

## Synopsis of Bylaws

### 1. Purpose and Application

- Bylaws are recorded with Clerk and Recorder of Madison County, Montana.
- Govern and control administration of condominiums.
- Supplement the “Declaration for the Cedar Creek Condominiums”.
- All unit owners, their guests and any renters or sublessees shall have the rights and responsibilities described in these bylaws.

### 2. Membership

- Person(s) owning a unit are a member of the Association.
- Membership begins at acquisition and terminates when interest is terminated.
- Termination does not relieve any owner of liability for obligations incurred while a member of the Association.

### 3. Obligations

- Each unit owner is obligated to comply with the Bylaws, the Declaration, and the laws and ordinances of Bozeman, County of Madison, and State of Montana.
- Obligations shall include, but are not limited to, paying of assessments by the Association.
- Failure of any owner to abide by these Bylaws, and all rules made pursuant thereto, the Declaration, and the laws and ordinances of the County of Madison, and State of Montana, shall be grounds for appropriate legal action by the Association.

### 4. Meeting and Voting

#### A. Annual Meetings

- Annual meeting during each year within 90 days after the end of the fiscal year of the Association or on such other date set by the Board of Directors by notice as provided in paragraph D below.
- Any first mortgagee on a unit shall have the right to have a representative attend any annual meeting.
- Upon written request delivered to the Association, a first mortgagee of a unit shall be given notice of the annual meetings as provided in paragraph D below.

#### B. Special Meeting

- Association may at any time hold special meetings, notice of which shall be sent to all unit owners.
- May be called on the initiative of the Chairman of the Board of Directors or by 50% or more of the Board of Directors of the Association or by petition signed by 25% of the percentage interest of the unit owners.

#### C. Matters to be Raised at Special Meeting

- Only matters set forth in the notice for a special meeting may be voted on at such special meeting.

#### D. Notices

- Notices of all meetings, annual or special, shall be mailed by the Association to every unit owner of record at his or her last known address at least 10 days but not more than 50 days prior to the time for holding such meeting.
- Notices shall specify the date, time, place and purpose of the meeting.
- Purpose of the meeting may be stated in general terms.
- Unit owner may authorize another person or the Board of Directors to vote his or her percentage interest by signing and delivering a written proxy to the Secretary of the Association or to a member of the Board of Directors.
- Date of mailing of a notice in the manner provided in this paragraph of the date of personal delivery of such notice by the Association shall be considered as notice delivered.
- Each owner is responsible for keeping the Association advised of his or her current address.

#### E. Quorum

- No meeting, annual or special, shall be convened to conduct business unless a quorum is present, in person or by proxy.
- Shall consist of at least 35% of the total aggregate voting interest of the unit owners present in person or by proxy.
- If a matter is submitted to a vote by written ballot the ballots returned to the Association shall be counted towards the quorum for the matter voted upon.

#### F.

- Any matter that may be voted upon by the unit owners may be submitted to the unit owners by written ballot.
- A vote by written ballot must be authorized by a majority of the Board of Directors.
- A written ballot must:
  - set forth each proposed action; and
  - provide an opportunity to vote for or against each proposed action
- Approval by written ballot by this section is valid when:
  - the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action; and
  - the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
  - the number of votes equals or exceeds the number of votes which are required to approve a matter without a meeting.
- All solicitations 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 the election of directors; and
  - specify the time by which a ballot must be received by the Association in order to be counted.
- A written ballot may not be revoked.

#### 5. Voting Interest

- Each unit owner shall have the number of votes equal to his or her percentage interest in the general common elements as is set forth in the Declaration or amendments thereto.
- Such vote shall be the percentage interest of each owner on all matters affecting the general business of the condominiums on all matters affecting the common elements, assessments for the

common elements, and on all matters upon which the Association agreed to have voting by the common elements' interest.

- Voting upon matters affecting limited common elements and assessments for limited expenses shall only be owners having a unit or interest in units located in the units affected.

## 6. Board of Directors

- The business and affairs of the condominium shall be governed by the Board of Directors elected from among the unit owners.
- The number of the Board of Directors shall be set by the unit owners at each annual meeting and shall not be less than 3 or more than 7.
- Unit owners shall nominate and elect the directors.
- Board shall have all of the powers and responsibilities attendant to the general administration and control of the condominium.
- Board shall have the authority necessary to carry into effect the powers and duties specified by these bylaws and the Declaration for the condominium.

### A. Election of Board of Directors

- Number of persons on the Board of Directors shall be set by a majority vote of the unit owners present at a duly called and proper meeting in person or by proxy.
- Nominations for vacancies on the Board will be accepted from any of the unit owners present at the meeting of the Association, provided a nominee for a Board member must be a unit owner or a person who has an ownership interest or is an officer, partner, member or authorized agent in an entity owning a unit.
- Nominees receiving the most votes shall be the elected Directors.

## 7. Officers of the Board of Directors

- Board shall elect from its membership a Chairman, Secretary, and Treasurer.
- Secretary and Treasurer position may be combined.
- Chairman and secretary must be board members.
- Treasurer need not be a Board member, but must be a unit owner.
- Board may also elect such other officers as it deems advisable including a vice-chairman and assistant secretary.

## 8. Powers and Duties of the Board of Directors

- A. Call annual meetings of the Association and give due notice thereof.
- B. Conduct elections of the Board of Directors.
- C. Enforce the provisions of the Declaration and Bylaws of the Condominium by appropriate action.
- D. Promulgate and adopt rules and regulations for the use of the common elements and for the occupancy of the units so as not to interfere with the peace and quiet of all residents. Rules must be ratified by 60% of the allocated percentage of unit owners present in person or by proxy, at regular or special meetings of the Association, or ratified by 60% of the allocated percentage by written ballot of the unit owners.
- E. Provide for the management of the condominium by hiring or contracting with suitable and capable management and personnel for the day-to-day operation, maintenance, upkeep and repair

of the general common and limited common elements. The Board of Directors may be designated as management.

- F. Levy assessments as allowed by the Declaration, these Bylaws and the State of Montana, and to provide for the collection, expenditure and accounting of said assessments.
- G. Pay for the expenses of maintenance, repair and upkeep of the general common elements and limited common elements and to approve payment vouchers, either at regular or special meetings.
- H. Delegate authority to the manager for the conduct of condominium business and to carry out the duties and powers of the Board. However, such authority shall be precisely defined with ultimate authority at all times residing in the Board of Directors.
- I. Provide a means for hearing grievances of unit owners and responding appropriately thereto.
- J. To meet at regularly scheduled times and hold such meetings open to all unit owners or their agents.
- K. Prepare an annual budget for the condominium in order to determine the amount of assessments payable by the unit owners, to meet the general common and limited common expenses and allocate and assess such charges among the unit owners according to their respective interests in the general common and limited common elements, and to submit such budget to the unit owners on or before the date of the annual meeting.
- L. Levy and collect special assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses, costs or additional capital expenses, or because of emergencies.
- M. Take appropriate legal action to collect any delinquent assessments, payments or amounts due from unit owners or from any person or persons owing money to the condominium, and to levy a penalty and to charge interest on unpaid amounts due and owing.
- N. Defend in the name of the Association any and all lawsuits wherein the Association or all the unit owners are party defendants.
- O. Enter into contracts with third parties to carry out the duties herein set forth, for and on behalf of the Board and the Association, including the authority to hire, or authorize the manager to hire, accountants to keep the books and records.
- P. Establish a bank account for the condominium and to keep therein all of the funds of the Association. Withdrawal of monies from such accounts shall only be by checks signed by such persons as are authorized by the Board of Directors.
- Q. In general, to act for and carry on the administration and affairs of the Association as authorized and prescribed by the Declaration and to do all those things which are necessary and reasonable to carry out the governance and operation of the condominium.
- R. Establish rules and regulations for conduct, behavior and use of the general common and limited common elements. In this connection the Board may delegate and establish parking areas or spaces for the exclusive use of the unit owners and their guests and residents.

- S. To make repairs, alterations and improvements to the general common and limited common elements consistent with properly managing the condominium and in the best interest of the unit owners, and all mortgagees.
- T. To arrange, keep, maintain and renew the insurance for the Association as set forth in the Declaration, and to arrange, keep, maintain and renew Errors and Omissions Insurance for the Directors or officers.
- U. Carry out the duties and responsibilities of the Board in all other matters as may be authorized, needed or required by the Declaration.

#### 9. Vacancies and Removal

- Should a vacancy occur on the Board of Directors, the Board, subject to the exception below, shall appoint a member of the Association to serve for the unexpired term.
- Such vacancy shall be filled no later than the next Board meeting after which it occurs. Should such vacancy not be filled by the Board, at the next regular meeting of the Association, the Association may fill the vacancy.
- At any annual or special meeting of the Association, or by written ballot or by a combination thereof, any member of the Board may be removed prior to the end of his other term by  $\frac{3}{4}$  ths of the total aggregate voting interest in the condominium.

#### 10. Compensation

- No member of the Board of Directors shall receive any compensation for acting as such.
- Nothing herein, however, shall be construed to preclude compensation being paid to managers who are hired by the Board of Directors.
- A member of the Board of Directors may be a manager.
- A member of the Board of Directors may be reimbursed for his or her actual expenses if the expense is authorized by a majority of the Board of Directors.

#### 11. Manager

- A manager may be appointed and/or removed by the Board of Directors.
- Board may delegate such duties to the manager as it determines appropriate.
- Board shall determine the terms, conditions and compensation of the manager.
- If required by the Board, the manager shall be bonded.
- If the Board does not engage a manager the Board shall act as manager.
- Board may have the manager maintain records of the financial affairs of the condominium.
- Such records shall detail all assessments made by the Association and the status of payments of said assessments by all unit owners.
- All records shall be available for examination during normal business hours to any unit owner or his or her designated representative or his or her mortgagee.
- All functions and duties herein provided for the manager may be performed by the Board or the Chairman, or other Board member, if the Board should decide not to have a separate manager.

##### A. Accounts

- Receipts and expenditures of the Association shall be under the control and direction of the Board of Directors and shall be classified as appropriate into general common expenses and limited common expenses and may include a provision for:

1. Current Expenses
  - Shall include all receipts and expenditures to be made within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserve or betterments.
  - Any balance in this fund at the end of the year shall be applied to reduce the assessments for current expenses for the succeeding year.
2. Reserve for Maintenance Repair or Replacement
  - Shall include funds for maintenance repair or replacement of common elements required because of damage, depreciation or obsolescence.
3. Betterments
  - Shall include the funds to be used for capital expenditures for additional improvements or additional personal property which shall be a part of the common elements.

#### B. Budget

- Each calendar year the Board shall prepare and submit to the unit owners a budget, which must be approved and adopted by a majority of the Board.
- Budget shall include the past fiscal year receipts and expenditures, the expected receipts and expenditures for the coming fiscal year, including estimated funds required to defray the general common and limited common expenses reserve and betterments, and to provide and maintain funds for the operation of the Association and enforcement of the Declaration and Bylaws, according to good accounting practices.
- A copy of the budget shall be transmitted to each member before the annual meeting of the Association for which the budget is made.
- The budget shall be discussed by the membership and adopted by a majority of the votes of the members present or represented by proxy or voting by written ballot.
- The budget may be amended by a majority of the votes present at the meeting or represented by proxy or written ballot.
- A budget shall be adopted by the unit owners at the annual meeting or at such other meeting as may be called for this purpose.

#### C. Financial Report

- A financial report of the receipts and disbursements and balance of accounts shall be made annually by the Board of Directors.
- A copy of the report shall be furnished to each member before or at the annual meeting.

#### D. Board as Manager

- If the Board chooses not to appoint a manager, all of the above functions may be performed by one of the Board members to whom the job is delegated by a majority of the Board of Directors.
- If a board member is appointed manager, the Board may pay the board member a reasonable salary for his or her services.

#### E. Manager's Authority

- Any manager shall generally operate and manage the condominium for or on behalf of the unit owners and shall have such other powers and authority as the Board may delegate.

## 12. Amendment of Bylaws

- These Bylaws may be amended at any regular or special meeting of the Association providing that a copy of the proposed revision is included in the notice of such meeting.
- Upon a vote of 75% of the aggregate voting interest in the condominium, the amendment shall be declared adopted.
- Bylaws may also be amended by 75% favorable vote of the aggregate voting interest of the unit owners by written ballot mailed or personally delivered to the unit owners and returned to the Association.

## 13. Assessments

- Each unit owner shall be assessed for general common expenses and for limited common expenses in accordance with the percentage of interest in the general common elements set forth in the Declaration which shall be set, levied, collected and paid according to the terms and under the procedures more particularly set forth in the Declaration.
- Notice of each owner's assessments shall be mailed to said owner at his or her address of record.

## 14. Notice of Default to Mortgagee

- A first mortgagee, upon written request delivered to the Association, will be entitled to written notification from the Association of any default in the performance by the individual unit borrower of any assessment or obligation under the condominium documents which is not cured within 60 days.

## 15. Notices - Damages

- The Association shall notify all first mortgagees in writing of any casualty loss to a unit if such loss or taking exceeds the sum of \$15,000.00.

## 16. Due Process by Association

- In the event that an action is taken by the Association against any individual unit owner to enforce an assessment, any part of the Bylaws or Declaration, or any rules or regulation properly adopted by the Association, said owner shall be afforded the protection of due process which includes, but is not limited to, the following:
  - A. Adequate notice in writing of any default with a reasonable time to cure the default.
  - B. If the unit owner contests the allegations of the default, such unit owner shall have the following options:
    - an opportunity to defend him or herself against any allegations of default before the Board of Directors.
    - An opportunity to present witnesses and cross-examine opposing witnesses.
    - An opportunity to receive a formal hearing before an impartial hearing officer or arbitrator.
    - To findings of fact by the hearing officer or arbitrator in accordance with the evidence presented.
  - C. To a penalty proportionate to the offense, such as suspension of voting rights, suspension of the right to be elected as a Director or officer or to continue as a Director or officer, or a reasonable fine or late fee imposed by the Board of Directors, or in the event of an action for unpaid assessments, the costs of collection, interest and reasonable attorney's fees.

#### 17. The Declaration

- The Declarant has filed along with these Bylaws a Declaration whereby the properties known as “Cedar Creek Condominiums” are submitted under the Unit Ownership Act, Montana Code Annotated, Title 70, Chapter 23.
- The Declaration and any amendments thereto and these Bylaws shall govern the acts, powers, duties and responsibilities of the Association of unit owners; and in the event these Bylaws and the said Declaration are in conflict, the Declaration shall prevail.
- The adoption of the foregoing Bylaws on the 22<sup>nd</sup> day of December, 1997.