall for each lot owned have one vote for members of the board of directors and for all other issues upon which votes shall be taken so long as they are members in Good Standing.

Class B Members shall have no vote but shall have all other rights, privileges and duties of members.

Consistent with Class A Members, the Developer shall have one vote on each matter subject to a vote for each lot of the Subdivision for which title vests in the Developer.

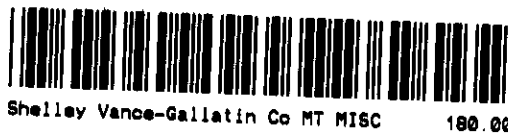
(b) *Multiple ownership of a lot.* Where there is more than one person or entity who own(s) any individual lot of the Subdivision, the person or entity whose name first appears in the Warranty Deed shall be entitled to exercise the vote attributable to such lot UNLESS all of the persons or entities, collectively named in the Warranty Deed as owner(s) shall exercise such vote or shall designate in writing prior to exercising such vote a person or entity different from that above described.

(c) *Actions subject to vote.* No action shall be taken nor be binding upon the Association unless:

a. The matter shall have been duly noticed for action in the call for the meeting or in these By-Laws; and

b. The action shall have been affirmatively voted upon by a majority of those Members entitled to vote who were present in person or by proxy at the meeting; or the Board of Directors was authorized by such vote of the members to take such action; and

c. There was a quorum present, in person or by proxy, at said meeting, the quorum comprising the owners and purchasers of at least ten percent (10%) of the lots of the Subdivision.



(d) *Proxies and Written Ballot.* Any member entitled to vote may do so in person or by proxy or by written ballot. No proxy shall be deemed valid for more than eleven months after the date of execution thereof unless otherwise provided in the proxy instrument. All proxies must be in writing and an original presented to the secretary of the corporation at least fifteen days prior to any vote being taken to be effective for that vote. Voting by proxy or by written ballot shall be in accordance with paragraphs 2.15 and 2.16, following.

### **Section 2.3 Termination of Membership**

Immediately upon the transfer of a lot owners legal or equitable title to a lot subject to the Ponderosa Pines Subdivision protective covenants, as they exist or as they are amended, he/she shall be deemed to have transferred his/her membership as to that lot to the grantee(s).

The corporation may suspend or terminate a member from voting in the corporation if the board of directors has made a good faith determination that it is in the best interests of the corporation to do so. In addition, the corporation may only suspend or terminate a member from voting in the corporation pursuant to the following procedure, which shall be carried out in good faith. The procedure provides:

- (1) the corporation must, by first class mail, give the member written notice of the suspension or termination of voting privileges not less than 15 days' prior to the effective date of the proposed action and an explanation of the reasons for it; and
- (2) an opportunity for the member to be heard, orally or in writing, not less than 5 days before the effective date of the suspension or termination of voting privileges by a person or persons authorized to decide that the proposed suspension or termination not occur; or
- (3) the board of directors may conduct the hearing, or in its sole discretion, may allow a committee of the board of directors or a committee of members, to hold the hearing and make the determination.

Notwithstanding the above provisions, the corporation shall consider a members voting rights terminated if (1) the board of directors has established annual dues and the member fails to make the payment of annual dues within 30 days of the due date or (2) the member has transferred his/her/its interest in his/her/its lot to another party.

## Section 2.4 Resignation

So long as a member has a legal or equitable ownership in a lot subject to the Ponderosa Pines Subdivision protective covenants, he/she may not resign as a member of this Association.

## Section 2.5 Transfer of Membership

Membership in this corporation is not transferrable or assignable.

## Section 2.6 Dues

The board of directors may determine that annual membership dues shall be paid by each member. The board of directors may establish a different amount of dues to be paid by different types of membership (i.e. residential and vacant lot owners); however, regardless of amount of dues paid by a member, each member shall only be entitled to one vote. If dues are required, the board of directors may terminate members from voting for non-payment of annual membership dues. The board may (but is not required to) notify members of nonpayment of dues and may provide a grace period in which to pay dues.

## Section 2.7 Annual Membership Meeting

(a) *General.* The annual meeting of the members shall be held at the Firehall located on the Ponderosa Pines Subdivision at Three Forks, Montana, or such other place as may be designated in writing thirty (30) days prior to the meeting date. The meeting will be held on last Friday in August of each year at 7:00 P.M., beginning with August 31, 2001, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall fall on a weekend or holiday, the annual meeting shall be held on the next succeeding business day. If the election of directors is not held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient.

Whether specified in the notice, or not, the following reports shall be presented to the Members at the annual meeting:

- a. The president and treasurer shall report on the activities and financial condition of the corporation.
- b. Budget for the forthcoming year with identification of the proposed expenditures for the forthcoming year and anticipated revenues.
- c. Such additional reports as shall be determined by the board of directors to be presented.

(b) *Electronic presence.* The board of directors may allow members to be present and participate at an annual meeting by means of electronic device, at the expense of the member(s) desiring to be present.

## Section 2.8 Special Membership Meetings





(a) *Who May Call.* Special meetings of the members may be called by the President, the Board of Directors, or by members upon submitting a signed petition of at least ten percent (10%) of the members calling for a special meeting, at a time and place designated by the Board of Directors. If no designation is made, the place of meeting shall be the principle office of the corporation in the State of Montana. If all members shall meet at any time and place, either within or without the State of Montana, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken. Any action required or permitted to be approved by the members may be approved without a meeting of members if the action is approved by members holding at least 50% of the voting power. The action must be evidenced by one or more written consents that describe the action taken, be signed by those members representing at least 50% of the voting power, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(b) *Electronic presence.* The board of directors may allow members to be present and participate at a special meeting by means of electronic device, at the expense of the member(s) desiring to be present.

### **Section 2.9 Place of Membership Meeting**

The board of directors may designate any place within the county in Montana where the principal office is located as the meeting place for any annual or special meeting of the members. The members may change the meeting place if all the members entitled to vote at the meeting agree by written consents to another location. The written consents may be in the form of waiver of notice or otherwise. The new location must be within the State of Montana. If the board of directors do not designate a meeting place, then the members shall meet at the principal office of the corporation in Montana.

### **Section 2.10 Notice of Membership Meeting**

(a) *Required notice.* The secretary of the corporation shall deliver notice of the membership meeting to each record member.

(b) *Manner of Communication.* Notice stating the place, day and hour of any meeting of members shall be delivered either personally or by mail, to each member entitled to vote at such meeting, not less than thirty (30) or more than sixty (60) days before the meeting date.

The secretary of the corporation may deliver to members notice of the membership meeting by a separate written notice, through a regular publication, or by a newsletter of the corporation. The notice must be given in a fair and reasonable manner: it must be in writing (unless given by public broadcast) and state the place, day and hour of any annual or special membership meeting. If the meeting will be held by electronic media, the notice shall indicate the identification for the use of that electronic media. If the board of directors determine that separate written notice or notice by a regular publication or a newsletter of the membership meeting is impracticable, the secretary of the



corporation may give notice of the membership meeting by means of a newspaper of general circulation in the area where it is published, or by radio, television or other form of public broadcast.

(c) *Contents of Notice.* Unless the Montana Nonprofit Corporation Act, requires it, the notice of an annual membership meeting need not include a description of the meeting's purpose or purposes. However the notice of each special membership meeting shall include a description of the meeting's purpose or purposes.

Regardless of whether the notice is of an annual or special membership meeting, if a purpose of the meeting is for the members to consider either:

- (1) a proposed amendment to the articles of incorporation (including any restated articles requiring member approval);
- (2) a plan of merger;
- (3) the sale, lease, exchange or other disposition of all, or substantially all of the corporation's property;
- (4) the dissolution of the corporation; or
- (5) the removal of a director,

then the notice must state this purpose and be accompanied by a copy or summary, if applicable, of the:

- (1) amendment to articles;
- (2) plan of merger; or
- (3) transaction for disposition of all the corporation's property.

Likewise, if the corporation indemnifies or advances expenses to a director as defined by the Montana Nonprofit Corporation Act the secretary shall report this information in writing to all the members with or before notice of the next membership meeting.

(d) *Effective Date.* The secretary shall deliver the notice, either personally, by mail, by newspaper, or public broadcast not less than 30 nor more than 60 days before the date of the meeting. Notice shall be deemed to be effective at the earlier of the following:

- (1) the date when the notice was deposited in the United States mail, if mailed postpaid and correctly addressed to the member at the member's address as it appears on the corporation's record books; or
- (2) the date shown on the return receipt (if sent registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee); or
- (3) the date when received, published, or broadcast; or



- (4) the date 5 days after deposit in the United States mail, if mailed postpaid and correctly addressed to an address other than that shown in the corporation's current member record book.

(e) *Adjourned Meeting.* If the members adjourned any membership meeting to a different date, time, or place, the secretary need not give notice of the new date, time and place, if the new date, time, and place is announced at the meeting before adjournment. But if the board of directors fix a new record date for the adjourned meeting, or must fix one, then the secretary must give notice, in accordance with the requirements of this section, to those persons who are members as of the new record date.

(f) *Waiver of Notice.* A member entitled to a notice may waive notice of the meeting (or any notice required by the Montana Nonprofit Corporation Act or bylaws), by a writing signed by the member. The member must send the notice of waiver to the corporation (either before or after the date and time stated in the notice) for inclusion in the minutes or filing with the corporate records.

A member's attendance at a meeting:

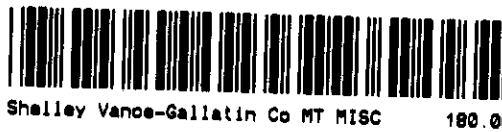
- (1) waives the member's right to object to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.
- (2) waives the member's right to object to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

## Section 2.11 Conduct of Membership Meetings

(a) *Conduct of Meeting.* The president, or in the president's absence, the vice-president, or in their absence, the secretary, or in the secretary's absence the treasurer shall call the membership meeting to order and shall act as the chairperson of the meeting. The chairperson (or a person designated by the chairperson) shall establish rules of the meeting that will freely facilitate debate and decision making. The chairperson will indicate who may speak when and when a vote will be taken. The secretary of the corporation shall act as the secretary of all meetings of the members, but in the secretary's absence, the presiding officer may appoint any other person to act as the secretary of the meeting.

(b) *Order of Business.* The order of business at a membership meeting shall be as follows:

- (1) call to order,
- (2) reading of prior minutes,
- (3) election of directors, if that is the purpose of the meeting,
- (4) business specified by the notice,
- (5) unfinished business,



- (6) new business,
- (7) adjournment.

At the annual meeting, the president and treasurer shall report on the activities and financial condition of the corporation.

### Section 2.12 Fixing of Record Date

(a) *Purpose of Fixing a Record Date.* The board of directors may fix in advance a date, referred to as the record date, for the purpose of determining which members of any voting group, as of a certain date, are entitled to receive notice of a member meeting. The board of directors may also fix this record date for the purpose of determining which members of any voting group are entitled to vote at any meeting of members. The board may also fix a record date to determine which members may exercise any rights or which members belong in a group for any other proper purpose. The record date shall not be more than 70 days prior to the date on which the particular action, requiring a determination of members, is to be taken.

(b) *If No Record Date Is Fixed.* If the board of directors does not fix a record date for the purposes described in paragraph (a) of this section, then the record date for determination of the members shall be at the close of business on one of the following:

- (1) With respect to an annual membership meeting or any special membership meeting properly called by the board or president, the day preceding the day on which the secretary of the corporation delivers the first notice to the members;
- (2) With respect to a special membership meeting demanded by the members, the date the first member signs the demand;
- (3) With respect to actions taken without a meeting (pursuant to Article II, section 2.16), the date the first member signs a consent;
- (4) With respect to a meeting for which notice was waived, the day preceding the day on which the meeting is held.

(c) *Adjournment.* In the event of an adjournment, the board of directors may fix a new record date. The board of directors must fix a new record date if the meeting is adjourned to a date more than 70 days after the date fixed for the original meeting.

### Section 2.13 Membership List

(a) *Contents of List.* After the board fixes a record date for notice of a meeting, the officer or agent maintaining the corporation's record books shall prepare a complete record of the members entitled to notice of the meeting. The record shall include the address of each member.

(b) *Inspection.* The membership list must be available for inspection by any member, beginning 2 business days after the secretary gives notice of the meeting for which the list was prepared. The list will continue to be available throughout the meeting. The list shall be located for inspection at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. A member, the member's agent, or attorney is entitled on written demand to inspect the list. The member shall be responsible for any reasonable inspection expenses. The corporation shall maintain the membership list in written form or in another form capable of conversion into written form within a reasonable time.

(c) *Limitations on Use of Membership List.* Without consent of the board, a membership list or any part of it may not be obtained or used by a person for any purpose unrelated to a member's interest as a member. This prohibition against use of membership list for unrelated purposes includes but is not limited to:

- (1) using the list to solicit money or property unless the money or property will be used solely to solicit the votes of members in an election to be held by the corporation;
- (2) using the list for any commercial purpose; or
- (3) the selling or purchasing of the list.

#### **Section 2.14 Membership Quorum and Voting Requirements**

(a) *Quorum.* Ten percent (10%) of the votes entitled to be cast on a matter must be represented at a meeting of members to constitute a quorum on that matter. Once a vote is represented for any purpose at a meeting, the corporation shall deem it present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for that adjourned meeting.

(b) *Voting.* If a quorum exists, and the votes cast in favor of an action (other than the election of directors) constitute a majority of the required quorum, then the corporation shall consider the action on a matter approved.

#### **Section 2.15 Membership Action by Written Ballot**

(a) *Authority.* Members may take any action without a meeting if action by ballot is authorized by the board of directors and the corporation delivers a written ballot to every member entitled to vote on that matter.

(b) *Contents.* A written ballot must set forth each proposed action and provide the members with an opportunity to vote for or against each proposed action.

(c) *Approval.* The corporation shall consider an action by written ballot approved only when: the number of votes cast by ballot equals or exceeds the quorum that the bylaws require to



be present at a meeting authorizing the action; and the number of approvals equals or exceeds the number of votes that the bylaws require to approve the matter at a meeting.

(d) *Solicitations.* All solicitations made in advance of the meeting for votes by written ballot must: indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to approve each matter other than election of directors, and specify the time by which a ballot must be received by the corporation to be counted.

(e) *Revocation.* A written ballot may not be revoked.

## Section 2.16 Proxies

At all membership meetings, a member may vote in person, or by proxy. The member may appoint a proxy to vote by signing an appointment form, either personally or by attorney-in-fact. The corporation shall consider a proxy appointment valid if made in writing and filed with the secretary of the corporation at least 30 days before the time of the meeting. No proxy shall be valid after 11 months from the date it was made, unless otherwise provided in the proxy.

## Section 2.17 Corporation's Acceptance of Votes

(a) *When Signature Corresponds to Member's Name.* If the name signed on a vote, ballot, consent, waiver, or proxy appointment corresponds to the name of a member, the corporation if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member.

(b) *When Signature Doesn't Correspond to Member's Name.* If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its member, the corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member if:

- (1) the member is an entity as defined in the Montana Nonprofit Corporation Act and the name signed purports to be that of an attorney-in-fact of the member and, if the corporation requests, evidence acceptable to the corporations of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment;
- (2) the name signed purports to be that of an attorney-in-fact of the member and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment;

- (3) two or more persons hold the membership as households, cotenants or fiduciaries and:
  - (i) the name signed purports to be the name of at least one of the coholders; and
  - (ii) the person signing appears to be acting on behalf of the all the coholders.

(c) *Doubt About Validity of Signature.* The corporation is entitled to reject a vote, ballot, consent, waiver, or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

(d) *No Liability.* The corporation and its officer or agent who accepts or rejects a vote, ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the member for the consequences of the acceptance or rejection.

## Section 2.18 Corporate Records

(a) *Minutes and Accounting Records.* The corporation shall keep a permanent record of the minutes of all meetings of its members and board of directors, a record of all actions taken by the members or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors acting in place of the board and on behalf of the corporation. The corporation shall maintain appropriate accounting records.

(b) *Membership List.* The corporation shall maintain a record of the members' names and addresses. The membership list shall indicate each member is entitled to one vote.

(c) *Form.* The corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(d) *Other Records.* The corporation shall keep a copy of the following records at its principal office or at a location from which the records may be recovered within 2 business days:

- (1) its articles or restated articles of incorporation and all amendments to them currently in effect;
- (2) its bylaws or restated bylaws and all amendments to them currently in effect;
- (3) resolutions adopted by its board of directors;
- (4) the minutes of all membership meetings, and records of all actions taken by members without a meeting, for the past 3 years;
- (5) the financial statement furnished for the past 3 years to the members;

- (6) a list of the names and business addresses of its current directors and officers; and,
- (7) its most recent annual report delivered to the Secretary of State.

**Section 2.19 Member's Rights to Inspect Corporate Records**

(a) *Absolute Inspection Rights of Records by Members.* A member (or a member's agent or attorney) is entitled to inspect, at a reasonable time and location specified by the corporation, any of the records of the corporation described herein. The member must give the corporation written notice or a written demand to inspect at least 15 days before the date on which the member wishes to inspect.

(b) *Conditional Inspection Right.* The member (or the member's agent or attorney) may inspect, at a reasonable time and reasonable location specified by the corporation, additional records if the member meets the following criteria:

- (1) the member must give the corporation a written demand to inspect made in good faith and for a proper purpose at least 15 business days before the date on which the member wishes to inspect; and
- (2) the member must describe with reasonable particularity:
  - (i) the member's purpose and
  - (ii) the records that the member desires to inspect; and
- (3) the corporation must approve that the records are directly connected with the member's purpose.

(c) *Additional Records.* If the member meets the requirements herein, the member may inspect:

- (1) excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors acting on behalf of the corporation, minutes of any meeting of the members, and records of action taken by the members without a meeting, to the extent not subject to inspection herein;
- (2) accounting records of the corporation; and
- (3) subject to provisions herein, the membership list.





(d) *The Right to Copy and Costs.* The corporation shall allow members to copy any records of the corporation required by the Montana Non Profit Act. The member, upon giving the proper notice, shall be provided with the documents and may indicate by appropriate sticker device, which corporate documents they desired copied. The corporation may copy the documents at the rate of \$30.00 per hour or may deliver the documents to a business that deals in photocopying and shall charge the charge assessed by that business plus \$30 per hour for the time to compile and deliver the documents to that business.

### ARTICLE III. BOARD OF DIRECTORS

#### Section 3.1 General Powers

All corporate powers shall be exercised by or under the authority of the board of directors. The business and affairs of the corporation shall be managed under the direction of the board of directors.

#### Section 3.2 Number, Tenure, and Qualifications of Directors

(a) *Number of Directors.* The initial number of directors shall be five (5), but additional directorship positions may be added by majority vote of the members. Directors shall be elected at the annual meeting of the members, and the term of office of each director shall staggered so that not all of the directors are subject to election in any one year. At no time shall the number of directors be less than three (3). However, if the director's term expires, the director shall continue to serve until the members have elected and qualified a successor or until there is a decrease in the number of directors. Directors need not be residents of Montana.

(b) *Qualifications.* Directors must at all times meet the following qualifications:

1. A Director must be a Member in Good Standing.
2. A Director cannot be a party named in a current Covenant Violation or Delinquent Assessment enforcement action, litigation, or lawsuit brought by the Association or its' assigns.
3. On being elected, a Director must commit in writing to uphold and enforce the recorded covenants, as they exist and as they may be amended, of the Ponderosa Pines Ranch Subdivision as described in "Amended Declaration of Covenants, Conditions, and Restrictions and the "By-Laws of Ponderosa Pines Ranch Property Owners Association, Inc," and to actively discharge his/her duties for this corporation.

No Member may stand for election to the Board of Directors, who is not in compliance with items "a" and "b" above at the time the annual meeting is announced and/or at the time the election is held, nor may they be appointed to fill a vacancy on the Board of Directors, if at the time of their appointment, they are not in compliance with items "a" and "b" above.

(c) *Tenure.* The Directors shall each hold office for three years, except that at the first election of Directors following the adoption of these By-Laws, and depending on the number of positions up for election, the person receiving the first, second and third largest number of votes as Directors at large shall hold office as Directors, respectively, for three years, two years and one year. If four or more Director positions are up for election at the first annual meeting following the adoption of these By-Laws, the person receiving the lowest number of votes will serve for one year, the persons receiving the second and third lowest number of votes will serve for two years, and all other persons elected at that time will serve for three years. However, if the director's term expires, the director shall continue to serve until the members have elected and qualified a successor or until there is a decrease in the number of directors.

### **Section 3.3 Removal of Directors**

A director may be removed, with or without cause, if a majority of the members of the board of directors present at a duly constituted meeting votes for the removal. Likewise, a director may be removed by the members by a two-thirds majority vote present at a duly constituted meeting to remove directors. Removal is effective only if it occurs at a meeting called for that purpose. Notice must be sent to all members and directors that a purpose of the meeting is removal.

### **Section 3.4 Board of Director Vacancies**

If a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the directors may fill the vacancy.

If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

If a director resigns effective at a specific later date, the directors may fill the vacancy, before the vacancy occurs, but the new director may not take office until the vacancy actually occurs.

When the directors elect a director to fill a vacancy, the director's term expires at the next membership meeting at which members elect directors.

### **Section 3.5 Ex-Officio Members of the Board**

The officers and executive directors or managers of the corporation shall serve as non-voting, ex-officio members of the board. They are members by virtue of their office. Each ex-officio member officer or director may attend board meetings and participate in discussion; however, each ex-officio member shall be entitled to one vote only if the individual is a regularly elected or appointed board member.



### **Section 3.6 Regular Meetings of the Board of Directors**

The board of directors shall hold a regular meeting immediately after, and at the same place as, the annual membership meeting. No notice of the meeting other than this bylaw is required. The board of directors may provide, by resolution, the date, time and place (which shall be within the county where the company's principal office is located) of additional regular meetings. Regular board of director meetings may be held by electronic media.

### **Section 3.7 Special Meetings of the Board of Directors**

The presiding officer of the board, the president, or 20% of the directors then in office may call and give notice of special meetings of the board of directors. Those authorized to call special board meetings may fix any place within the county where the corporation has its principal office as the special meeting place. Special board of director meetings may be held by electronic media.

### **Section 3.8 Board of Director Meetings by Electronic Media**

If, authorized by the board of directors, the board of directors or any designated committee of the corporation may participate in a board or committee meeting by means of electronic media, such as a telephonic conference call, or video conferencing, or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of the electronic meeting, and provided all persons participating in the meeting can hear each other at the same time. A director participating in electronic conferencing is deemed present in person at the meeting. The chairperson of the meeting may establish reasonable rules as to conducting the meeting by electronic media.

### **Section 3.9 Notice of, and Waiver of Notice for, Special Director Meetings**

(a) *Notice.* The corporation's secretary shall give either oral or written notice of any special director meeting at least 2 days before the meeting. The notice shall include the meeting place, day and hour. If the meeting is to be held by electronic media, (regardless of whether it is regular or special), the secretary must provide instructions for participating in the electronic conferencing.

(b) *Effective Date.* If mailed, notice of any director meeting shall be deemed to be effective at the earlier of:

- (1) 5 days after deposited in the United States mail, addressed to the director's business office, with postage prepaid; or
- (2) the date shown on the return receipt (if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the director); or
- (3) the date when received.

(c) *Waiver of Notice.* Any director may waive notice of any meeting. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records.

A director's attendance at a meeting waives the director's right to object to lack of notice or defective notice of the meeting; this shall be true unless the director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting.

Neither the secretary nor director needs to specify in the notice or waiver of notice the business to be transacted at, or the purpose of, any special board meeting.

### **Section 3.10 Director Quorum**

A majority of the number of directors shall constitute a quorum for the transaction of business at any board of director meeting.

### **Section 3.11 Directors, Manner of Acting**

(a) *Required Number to Constitute Act.* The act of a majority of the directors present at a meeting at which a quorum is present (when the vote is taken) shall be the act of the board of directors. If no quorum is present at a meeting of directors, the directors may not take action on any board matter other than to adjourn the meeting to a later date.

(b) *Director Approval.* The corporation shall deem a director to have approved of an action taken if the director is present at a meeting of the board unless:

- (1) the director objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting; or
- (2) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (3) the director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

### Section 3.12 Conduct of Board of Director Meetings

The president, or in the president's absence, the vice-president, or in their absence, any person chosen by the directors present shall call the meeting of the directors to order and shall act as the chairperson of the meeting. The chairperson, or the chairperson's designee, shall establish rules of the meeting that will freely facilitate debate and decision making. The chairperson will indicate who may speak when and when a vote will be taken. The secretary of the corporation shall act as the secretary of all meetings of the directors, but in the secretary's absence, the presiding officer may appoint any other person to act as the secretary of the meeting.

### Section 3.13 Director Action Without a Meeting

The directors may act on any matter generally required or permitted at a board meeting, without actually meeting, if: all the directors take the action, each one signs a written consent describing the action taken, and the directors file all the consents with the records of the corporation. Action taken by consents is effective when the last director signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be referred to as a meeting vote in any document.

### Section 3.14 Director Committees

(a) *Creation of Committees.* The board of directors may create one or more committees and appoint members of the board to serve on them. Each committee must have 2 or more directors, who serve at the pleasure of the board of directors.

(b) *Selection of Members.* To create a committee and appoint members to it, the board must acquire approval by the majority of all the existing directors when the action is taken.

(c) *Required Procedures.* Sections 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13 and 3.14 of this Article III, which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the board of directors, and action without meetings apply to committees and their members. In addition, the committees shall keep regular minutes of their proceedings and report the same to the board of directors. The committees are subject to all the procedural rules governing the operation of the board itself.

(d) *Authority.* Each committee may exercise the specific board authority which the board of directors confers upon the committee in the resolution creating the committee. Provided, however, a committee may not:

- (1) approve or recommend to members dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the corporation's assets;



- (2) elect, appoint, or remove directors or fill vacancies on the board of directors or on any of its committees; or
- (3) adopt, amend, or repeal the articles or bylaws.

(e) *Audit Committee.* The board of directors, by resolution adopted by the affirmative vote of a majority of the directors then in office, may create an audit committee consisting of 3 or more directors designated by the board of directors, but not employed by the corporation. The committee shall have the power to appoint, oversee, and assist accountants or auditors in any audit or review of the records of the corporation.

### **Section 3.15 Compensation, Loans to, or Guarantees for Directors**

(a) *Director Compensation.* The board of directors may, upon approval of the majority of that board, pay each director expenses, if any, of attendance at each board meeting or committee meeting of the board. The directors shall not be paid a salary or fee for attending the meeting. A director may, however, serve the corporation as an employee and receive compensation.

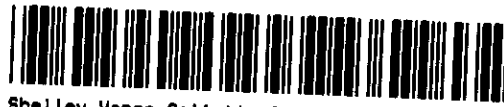
(b) *Loans to or Guaranties for Directors.* The corporation may not lend money to or guarantee the obligation of a director of the corporation.

### **Section 3.16 Standard of Conduct**

A Director shall discharge his duties as a Director, including his duties as a member of a committee in good faith and with the care an ordinarily prudent person in a similar position would exercise under similar circumstances and in a manner the director reasonably believes to be in the best interests of the corporation. In discharging his duties, a director is entitled to rely on information, opinions, reports, or statements, including the financial statements and other financial data, if prepared or presented by one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented; or an attorney, public accountants, or other persons with regard to matters the director reasonably believes are within the person's professional or expert competence; or a committee of the board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence.

A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance set forth above unwarranted.

A director is not liable to the corporation, any member, or any other person for any action taken or not taken as a director if the director acted in compliance with this paragraph.



**Section 3.17 Conflict of Interest**

A conflict of interest transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect interest. A conflict of interest transaction is not voidable or the basis for imposing liability on the director if the transaction was fair at the time it was entered into or is approved by the corporation. A director has an indirect interest in a transaction if another entity in which the director has a material interest or in which the director is a general partner is a party to the transaction; or another entity of which the director is a director, officer, or trustee is a party to the transaction. A conflict of interest transaction is authorized, approved, or ratified, if it receives the affirmative vote of a majority of directors on the board or on the committee who have no direct or indirect interest in the transaction.

**Section 3.18 Specific Duties of the Board of Directors**

It shall be the duty of Directors to uphold and enforce the protective covenants of Ponderosa Pines Subdivision as they now exist and as they shall be amended, to follow the provision of this corporation as expressed in the Articles of Incorporation, By Laws, and Resolutions of the Board of Directors, and to establish the policies and programs of this Corporation to further the purpose of this Corporation.

**ARTICLE IV. OFFICERS**

**Section 4.1 Number of Officers**

The officers of the corporation shall be a president, a vice president, a secretary, and a treasurer. The board of directors shall appoint each of these officers. The board may appoint other officers and assistant officers, including a vice-president, if it deems it necessary. If the board of directors specifically authorizes an officer to appoint one or more officers or assistant officers, the officer may do so. The same individual may simultaneously hold more than one office in the corporation.

Officers must at all times comply with the following qualifications:

- a. An Officer must be a Member in Good Standing.
- b. An Officer cannot be a party named in a current Covenant Violation or Delinquent Assessment enforcement action, litigation or lawsuit brought by the Association or its' assigns.
- c. Upon being appointed, an Officer must commit in writing to uphold and enforce the protective covenants of Ponderosa Pines Subdivision, as they exist and as they may be amended, and the Articles of Incorporation, By laws, and Resolutions of the Board of Directors of this Corporation.

#### **Section 4.2 Appointment and Term of Office**

The board of directors shall appoint officers of the corporation for a term that the board determines. If the board does not specify a term, the officers shall hold office for one year or, within that year, until they resign, die or are removed in a manner provided in section 4.3 of Article IV.

A designation of a specified term does not grant to the officer any contract rights, and the board can remove the officer at any time prior to the termination of the designated term.

#### **Section 4.3 Removal of Officers**

The board of directors may remove any officer or agent any time, with or without cause. The removal shall be without prejudice to the contract rights, if any, of the person removed. A board's appointment of an officer or agent shall not of itself create contract rights.

#### **Section 4.4 President**

The president shall be the principal executive officer of the corporation. The president shall be subject to the control of the board of directors, and shall in general supervise and control, in good faith, all of the business and affairs of the corporation. The president shall, when present, preside at all meetings of the members and of the board of directors. The president may sign, with the secretary or any other proper officer of the corporation that the board has authorized, corporation deeds, mortgages, bonds, contracts, or other board authorized instruments.

#### **Section 4.5 The Vice-President**

If the board of directors appoints a vice-president, the vice president shall perform, in good faith, the president's duties if the president is absent, dies, is unable or refuses to act. If the vice-president acts in the absence of the president, the vice-president shall have all presidential powers and be subject to all the restrictions upon the president. (If there is no vice-president or the vice president is unable or refuses to act, then the secretary shall perform the presidential duties.) The vice-president shall perform any other duties that the president or board may assign to the vice-president.

#### **Section 4.6 The Secretary**

The secretary shall in good faith: (1) create and maintain one or more books for the minutes of the proceedings of the members and of the board of directors; (2) provide that all notices are served in accordance with these bylaws or as required by law; (3) be custodian of the corporate records; (4) when requested or required, authenticate any records of the corporation; (5) keep a





current register of the post office address of each member; and (6) in general perform all duties incident to the office of secretary and any other duties that the president or the board may assign to the secretary.

**Section 4.7 The Treasurer**

The treasurer shall: (1) have charge and custody of and be responsible for all funds and securities of the corporation; (2) receive and give receipts for moneys due and payable to the corporation from any source, and deposit all moneys in the corporation's name in banks, trust companies, or other depositories that the board shall select; (3) submit the books and records to a Certified Public Accountant or other accountant for annual audit or review; and (4) in general perform all of the duties incident to the office of treasurer and any other duties that the president or board may assign to the treasurer. If required by the board of directors, the treasurer shall give a bond for the faithful performance of the treasurer's duties and as insurance against the misappropriation of funds. If a bond is required, it shall be in a sum and with the surety or sureties that the board of directors shall determine.

**Section 4.8 Assistant Secretaries and Assistant Treasurers**

The assistant secretaries and assistant treasurers, in general, shall perform the duties that the secretary or treasurer, respectively, or the president or board may assign to them. The assistant treasurers shall, if required by the board, give bonds for the faithful performance of their duties and as insurance against the misappropriation of funds; the bond shall be in sums and with the sureties that the board of directors shall determine.

**Section 4.9 Salaries, Loans to, or Guarantees for Officers**

The board of directors may fix and or adjust salaries of the officers from time to time. The corporation may not lend money to or guarantee the obligation of an officer of the corporation.

**ARTICLE V. CONTRACTS, LOANS, CHECKS AND DEPOSITS;  
SPECIAL CORPORATE ACTS**

**Section 5.1 Contracts**

The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instruments in the name of and on behalf of the corporation and such authorization may be general or confined to specific instruments.



## Section 5.2 Loans

The corporation shall not allow anyone to contract on behalf of it for indebtedness for borrowed money unless the board of directors authorizes such a contract by resolution. The corporation shall not allow anyone to issue evidence of the corporation's indebtedness unless the board of directors authorizes the issuance by resolution. The authorization may be general or specific.

## Section 5.3 Checks, Drafts, etc.

All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation, and in such manner as shall be from time to time determined by resolution of the Board of Directors but in all cases must immediately be signed by two officers and/or two directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an assistant Treasurer and countersigned by the President or Vice-President of the corporation.

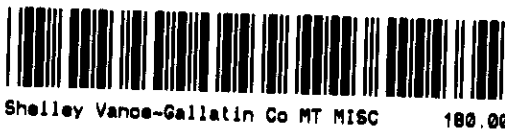
## Section 5.4 Deposits

The treasurer of the corporation shall deposit all funds of the corporation, that are not being used, in banks and other depositories; the board of directors shall authorize by board resolution the exact location of the banks and depositories.

## Section 5.5 Voting of Securities Owned by this Corporation

(a) *General.* Subject to the specific directions of the board of directors, any shares or other securities issued by another corporation and owned or controlled by this corporation may be voted at any meeting of security holders of the other corporation by the president of this corporation who may be present.

(b) *Proxy.* Whenever, in the judgement of the president, or in the president's absence, the vice-president, it is desirable for this corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by this corporation, the president or vice-president of this corporation, acting in the name of this corporation, shall execute the proxy or written consent. The president or vice-president will not need the authorization of the board to take this action. Nor will the president or vice president need to affix a corporate seal, countersignature or attestation by another officer. Any person or persons designated in this subsection as the proxy or proxies of this corporation shall have the full right, power, and authority to vote the shares or other securities issued by the other corporation and owned by this corporation the same as the shares or other securities might be voted by this corporation.



**ARTICLE VI. INDEMNIFICATION OF DIRECTORS, OFFICERS  
AGENTS, AND EMPLOYEES**

**Section 6.1 Indemnification of Directors**

(a) *General.* An individual made a party to a proceeding because the individual is or was a director of the corporation may be indemnified against liability incurred in the proceeding, but only if the indemnification is both:

- (1) determined permissible and
- (2) authorized, as defined in subsection (b) of this section 6.1 (The indemnification is further subject to the limitation specified in subsection (d) of section 6.1.)

(b) *Determination and Authorization.* The corporation shall not indemnify a director under section 6.1 of Article VI unless:

- (1) *Determination.* Determination has been made in accordance with procedures set forth in the Montana Nonprofit Corporation Act that the director met the standard of conduct set forth in subsection (c) below, and
- (2) *Authorization.* Payment has been authorized in accordance with procedures listed in the Montana Nonprofit Corporation Act based on a conclusion that the expenses are reasonable, the corporation has the financial ability to make the payment, and the financial resources of the corporation should be devoted to this use rather than some other use by the corporation.

(c) *Standard of Conduct.* The individual shall demonstrate that:

- (1) the individual acted in good faith; and
- (2) the individual reasonably believed:
  - (i) in acting in an official capacity with the corporation, that the individual's conduct was in the corporation's best interests;
  - (ii) in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests; and
  - (iii) in the case of any criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful.



A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirement of subsection (c)(2)(ii).

The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, a determination that the director did not meet the standard of conduct described in this section.

(d) *No indemnification Permitted in Certain Circumstances.* The corporation shall not indemnify a director under section 6.1 of Article VI if:

- (1) the director was adjudged liable to the corporation in a proceeding by or in the right of the corporation; or
- (2) the director was adjudged liable in any other proceeding charging that the director improperly received personal benefit, whether or not the individual acted in an official capacity.

(e) *Indemnification Limited.* Indemnification permitted under section 6.1 of Article VI in connection with a proceeding by the corporation or in the right of the corporation is limited to the reasonable expenses incurred in connection with the proceeding.

## Section 6.2 Advance Expenses for Directors

The company may pay for or reimburse, in advance of final disposition of the proceeding, the reasonable expenses incurred by a director who is a party to a proceeding if:

- (1) by following the procedures of the Montana Nonprofit Corporation Act the board of directors determined that the director met requirements (3)-(5) listed below; and
- (2) the board of directors authorized an advance payment to a director; and
- (3) the director has furnished the corporation with a written affirmation of the director's good faith belief that the director has met the standard of conduct described in section 6.1 of Article VI; and
- (4) the director has provided the corporation with a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; the director's undertaking must be an unlimited general obligation, but need not be secured, and



the corporation may accept the undertaking without reference to financial ability to make repayment; and

- (5) the board of directors determines that the facts then known to it would not preclude indemnification under section 6.1 of this Article VI or the Montana Nonprofit Corporation Act.

### **Section 6.3 Indemnification of Officers, Agents and Employees**

The board of directors may choose to indemnify and advance expenses to any officer, employee, or agent of the corporation applying those standards described in sections 6.1 and 6.2 of Article VI.

### **Section 6.4 Mandatory Indemnification**

Notwithstanding any other provisions of these bylaws, the corporation shall indemnify a director or officer, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director or officer was a party because he or she is or was a director or officer of the corporation, against expenses incurred by the director or officer in connection with the proceeding.

## **ARTICLE VII. PROHIBITED TRANSACTIONS**

### **Section 7.1 Prohibited Transactions**

(a) *Prohibition Against Sharing in Corporation Earnings.* No member, director, officer, employee, committee member, or person connected with the corporation shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation; provided that this shall not prevent the corporation's payment to any person of reasonable compensation for services rendered to or for the corporation in effecting any of its purposes as determined by the board of directors.

(b) *Prohibition Against Issuance of Stock, Dividends, Distributions.* The corporation shall not have or issue shares of stock. No dividends shall be paid. No part of the income or assets of the corporation shall be distributed to any of the persons listed in section 7.1(a) without full consideration. The corporation is prohibited from lending money to guarantee the obligation of a director or officer of the corporation. (See sections 3.16(b) and 4.9). No member of the corporation has any vested right, interest or privilege in or to the assets, property, functions or activities of the corporation. The corporation may contract in due course, for reasonable consideration, with its members, trustees, officers without violating this provision.

(c) *No Personal Distributions Upon Dissolution.* None of the persons listed in section 7.1(a) shall be entitled to share in the distribution of any of the corporation's assets upon the dissolution



of the corporation. All members of the corporation are deemed to have expressly agreed that, upon the dissolution or the winding up of the affairs of the corporation, whether voluntary or involuntary, the assets of the corporation, after all debts have been satisfied, then remaining in the hands of the board of directors, shall be distributed, transferred, conveyed, delivered, and paid over exclusively to the organization or organizations as the board of directors may designate. Receiving organizations must be organized and operated exclusively for charitable, education, religious or scientific purposes and at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1986 as it now exists or may later be amended.

(d) *Other Prohibitions.* Neither the corporation, nor its directors, nor its officers have any power to cause the corporation to do any of the following with Related Parties:

- (1) make any substantial purchase of securities or other property, for more than adequate consideration in money or money's worth;
- (2) sell any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth.

For the purpose of this subsection, Related Parties means any person who has made a substantial contribution to the corporation, or with a brother, sister, spouse, ancestor, or lineal descendant of the person giving, or with a corporation directly or indirectly controlled by the person giving.

**Section 7.2 Prohibited Activities**

Notwithstanding any other provisions of these bylaws, no member, director, officer, employee or representative of this corporation shall take any action or carry on any activity by or on behalf of the corporation not permitted to be taken or carried on by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986 and its regulations as they now exist or as they may later be amended, or by an organization, contributions to which are deductible under section 170(d)(2) of the Internal Revenue Code of 1986 and regulations as they now exist or as they may later be amended.

**Section 7.3 Purchase of Memberships**

The corporation may not purchase any of its memberships or any right arising from membership.

**Section 7.4 Corporate Funds Used For Indemnification.**

Corporate funds may be used to benefit officers and directors by way of indemnification, but only if such indemnification is authorized by Article VI of these bylaws.

## ARTICLE IX. FINANCES

### **Section 8.1. Budget**

Prior to the annual membership meeting, the Board of Directors will cause a proposed budget for the forthcoming year to be prepared. A copy of that budget, with any explanation deemed desirable by the Board, shall be sent to each Member with the notice of the meeting.

The proposed budget shall be considered at the annual meeting of the members. Members not present may make their views known by writing to the secretary prior to the meeting.

It shall be the duty of the Board of Directors at a meeting held immediately after the annual meeting of the Members to adopt a budget, having first ascertained the sense of the Members at the annual meeting.

### **Section 8.2. Balanced Budget**

The budget as proposed and as adopted shall provide in anticipated revenues adequate funds to pay all anticipated expenditures during the same period.

### **Section 8.3. Determination of Assessments**

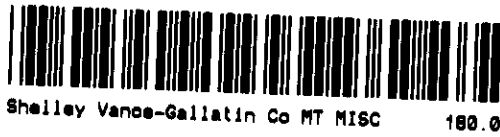
The Board of Directors shall determine a fair and equitable method of assessing Members an annual amount for the payment of budgeted and extraordinary expenditures; the Board shall, utilizing such method, establish such assessment for each lot in the Subdivision; the Board shall notify the owners and purchasers of each lot of the assessment and the Board shall indicate how and when such assessment shall be paid.

### **Section 8.4. Member Accounts Past Due**

A Member account is deemed "Past Due" when the balance, or any part of it, remains unpaid 90 calendar days after the published "Due Date."

### **Section 8.5. Unpaid Assessments Liable**

The Board of Directors may cause a lien to be placed against the interest of any owner or purchaser of a lot in the Subdivision for the amount of any assessment or other fees remaining unpaid 90 days after the published due date. All costs and expenses incurred by the Association or its' assigns in collecting past due assessments or other fees, including the Association's reasonable attorney fees, shall constitute a lien against the interest of any owner or purchaser of a lot in the Subdivision, such liens to be enforceable by sale under the laws of the State of Montana.



**Section 8.6. Special Assessments**

In addition to the annual assessment hereinabove provided, the Board of Directors may make special assessments to provide for emergencies.

The Board of Directors may require special assessments for lots deriving special or unequal benefits.

**ARTICLE IX. PROTECTIVE COVENANTS**

**Section 9.1. Enforcement of Protective Covenant**

The Association acknowledges the existence of certain protective covenants applicable to the Subdivision which covenants have heretofore been recorded by the Developer, and which covenants were subsequently amended by the Association, said covenants being hereby incorporated and made a part of these By-Laws by reference.

The Association hereby assumes the right to enforce the said protective covenants.

All costs and expenses of such enforcement shall be deemed proper items for inclusion as expenditures for which assessments shall be required. All costs and expenses incurred by the Association in the enforcement of the protective covenants, including the Association's reasonable attorney fees, shall constitute a lien against the interest of any lot owner or lot purchaser against whom such enforcement action was taken, such liens to be enforceable by sale under the laws of the State of Montana.

**ARTICLE XI. CALENDAR YEAR**

The corporate year of the corporation shall be calendar year which shall begin on the 1st day of January and end on the 31st day of December of each year.

**ARTICLE XII. AMENDMENT OF BYLAWS**

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted by a majority vote of the members in person or by proxy at any special meeting called for that purpose and where the notice of the meeting contains a copy of the proposed amendments.

**KNOW ALL MEN BY THESE PRESENTS**, that we, the undersigned Directors and Secretary of the corporation known as and called **PONDEROSA PINES RANCH PROPERTY OWNERS ASSOCIATION, INC.** a non-profit corporation, do hereby certify that the above and foregoing Bylaws were duly adopted as the Bylaws of said corporation on





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Shelley Vance-Gallatin Co MT MISC 180.00

the 21<sup>st</sup> day of OCTOBER, 2000, and that the same do now constitute the Bylaws of said corporation.

Pat Smith  
Director

Roberta Procha  
Director

Bill Gator  
Director

[Signature]  
Director

W. Van [Signature]  
Director

[Signature]  
Secretary