

**BYLAWS OF  
THE LAKES MASTER HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I  
Definitions**

1.1 **Definitions.** In these Bylaws:

“Association” means The Lakes Master Homeowners Association, Inc., a nonprofit corporation organized and existing under the laws of the State of Montana.

“Covenants” means any covenants as may from time to time contain the covenants, liens, and charges established for the benefit of the Association, its Members, and the property.

“Owners” shall mean and refer to the person or persons owning a parcel of land in fee simple absolute, individually or as an owner in any real estate tenancy relationship recognized under the laws of the State of Montana, in any Property, including a unit ownership pursuant to a recorded unit ownership declaration.

“Property” means any property subject to the covenants.

**ARTICLE II  
Office Location**

2.1 **Principal office.** The principal office of the Association shall be located at-4219 River Lakes Parkway, Whitefish, MT 59937, or such office and address as may in the future be designated by the board.

**ARTICLE III  
Membership**

3.1 **Eligibility.** Owners shall be eligible and required to be Members of the Association. Ownership shall be determined according to the records of the Clerk and Recorder of Flathead County, Montana; except that a personal representative, conservator, or trustee shall be deemed to be the owner held by him or her in such capacity, whether or not the same shall have been transferred to his or her name by a duly recorded conveyance. The rights of Members are subject to (a) the payment of the assessments and other charges imposed by the covenants, and (b) compliance with the rules and regulations of the Board of Directors regarding the use of property and the conduct of Members, their families, tenants, and guests.

3.2 **Suspension.** The membership rights (including voting rights) of any member may be suspended by action of the Board of Directors if the member has failed to pay when due any assessment or charge lawfully imposed upon the member or any property owned by the Member, or if the Member, his or her family, tenants, or guests of any of them shall have violated any rule or regulation of the Board regarding the use of any property.

3.3 **Rights of Membership.** Each Member is entitled to the use and enjoyment of the property in accordance with the Covenants. Membership rights may be delegated to and exercised by all members of the Member’s family who reside upon the property, any of the Member’s tenants who reside thereunder a lease for a term of one (1) year or more, and the guests of any of them. Each Member shall notify the Secretary of the Association, in writing, of the name and relationship to the Member of any person who is entitled to exercise membership rights under this Section. The rights and privileges of such person are subject to suspension by the Board in the same manner and for the same reasons as those of any Member under the preceding Section.



**ARTICLE IV**  
**Meetings of Members**

4.1 **Annual Meetings.** The Annual Meeting of the Members shall be held at such location and date as is selected by the Board of Directors and specified in the Notice of Meeting.

4.2 **Special Meetings.** Special meetings of the Members for any purpose may be called at any time by the President or by any three (3) or more Directors. The Secretary shall call a special meeting upon written request of one half (1/2) of the Members who are entitled to vote.

4.3 **Notices.** Notices of meetings shall be given to the Members by the Secretary. Notice may be given to the Member either personally, or by mailing a copy of the notice, postage prepaid, to the address appearing on the books of the Corporation or by Email. Each Member shall register his or her physical address or email address and any change of address with the Secretary. Notice of any meeting, regular or special, shall be mailed not less than ten (10) nor more than (50) days in advance of the meeting and shall set forth the purposes of the meeting. Any meeting required or allowed under these Bylaws may be held telephonically or electronically upon notice hereunder.

4.4 **Proxy Voting.** All proxies shall be in writing and be filed with the Secretary at the commencement of the meeting. Proxies may be emailed if the Secretary confirms that the proxy is from the email address on file for the member. Any proxy given by a person who shall not be a qualified Member at the date of the meeting and any proxy given more than eleven (11) months before the date of the meeting shall be void.

4.5 **Definition of a Quorum.** At any membership meeting the presence, whether in person, by email or by proxy, of Members entitled to vote not less than fifty percent of the total membership shall constitute a quorum for the transaction of business.

**ARTICLE V**  
**Board of Directors**

5.1 **Membership, Eligibility and Powers.** Each board member shall be an owner as outlined in Article III, Section 3.1 of the bylaws. The Association shall be governed by a Board of five (5) directors in accordance with Article VIII of the Articles of Incorporation of the Association. Without limiting the generality of the preceding sentence, or any power vested in it by law, the Board of Directors shall have the power:

5.1.1 to appoint and remove at its pleasure all officers, agents and employees of the Association, prescribed their duties, fix their compensation and require of them security or fidelity bonds as it may deem expedient (nothing contained in these Bylaws shall be construed to prohibit employment of any Member, officer or director of the Association in any capacity whatsoever);

5.1.2 to establish, levy, assess and collect assessments and all other charges referred to in the Declaration;

5.1.3 to adopt and publish rules and regulations governing the use of the property, and the personal conduct of Members, their family, their tenants, and their guests with respect thereto;

5.1.4 to exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those expressly reserved to the Members; and,

5.1.5 in the event any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting in which the third absence occurs declare the office of the absent Director to be vacant.

5.2 **Duties.** It shall be the duty of the Board of Directors:

5.2.1 to cause to be kept a full, true and accurate record of its acts and corporate affairs and to present a statement thereof to the Members at the Annual meeting when requested in writing by one-fourth (1/4) of the full membership;

5.2.2 to supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

5.2.3 in accordance with the Covenants, (i) to fix the amount of the Annual Charge against each lot or living unit as soon as may be practicable after the beginning of each calendar year and in any event before April 1; (ii) to prepare a roster of the properties and Annual Charges applicable to each of the properties which shall be kept in the office of the Association and shall be open to inspection by any Member; and (iii) to send a written notice of each assessment to every Owner subject to assessment;

5.2.4 to issue or to cause an appropriate officer to issue, upon demand by any person, a certificate stating whether any Annual Charge has been paid, which shall be conclusive evidence that any charge stated therein has or has not been paid.

5.3 **Constitution of Board and Vacancies.** The Board shall be comprised of five Members. Of those five, there shall be one Director who owns property at or is a designated representative of, the Monterra at Whitefish.

Vacancies in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. Any such appointed Director shall hold office for the unexpired term of his predecessor in office.

**ARTICLE VI**  
**Directors' Meetings**

6.1 **Annual Meetings.** The Annual Meeting of the Board of Directors shall be held as soon as reasonably possible following adjournment of the Annual Meeting of the Members in each year in order to elect officers

6.2 **Notices; Waiver.** No notice need be given for the Annual or any regular meeting of the Board. Notice of any special meeting shall be sufficient if mailed to each Director, postage prepaid, at his address as it appears on the records of the Association, at least three (3) days before the meeting or given personally or by telefax, email or telephone not later than the day before the meeting.

6.3 **Special Meetings.** Special meetings of the Board of Directors shall be called by the Secretary upon request by any officer of the Association or by any three (3) Directors. The action of a majority of the Board, although not at a regularly called meeting, shall be valid and effective in all respects if the record of the meeting shall be assented to in writing by all members of the Board.

6.4 **Quorum.** At all meetings of the Board, a majority of the Board of Directors shall constitute a quorum, and, except as otherwise provided by law or by the Bylaws, the act of a majority of the Directors present shall be the act of the Board.

6.5 **Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

6.6 **Open Meeting.** Any member of the Association or voting representative may attend any meeting of the Board, but shall not be entitled to prior notice or a right to participate.

**ARTICLE VII**  
**Election of Directors**

7.1 **Ballots.** The election of Directors shall be by written ballot, which may be presented, mailed or emailed prior to the vote. All votes not presented in person must be received by the Secretary or Designated Representative no later than the commencement of the Annual Meeting. At each Annual Meeting or at any special meeting called for the purpose of electing Directors, the Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to cast under the Articles of Incorporation of the Association. The nominees receiving the largest number of votes shall be elected. In the case of a tie, the tiebreaking vote would be made by the majority of the sitting Board of Directors.

7.2 **Nominations.** Nominations for election to the Board of Directors shall be made by any Member. Nominations must be made from among Members. Nominations shall be placed on a written ballot and shall be made in advance of the time fixed for the mailing of such ballots to the Members. Only one member per lot can be on the Board at any given time.

7.3 **Procedure.** All elections of the Board of Directors shall be made on written ballots.

7.4 **Voting.** Each Member shall be mailed a ballot on which he or she may cast the number of votes to which the Member is entitled. The ballot shall be returned to the Secretary at the address clearly designated by the Secretary.

7.5 **Term.** Following the expiration of the current Directors' terms set forth below, each Director shall be elected for a term of three years. In order to initiate these terms, the terms of the sitting Board of Directors elected December, 2010 shall be as follows:

Wanda Good	Term Expires July 2012	Chuck Brown	Term Expires July 2013
Bob Sheldon	Term Expires July 2012	Ryan Gunlikson	Term Expires July 2014

**ARTICLE VIII**  
**Officers**

8.1 **Officers.** The officers of the Association shall be a President and a Secretary-Treasurer. The President and Secretary-Treasurer shall be members of the Board of Directors.

8.2 **Election by Board of Directors.** All officers shall be elected at the Annual Meeting of the Board, and each officer shall hold office until the next Annual Meeting of the Board and until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation, or removal in accordance with the Bylaws. The officers shall be chosen by a majority vote of the Directors.

8.3 **President; Duties.** The President shall be the chief executive officer of the Association and as such shall have general supervision of the affairs and property of the Association and over its several officers, subject to the direction of the Board of Directors. The President shall, if present, preside over all meetings of the Board of Directors, and shall generally do and perform all acts incident to the office of President. The President may sign in the name and on behalf of the Association all notes, leases, mortgages, deeds and all other written instruments

authorized by the Board, except where the Board shall delegate the execution thereof to some other officer or agent of the Association.

8.4 ***Secretary-Treasurer; Duties.*** The Secretary-Treasurer shall act as Secretary of the Board of Directors and shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. The Secretary-Treasurer shall sign all certificates of membership, shall keep the records of the Association, shall record the names and addresses of all Members of the Association, shall see that all notices are duly given as required by the Bylaws or applicable law, and shall be the custodian of the corporate seal. The Secretary-Treasurer shall receive and deposit all monies of the Association in bank accounts approved by the Board.

## **ARTICLE IX** **Books and Records**

9.1 ***Inspection.*** The books, records and papers of the Association shall at all times, during reasonable business hours, be subjected to inspection by any Member.

## **ARTICLE X** **Assessments**

10.1 Each Owner is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. In the case of multiple owner units, the multiple owner unit Owners are collectively obligated to provide a method of payment and to pay the unit's assessments when due. The multiple owner unit Owners may appoint and contract with an agent to collect and pay the Association assessments and that agent must also be approved by the Association, and shall provide a written acknowledgement of its agent status to the Association. Each annual assessment may be paid at the time of assessment or as billed by the Association. Special assessments are due when assessed unless otherwise indicated. The Board, at its discretion, may establish the billing and payment schedule for annual and special assessments. Any assessments which are not paid in full according to that schedule shall be delinquent. If the delinquent assessment is not paid within sixty (60) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate allowed by Montana law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Ownership Unit.

## **ARTICLE XI** **Indemnification**

11.1 To the extent permitted by law and consistent with the Articles of Incorporation, the Association will indemnify every member of the Board of Directors, and every officer, employee and agent of the Association and every person who serves at the request of the Association as a manager, director, officer, employee, fiduciary, or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust or other enterprise or employee benefit plan against liability asserted against or incurred by such person in such capacity or arising out of that person's capacity as such. The indemnification permitted under this Article will not extend, in any event, to any act or omission occurring prior to the date of incorporation of the Association.

In the event of a settlement, indemnification will be provided only in connection with such matters covered by this settlement as to which the Association is advised by counsel that indemnification is permitted by applicable law. The foregoing rights will not be exclusive of other rights to which such member of the Board of Directors or officer or other person may be entitled. All liability, loss, damage, cost and expense arising out of or in connection with the foregoing indemnification provisions will be treated and handled by the Association as a Common Expense.

**ARTICLE XII**  
**Nonprofit Corporation**

12.1 The Association is not organized for profit. No member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any members of the Board of Directors. Notwithstanding the foregoing, (i) reasonable compensation may be paid to any Member or Manager acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, (ii) any Member or Manager may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and any Director may be reimbursed for actual expenses incurred in the performance of his duties.


**ARTICLE XIII**  
**Amendments**

13.1 ***Amendment Procedure.*** These Bylaws may be amended by a vote of the majority of a quorum of the Members whether email, regular mail or by proxy, provided that those provisions of these Bylaws which are covered by the Articles of Incorporation or applicable law; and provided further that any matters stated herein to be or which is in fact covered by the Covenants may not be amended except as provided in the Covenants.

13.2 ***Controlling Documents.*** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Covenants and the Bylaws, the Covenants shall control.

The undersigned members of the initial Board of Directors have executed these Bylaws this 14<sup>th</sup> day of July, 2012.

THE LAKES MASTER HOMEOWNERS ASSOCIATION, INC.

  
\_\_\_\_\_  
Ryan Gunlikson, President

  
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Karley Connolly, Secretary/Treasurer

  
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Charles Brown, Board Member

  
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Wanda Good, Board Member

  
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Julie Lauritzen, Board Member