

BY-LAWS OF

HEBGEN LAKE ESTATES OWNERS' ASSOCIATION, INC.

The following are the duly adopted By-Laws of HEBGEN LAKE ESTATES OWNERS' ASSOCIATION, INC. The purpose of the By-Laws is to govern the affairs of the Association, which is a Montana mutual benefit corporation. In addition to these By-Laws, the Articles of Incorporation of HEBGEN LAKE ESTATES OWNERS' ASSOCIATION, INC. and the PROTECTIVE COVENANTS FOR THE ORIGINAL PLAT OF PHASE I OF HEBGEN LAKE ESTATES, A PLANNED UNIT DEVELOPMENT AND FOR THE AMENDED PLAT OF PHASE I OF HEBGEN LAKE ESTATES, A PLANNED UNIT DEVELOPMENT, GALLATIN COUNTY, MONTANA govern this Association and property in "HEBGEN LAKE ESTATES".

SECTION 1: DEFINITIONS:

1.01. Association. HEBGEN LAKE ESTATES OWNERS' ASSOCIATION, INC., a Montana mutual benefit corporation, its successors and assigns.

1.02. Covenants. PROTECTIVE COVENANTS FOR THE ORIGINAL PLAT OF PHASE I OF HEBGEN LAKE ESTATES, A PLANNED UNIT DEVELOPMENT AND FOR THE AMENDED PLAT OF PHASE I OF HEBGEN LAKE ESTATES, A PLANNED UNIT DEVELOPMENT, GALLATIN COUNTY, MONTANA recorded July 6, 1993 in Film 133, Page 2896 and July 9, 1993 in Film 133, Page 3439, records of Gallatin County, Montana, and all additions, replacements and amendments to these Covenants. These covenants apply to all Lots within HEBGEN LAKE ESTATES and replace any previous covenants or amendments. A copy of the Covenants are attached and incorporated by reference to these By-Laws.

1.03. YBP. Yellowstone Basin Properties, Inc., a Montana corporation, its successors and assigns.

1.04. Real Property. Real property shall mean and refer to that certain real property located in the County of Gallatin, Montana, described in the PROTECTIVE COVENANTS FOR THE ORIGINAL PLAT OF PHASE I OF HEBGEN LAKE ESTATES, A PLANNED UNIT DEVELOPMENT AND FOR THE AMENDED PLAT OF PHASE I OF HEBGEN LAKE ESTATES, A PLANNED UNIT DEVELOPMENT, GALLATIN COUNTY, MONTANA.

1.05. Lot. A Lot as shown upon the original and amended plats of Hebgen Lake Estates.

1.07. Owner. The recorded Owner of a Lot whether one or more persons, including contract for deed purchasers. Owners do not include those persons having an interest merely as security for the performance of an obligation; or a Lessee from an Owner.

1.08. Board. The Board of Directors of the Association.

SECTION 2: OFFICES:

2.01. The registered office of the Association is:

1119 North 7th Avenue  
P.O. Box 3027  
Bozeman, Montana 59772-3027

2.02. The registered agent of the Association at the above address is: Jerome J. LaLonde.

2.03. The Board may designate offices of the Association and may change the registered office or registered agent of the Association.

SECTION 3: MEMBERS:

3.01. Each Owner is a Member. Each owner of a Lot in HEBGEN LAKE ESTATES, whether under the original plat or the amended plat shall be a member of this Association. A person having a mortgage, vendor's interest, or lien on a Lot in HEBGEN LAKE ESTATES is not considered a member. The voting rights of each member are set forth in the Covenants.

SECTION 4: MEMBERSHIP ASSESSMENTS AND LIEN RIGHTS:

4.01. Assessments. The powers and duties of the Directors and provisions relating to assessments are set forth in the Covenants. Unpaid and delinquent assessments are a lien upon the member's Lot in accordance with the Covenants.

SECTION 5: MEETINGS OF MEMBERS:

5.01. Annual Meeting of Members. The date and time of the annual meeting of members shall be set by the Board.

5.02. Place of Meetings. The place of all meetings of the members shall be set by the Board.

5.03. Special Meetings. Special meetings of members may be called by the Board of Directors or in accordance with Montana Law.

5.04. Quorum. A Quorum of any meeting of members shall be those members present in person or by proxy.

5.05. Voting. Voting by members shall be by hand vote or voice vote unless the Chairman of the meeting or a member requests a written secret ballot.

5.06. Proxies. Every person entitled to vote shall have the right to do so in person or by a written proxy. All proxies

must be delivered to the Chairman of the meeting or the Secretary of the Association or the Secretary of the meeting prior to the commencement of the meeting.

5.07. Notice of Meetings. Notice of all meetings of the Membership of the Association must be mailed to each Member, which Member is listed of record 5 business days prior to the mailing of the notice. The notice of meeting will be mailed to the last known address of the Member at least 10 days and not more than 60 days before the meeting.

5.08. Contents of Notice. All notices must include the date, time and place of the meeting and an initial agenda of the meeting. A form of proxy must also be mailed to each Member so that, if the Member cannot attend the meeting, the Member has the right to designate someone to represent the Member at the meeting and vote on behalf of the Member at the Meeting.

#### SECTION 6: DIRECTORS.

6.01. Powers. The business and affairs of the Association shall be managed by a Board of Directors.

6.02. Number of Board Members and Term. The Board of Directors of the Association is three (3). The Members may increase the size of the Board at any regular annual meeting. As set forth in the Covenants, the Board members shall serve a term of 3 years. The Board members shall be appointed by a majority vote of the Lot owners of record.

6.03. Qualifications. The Board of Directors is elected by the membership at this annual meeting. A Board member must be an owner. In the case of a corporation Owner or a partnership Owner any representative of a corporate or partnership Owner may serve on the Board.

6.04. Regular Meetings. A regular meeting of the Board shall be held without notice following the annual meeting of members, or at such time and place following the meeting as the Board may agree.

6.05. Special Meetings. Special meetings of the Board may be called by any Board member or any officer of the Association.

6.06. Notice. Unless the meeting is a consent meeting under Montana Law, notice of any special meeting of the Board of Directors must be at least 10 days prior to the meeting and specify the time and place of the meeting. Notice of a special meeting may be given in writing or may be oral.

6.07. Quorum. A quorum of any meeting of the Board shall be a majority of the Board Members.

6.08. Vacancies. Any vacancy occurring in the Board may be filled by the affirmative vote of the remaining Board. A director elected to fill a vacancy shall be elected for the remaining term of his predecessor in office.

6.09. Limitation on Liability. The Directors of the Association are not personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a director, except:

(a) For a breach of a director's duty of loyalty to the Corporation or its members;

(b) For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(c) For a transaction from which a director derived an improper personal benefit; or,

(d) Under Section 35-2-418, 35-2-435 or 35-2-436, M.C.A.

#### SECTION 7: OFFICERS:

7.01. Number of Officers. The officers of the Association shall be President, Vice President, Secretary and Treasurer, and such other offices as the Board shall determine.

7.02. Election. The Officers shall be elected annually by the Board.

7.03. Removal. Any officer or agent or person elected or appointed by the Board may be removed by the Board.

7.04. Vacancies. All vacancies in any office or position may be filled by the Board.

#### SECTION 8: CONTRACTS, LOANS, CHECKS, AND DEPOSITS:

8.01. Contracts. The Board may authorize any officers, agents, or persons to enter into any contract or execute and deliver any instruments in the name of the Association.

8.02. Loans. The borrowing of money, property or services must be authorized by the Board.

8.03. Checks, Drafts. All checks, drafts, or other orders for the payment of Association money must be approved by the Board and signed by the Treasurer or President.

8.04. Deposits. All funds of the Association must be deposited in bank accounts approved by the Board.

8.05. Gifts. The Association may accept gifts from its members or other persons. Any funds or property received as gifts must be applied toward the purposes of the Association.

SECTION 9: BOOKS, RECORDS, TAX RETURN:

9.01. Corporate minute book. The corporate minute book and roster of Members and their addresses must be kept by the Secretary at the Association's office.

9.02. Inspection. The records of the Company may be inspected by any Member during regular business hours upon reasonable notice.

9.03. Other Records. All other records, including accounting records, must be kept at the Association office.

9.04. Tax Return. The Board is responsible for filing any required tax and informational returns on behalf of the Company. any officer may sign such returns.

SECTION 10: AMENDMENT OF BY-LAWS:

10.01. The Board may amend the By-Laws of the Association, except as may be prohibited by law or the Covenants.

10.02. A majority of the Members of the Association at any meeting of the membership, properly noticed, may amend the By-Laws of the Association. Any amendment regarding assessments or otherwise affecting matters set forth in the Covenants must be approved or amended as set forth in the Covenants.

10.03. Any amendment of the By-Laws is effective upon approval.

These By-Laws were adopted at the organizational meeting of the Association held the 10 day of June, 1994. These By-Laws may be signed in counterparts all of which when taken as a whole shall be deemed the original.

HEBGEN LAKE ESTATES OWNERS' ASSOCIATION, INC.  
a Montana nonprofit corporation

By: Donald J. Stehler  
Director

By: John Frazee  
Director

By: James J. [Signature]  
Director