

BYLAWS
OF
SUNSET POINT HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

INTRODUCTION

Section 1. The provisions of these Bylaws govern the internal affairs of this corporation and its members as applicable to the operation, administration, use and occupancy of Sunset Point Homeowners Association, Inc., located on the real property described on the Plat of Sunset Point, Phase I, and such subsequent Phases of Sunset Point, if any, as may hereafter be subjected to the provisions hereof. Should subsequent Phases of the Sunset Point development be subjected to the terms of the Montana Unit Ownership Act, a copy of these Bylaws shall be recorded simultaneously with the Declaration of Condominium to which these relate, all in accordance with Section 70-23-301, Montana Code Annotated.

Section 2. These Bylaws were adopted by this corporation, a nonprofit corporation, organized under the laws of Montana, and in accordance with the Internal Revenue Code, Section 501(c)(7) as amended, pertaining to owners associations.

ARTICLE II

PRINCIPAL OFFICE

The principal office of the corporation shall be maintained in Bigfork, Flathead County, Montana.

ARTICLE III

DEFINITIONS

Except as expressly stated herein and unless the context hereof requires otherwise, the terms used in these Bylaws shall be those set forth in the Declaration of Covenants, Conditions and Restrictions for Sunset Point recorded on October 17, 1986 under Reception No. 86-290-09460, records of Flathead County, Montana (hereafter referred to as "Declaration of Covenants").

ARTICLE IVADOPTION OF DECLARATION OF COVENANTS

These Bylaws adopt by reference the above-described Declaration of Covenants in their entirety, and render the provisions thereof applicable to the corporation and its members. Said Declaration of Covenants contain various provisions, including but not limited to provisions concerning:

- Article II - Common Rights in Common Area
- Article III - Association Membership and Property Rights
- Article IV - Association Voting Rights
- Article V - Covenant for Maintenance Assessments
- Article VI - Maintenance
- Article VII - Duties and Powers of the Owners' Association
- Article VIII - Utilities
- Article IX - Right of First Refusal
- Article X - Use Restrictions
- Article XIII - Waiver of Encroachments
- Article XIV - Party Walls
- Article XV - Architectural Control
- Article XVI - General Provisions

A copy of said Declaration of Covenants shall be retained in the corporation's permanent records, but need not be appended hereto as an exhibit.

ARTICLE VMEETINGS AND MEMBERS

Section 1. Membership shall be as set forth in the Declaration of Covenants, specific reference being made to Article III, Paragraph 1 thereof.

Section 2. Following the organizational meeting of the members, there shall be an annual meeting of voting members of the Association on the first Saturday in May of each year at a time and place designated in the written notice thereof mailed to voting members by the Board of Directors at least 10 days prior to the date of said meeting. With said notice shall be mailed, and at the annual meeting, the Board of Directors shall present a written statement to each voting member of the financial condition of the Association, itemizing receipts and disbursements for the preceding financial year with the allocation thereof to each Unit.

Section 3. Special meetings may be called at any time for the purpose of considering matters which require the approval of members. Such a special meeting shall be called by written notice

mailed by the Board of Directors at least 10 days prior to the date of such meeting to all members. Such written notice may be initiated by the majority of the Board of Directors and must be so initiated upon petition to the Board by 30% of the members. Such notices and such petitions shall specify the date, time and place of the meeting as well as an agenda.

Section 4. The presence at any meeting in person or by proxy of members owning a majority of the total interests shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the members upon the affirmative vote of members or their proxies owning a majority of the total interests present or represented by proxy at the meeting.

Section 5. Voting on any issue may be conducted by mail so long as sufficient ballots are returned representing the votes of sufficient owners who have constituted a quorum, and they attended a meeting for that purpose.

Section 6. Voting rights and classes shall be as set forth in the Declaration of Covenants, specific reference being made to Article IV thereof.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. Initially the business and property of the Association shall be managed under the direction of the Board of Directors consisting of the three Organizational Directors, or their appointed successors. Upon the election of the first elected Board of Directors, the number of Directors shall increase to five, three of which must be Association members, and who shall be elected for a term of three years, subject to the limitations set forth in Section 2 of this Article relating to the lengths of terms of the first elected Board of Directors. There shall thenceforth be five Directors unless or until this Bylaw is amended.

Section 2. At the organizational meeting, a five-member Board of Directors shall be elected to terms as follows: One Director shall be elected for a term of three years; two Directors shall be elected for a term of two years and two Directors shall be elected for a term of one year. Any Director may be removed at any meeting of members by due and proper vote at that meeting, providing proper notice of such resolution or vote had been mailed to all members at least 10 days prior to said meeting.

Section 3. A regular meeting of the Board of Directors shall be held immediately after the adjournment of the organizational meeting of members, and annually thereafter immediately after the

adjournment of the annual meeting of members. This Bylaw shall be the only notice required for such annual meetings.

Section 4. Special meetings of the Board of Directors may be called by the President or in his or her absence, by the Vice-President. By unanimous consent of the Directors, a special meeting may be held, without notice, at any time or place.

Section 5. Notice of all special meetings, except those specified in the second sentence of Section 4 of this Article, shall be mailed to each Director by the Secretary at least five days prior to the time fixed for the meeting. Such notice shall specify the time and place of meeting, and shall state the purpose or purposes thereof. Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting.

Section 6. A quorum for the transaction of business at any regular or special meeting of the Directors shall consist of a majority of members of the Board. Any business may be transacted by the signature and consent of all Directors, in lieu of a meeting for that purpose.

Section 7. The Organizational Directors shall elect officers of the Association to serve until the first meeting of the regular Directors. The Directors shall elect the officers of the Association specified in these Bylaws at the Directors meeting following the organizational meeting of members and following each annual meeting of the members of the Association. An officer may be removed at any time by a majority vote of the full Board of Directors of the Association.

Section 8. Any vacancy or vacancies on the Board of Directors may be filled by the remaining Directors in any special or regular Directors meeting. Death, incapacity, or resignation of any Director shall cause his office to become vacant. Such appointment shall be for the remaining term of the vacancy filled, but shall be confirmed by the members at the next annual meeting.

Section 9. The Board of Directors shall have the responsibility for, and authority to do all things necessary for the accomplishment of the matters specified in the Declaration of Covenants. Directors may receive compensation only after approval by a majority of the members.

Section 10. The Board of Directors shall have the authority to engage the services of a Manager/Agent, or management service, and to fix his or her compensation, and specify his or her authority.

Section 11. All checks, drafts, notes, acceptances, vouchers, conveyances, contracts and other instruments shall be approved and

signed on behalf of the Association by the Manager/Agent or by such other person or persons as shall be provided by general or special resolution of the Board of Directors, or in the absence of any such resolution applicable to such instruments, by the President or Vice-President or Secretary/Treasurer.

ARTICLE VII

OFFICERS

Section 1. The officers of the corporation shall be a President, a Vice-President, and a Secretary/Treasurer, each of whom shall be elected for a term of one year and shall hold office until their successors are duly elected and qualified. The officers need not be members or directors. The Board may appoint such committees and committee chairpersons as appear necessary in its judgment.

Section 2. The President shall preside at all Directors' and members' meetings; shall have general supervision over the affairs of the Association; and shall perform all such other duties as are incident to the office. In case of the absence or disability of the President his or her duties shall be performed by the Vice-President.

Section 3. The Secretary/Treasurer shall issue notices of all Directors' and members' meetings and shall attend and keep the minutes of the same; shall have charge of all Association books and records and papers; and shall have custody of all money and securities of the Association; and shall give bond in such amount as required by the Directors, conditioned upon the faithful performance of the duties of the office. The Secretary/Treasurer shall keep regular books of account and shall submit them, together with all of his or her vouchers, receipts, records or other papers to the Directors for their examination and approval, at least quarterly or as often as they may require additionally; and shall perform all other duties as are incident to this office.

ARTICLE VIII

FINANCE AND ASSESSMENTS

Section 1. The funds of the Association shall be deposited in such bank or banks, savings and loan associations, or other financial institutions as the Directors shall designate and shall be withdrawn only upon check or order of an officer of the Association duly authorized by the Board of Directors, or by a Manager/Agent if so authorized.

Section 2. The Director shall establish and collect the

assessments specified in the Declaration of Covenants pursuant to the terms and conditions stated therein. Specific reference is made to Article V thereof.

Section 3. In the event of default by any owner in paying the assessments specified above, the Board of Directors shall exercise any or all of the remedial procedures stated in the Declaration of Covenants, or any other available legal remedy.

ARTICLE IX

AMENDMENTS

No amendment of these Bylaws shall be effective unless approved by the affirmative vote of 75% of the unit owners. Any amendment must be recorded to be valid.

ARTICLE X

MISCELLANEOUS

Section 1. All notices to the Board of Directors shall be sent postage prepaid in care of the Manager/Agent, or if there is no Manager, to the office of the Board of Directors as may be designated from time to time, said notices to be effective upon receipt, and all notices by the Board of Directors to owners shall be sent by the Board or its agent postage prepaid to the most recent address furnished by each Owner, with copies to all mortgagees, trust indenture beneficiaries, or contract sellers from which the Board has received requests for notices, said notices to be deemed received and effective 48 hours after mailing.

Section 2. The invalidity of any part of these Bylaws shall not affect or impair in any manner the validity, enforceability, or effect of the balance of these Bylaws. Similarly, any invalidity in the Declaration of Covenants or subsequent Declaration of Condominium under the Montana Unit Ownership Act shall not affect the balance thereof.

Section 3. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to be abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches thereof which may occur. Similarly, any failure to enforce the provisions of the Declaration of Covenants shall not be deemed to be a waiver.

Section 4. Upon dissolution or final liquidation of the corporation, obligations shall be paid and assets distributed in conformity with the Montana Non-Profit Corporation Act and/or Section 501 of the Internal Revenue Code, as amended.

ARTICLE XI

CONFLICTS

These Bylaws are set forth to comply with the requirements of Section 70-23-307 and Section 70-23-308, Montana Code Annotated. In case any of these Bylaws conflict with the provisions of such statutes, the Declaration of Covenants, or a subsequently recorded Declaration of Condominium under the Montana Unit Ownership Act, the provisions of such statute or of the said Declarations, as the case may be, shall control.

IN WITNESS WHEREOF, the undersigned, as Organizational Directors of Sunset Point Homeowners Association, Inc., have hereunto executed and hereby certify these Bylaws as duly adopted by said corporation this _____ day of February, 1988.

151 _____
Dan L. Averill

151 _____
James W. Johnson

151 _____
Bruce McEvoy