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BYLAWS OF

TRAILRIDGE TOWNHOMES HOMEOWNERS ASSOCIATION

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1. APPLICABILITY OF BYLAWS.

The provisions of these Bylaws are applicable to the Trailridge Townhomes which have been submitted to the provisions of the Montana Unit Ownership Act pursuant to the Declaration of Unit Ownership for said townhomes. The townhomes are located upon the following described real property located in Billings, Yellowstone County, Montana:

> Being Lot 2, Block 2 of Ridgeline Subdivision, according to the plat on file in the office of the Clerk and Recorder of Yellowstone County, Montana, under Document No. 4050464.

All present or future owners, tenants, or any other person who might use the facilities of the above-described property in any manner, are subject to the provisions of these Bylaws. The acquisition, rental, or occupancy of any of the units will signify that these Bylaws are accepted, ratified, and will be complied with.

2. MEMBERSHIP, MEETINGS AND VOTING.

(a) Membership. Each unit owner shall be a member of the **TRAILRIDGE**

TOWNHOMES HOMEOWNERS ASSOCIATION, hereinafter called "the Association". However, if the ownership of any unit is vested in more than one person, and while each such owner shall be a member, the co-owners or joint owners of the unit shall be deemed to be one member for the purpose of voting and the determination of any required quorum. Until completion or termination of the project, Developer shall be deemed the owner of each unit not yet sold, whether or not construction of the unit has begun, and shall have one vote for each such unit.

(b) Ownership. Ownership shall be determined according to the records of the Clerk and Recorder of Yellowstone County, Montana, except that a personal representative, conservator, or trustee shall be deemed to be the owner of any unit owned or 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. Owners shall also include those purchasing units under purchase contracts and who have an equitable interest in the unit as disclosed by the public record in the office of the Yellowstone County Clerk and Recorder, and in such an event, the equitable owner shall be considered as the only owner of such unit. Tenants shall be deemed to be owners only if the record owner has complied with the provisions of § 70-23-102(18), MCA.

(c) Voting. The owners of each unit shall be entitled to one vote per unit and the vote for any unit owned by more than one person shall be exercised as such co-owners may among themselves determine. Whenever a unit is owned by two or more persons, any one of such owners may vote in the absence of protest by the other or others. Votes may be cast in person or by proxy.

(d) Proxies. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the Secretary on or before the

appointed time of the meeting.

(e) **Annual and Special Meetings.** The annual meeting of the Association shall be held in March of every year. Additional regular and special meetings of the Association may be held at such times and places as shall be agreed upon by the unit owners. Notice of all meetings shall be given to each member personally or by mail, telephone, facsimile or e-mail at least 10 days prior to the day named for such meeting. At the discretion of the Board of Directors, annual or special meetings of the Association may be held by remote means, in-person meetings, or both. The presence, by remote means, in person or by proxy, of owners of a majority of the units at such meetings of the Association shall be required for the transaction of any business by the Association.

The agenda for the annual meeting shall include the following:

(i) Determination of quorum;

(ii) Approval of minutes of last annual meeting;

(iii) Presentation of financial report for past year and budget for coming year;

(iv) Report Board opinion of adequacy of limits on insurance coverage;

(v) Election of Directors;

(vi) Appointment of Arbitrator, as provided below:

(vii) Old business, if any; and

(viii) New business.

Meetings shall be conducted in accordance with Roberts Rules of Order.

(f) **Arbitrator.** At each annual meeting, the members shall mutually agree upon and appoint one person who is not a member to serve as Arbitrator for the Board and members for the

coming year. In the event of a dispute or disagreement between the Directors or members which cannot otherwise be resolved without a lawsuit, except non-payment of assessments, the issue shall be presented to the Arbitrator and the decision of the Arbitrator shall be binding upon the Association, its members, and its Board of Directors. The Arbitrator shall be paid a reasonable amount for the arbitration services. If an Arbitrator is not selected by the members, one or more Arbitrators shall be appointed in the manner provided by the Montana Uniform Arbitration Act, or any successor to that Act. Claims of non-payment of assessments or other monies owed the Association and foreclosures of a lien for unpaid assessments or monies owed the Association are not subject to binding arbitration.

(g) **Manner of Obtaining Approval of Unit Owners.** Approval of all decisions and resolutions of the Association which require the approval of unit owners may be obtained by vote at an annual or special meeting, in person or by remote means, or by written ballot or petition, circulated among the owners including email or other electronic means.

3. **BOARD OF DIRECTORS.**

(a) **Number of Directors.** The affairs of the Association shall be governed by a Board of Directors initially composed of **KELLY COLEMAN, TODD BROWN, and JIM BOB COLEMAN**, as representatives of Developer. At the first annual meeting, the number of directors shall be three. Directors shall be elected by the members, provided, however, that **KELLY COLEMAN** and **TODD BROWN**, as representatives of Developer, or their successors, if Developer designates successor representatives, shall serve as two of the elected Directors until all units are sold.

(b) **Initial Directors.** **KELLY COLEMAN, TODD BROWN, and JIM BOB COLEMAN**, as representatives of Developer, shall serve as Directors until the first annual meeting of the Association.

(c) **Election and Term of Office.** The Directors shall be elected at the annual meetings of the Association. At the first annual meeting one Director shall be elected for a two year term. **KELLY COLEMAN** and **TODD BROWN** shall serve as the other two Directors, each for a one year term. Thereafter, all Directors shall serve for two year terms.

(d) **Removal and Vacancies.** Any Director, except **KELLY COLEMAN** and **TODD BROWN**, or their successor representative of Developer, may be removed from office by the majority vote of the unit owners and any vacancies in the Board of Directors shall be filled by the Board of Directors until the next annual meeting or special meeting called for the purpose of electing a director.

(e) **Nomination and Election.** Except as otherwise provided above, candidates for vacant Director positions shall be so nominated by remote means or from the floor of each annual meeting. Each unit owner shall be entitled to one vote for each vacancy in the Board of Directors; cumulative voting shall be permitted. If votes are cast by the owners of a majority of the units, the candidate(s) receiving the greatest number of votes shall serve for the term. If a quorum cannot be obtained for an annual meeting, the existing Directors shall continue to serve until the next annual or special meeting is held and new Directors are elected, or as an alternative, the existing Directors may contact members to determine who is willing to serve as a Director, and deliver a written ballot to all owners for voting. The ballot shall include the names of all members willing to serve for the

term(s) to be filled.

(f) Qualifications of Directors. Directors must be members of the Association, or, in the case of partnerships, LLCs, LLPs and corporate members, a designated representative of the corporate member, partnership, LLP or LLC.

(g) Compensation. No compensation shall be paid to Directors for their services as Directors unless salaries for Directors are approved by vote of owners of 75% of the units. However, Directors shall be reimbursed for actual expenses incurred in the performance of their duties.

(h) Meetings. Regular and special meetings of the Board of Directors may be held at such times and places as shall be determined by the Directors. Notice of such meeting shall be given by the Secretary to each Director and to the Treasurer of President of the Association, personally or by mail, telephone, facsimile, or e-mail at least three days prior to the day named for such meeting. If notice is given by e-mail, the Association shall maintain a record of all e-mails sent. A majority of the Directors shall be needed for a quorum and any action by the Board shall require approval of a majority of the Directors present at the meeting. Directors may have remote or telephone meetings so long as all Directors are present or are given the opportunity to be present, and so long as each Director is able to speak to and be heard by the others. Unless otherwise agreed by all Directors, meetings shall be conducted in accordance with Roberts Rules of Order. In any event, all Directors shall be given an opportunity to briefly speak without repeated interruptions, and formal votes shall be taken and recorded. Information concerning major actions by the Board shall be promptly disseminated to all members of the Association in a manner to be determined by the Board. Owners may attend Board meetings, but their participation in the meetings may be limited to the extent

determined by the Directors present at the meeting.

(i) Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law, the Declaration, or these Bylaws directed to be exercised by the members. In addition, the Board of Directors shall have the following powers and duties:

(1) To enforce the provisions of the Declaration of Unit Ownership and these Bylaws by appropriate action.

(2) To determine the amount of assessments payable by the unit owners for common expenses and to allocate and assess said expenses among unit owners in proportion to their respective interests in the common elements. Assessments shall include reasonable reserve funds. The Board shall have the authority to invest reserve funds in any manner not consistent with the needs of the Association.

(3) In its discretion, to impose special assessments for approved capital expenses and for emergencies as they are incurred.

(4) To send written notice of any change in the regular assessments and written notice of any special assessment to each owner at least 30 days before its due date.

(5) To record and foreclose a lien against any unit for unpaid assessments or other monies owed the Association by an owner or to bring an action at law against the owner personally obligated to pay the same.

(6) To shut off the water to the unit of any owner who is more than 15 days delinquent in payment of monthly assessments and to give written notice to that owner of the intent of the Board to shut off the water at least 10 days prior to shut off.

(7) To adopt a schedule of late payment fees.

(8) To issue, or to cause an appropriate officer to issue, upon demand by any persons, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(9) With consent of a majority of the unit owners, to adopt a schedule of fines for violation of the Declaration, these Bylaws, or the duly adopted rules and regulations of the Association.

(10) To cause all officers or employees having fiscal responsibilities to be bonded, as it my deem appropriate.

(11) To procure and maintain insurance required or authorized to be purchased by the Association.

(12) To pay all debts of the Association.

(13) To grant and accept easements, permits, and licenses on behalf of all unit owners, as necessary for the proper operation of the project.

(14) To contract for repairs, maintenance, alterations, additions, and

improvements which are the obligation of the Association.

(15) Upon written request from any person, agency or corporation having an interest or prospective interest in a unit, to prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding tax year, at the requesting party's expense. The Board shall require that audit expenses be paid in advance of beginning the audit.

(16) To review and approve or disapprove all requests from unit owners for consent to modify, alter, or add to the exterior of a completed unit or any limited or general common element after completion by Developer, and to remove or replace any unapproved modifications or additions at the expense of the offending unit owner.

(17) To file annual corporate reports with the Montana Secretary of State and to pay the required fee.

(18) To prepare income tax returns for the Association, if required by state or federal law, and to pay all taxes owed.

(19) To provide any notices required by these Bylaws or Declaration of Unit Ownership of Trailridge Townhomes.

(20) In its discretion, to delegate any of the above-mentioned powers and duties to one or more officers or employees of the Association or to an independent contractor or agent.

(21) To engage the services of a paid manager or managing agent. If the Board

hires a professional management agent, the contract with that agent must permit termination of the contract by either party, without penalty, after 90 days advance notice of termination is given.

(22) To supervise all officers, agents, and employees of the Association to ensure that they properly perform their duties.

(j) Recycling. The Board may arrange and pay for pickup of trash that can be recycled and place recycling containers upon the common area. All costs of recycling services, if any, shall be a common expense, payable by all unit owners. The income from recycling, if any, shall be payable to the Association. The Board may elect to share recycling facilities with the property owners in Trailridge Townhomes upon the terms and conditions which the Board deems fair and reasonable.

(k) Directors as Agent and Attorney-in-Fact for Unit Owners. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the unit owners of all of the units and for each of them to manage, control, and deal with the interests of such unit owners in the common elements and the exterior of the townhomes as necessary to permit the Board of Directors to fulfill all of its powers, rights, functions, and duties.

The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each unit owner, each mortgagee, other named insureds, and their beneficiaries, and any other holder of a lien or other interest in the townhomes or the property to:

(1) Adjust and settle all claims arising under insurance policies purchased by the Board of Directors;

(2) Execute and deliver releases upon the payment of claims; and

(3) Act on their behalf in any condemnation proceeding or act of eminent domain.

The mortgagee and guarantor of the mortgage on any unit shall have the right to timely written notice of any condemnation or casualty loss that affects a material portion of the project or the unit securing its mortgage.

(l) **Resignation and Removal of Directors.** Any Director may be removed from office by the majority vote of the unit owners. In the event of resignation or removal of a Director, the vacancy shall be filled by the Board of Directors until the next annual meeting or special meeting called for the purpose of electing a director or by written ballot circulated among the owners in the manner provided for the election of Directors, with the person so selected serving the balance of the unexpired term.

4. **OFFICERS.**

(a) **Board Elects Officers.** The Board of Directors shall annually elect a President, a Secretary, and a Treasurer. The Board in its discretion may also elect a Vice-President. No two offices may be held by the same person except the offices of Secretary and Treasurer. The officers of the Association shall hold office at the pleasure of the Board and may be removed by the Board, with or without cause at any time. In the event of a vacancy, the Board shall elect a successor at any regular meeting or at any special meeting called for such purpose. **KELLY COLEMAN, CONNER BOKMA, and JIM BOB COLEMAN** shall serve as interim President, Secretary and Treasured, respectively, until the first annual meeting of the Association.

(b) Qualifications of Officers. Directors may also serve as officers but are not required to do so. Officers may be Directors, other members of the Association, or persons who are not members.

(c) Duties. The President shall preside at all meetings of the Association and of the Board of Directors, shall supervise the affairs of the Association and its officers, shall have all of the powers and duties usually vested in the office of the President and shall also perform such other duties as from time to time may be imposed by the Board of Directors. The Vice-President, if any, shall act in the place of the President, and shall have such other duties as may be assigned by the Board of Directors. The Secretary shall keep all books and records of the Association and the Board of Directors and record all minutes of meetings of both, shall keep a record of all members of the Association, and shall serve all required notices. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate itemized accounts of all receipts and disbursements in books belonging to the Association, in chronological order. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

(d) Compensation. No compensation shall be paid to officers for their services as an officer unless salaries for officers are approved by vote of owners of 75% of the units. However, officers shall be reimbursed for actual expenses incurred in the performance of their duties, as determined by the Board of Directors.

5. LIABILITY OF OFFICERS AND DIRECTORS.

The Officers and Directors of the Association shall not be liable to the Association or any unit owner for any mistake of judgment, negligent or otherwise, except for their own individual willful misconduct or bad faith. Except to the extent that such damages and expenses are satisfied by Officer's and Director's liability insurance, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the person is or was an Officer or Director of the Association against damages and expenses, including attorney fees, judgments, fines and amounts paid in settlement incurred by the person in connection with such action, suit or proceedings, if the Officer or Director acted in good faith and in a manner the Officer or Director reasonably believed to be in, or not opposed to, the best interest of the Association. If not satisfied by insurance proceeds, such damages and expenses shall be a common expense.

6. INSPECTION OF RECORDS.

The books, records, and papers of the Association and a copy of the current Declaration of Unit Ownership, Bylaws, Articles of Incorporation, and rules and regulations, if any, for Trailridge Townhomes, shall be open for inspection by any unit owner and by holders, insurers, and guarantors of first mortgages on unites at any reasonable time, after reasonable notice to the Secretary.

7. EMERGENCY ACCESS.

Directors and their manager, if any, shall have the right to enter any unit in case of an emergency originating in or threatening such unit whether or not the owner or occupant is present at the time.

8. INSURANCE.

(a) The Board of Directors shall cause the exterior of the building, and other common element improvements, to be insured against loss or damage by fire and related casualty in the amount representing the full insurable value thereof as determined by the Board. Such insurance shall be "Bare Walls" coverage; meaning the Association is only responsible for the exterior of the building, interior load bearing walls, and utilities/installations to the point where they enter a unit.

The cost for such insurance shall be a part of the common expense. The carrying of such insurance shall not preclude any unit owner from carrying insurance at their own cost for their own benefit, subject to the conditions set forth in sub-section (i) of this section.

The Association shall pay, as a common expense, the deductible amount for any property loss insured by the Association if the damage is only to the general common elements; provided, however, if the insured loss is due to the misuse, carelessness or negligence of a unit owner, the unit owner shall pay the amount of the insurance deductible. In all other cases, owners of the damaged units shall pay the deductible in proportion to the amount of the loss to each damaged unit reported on the insurance claim.

(b) All insurance policies shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially modified without at least 10 days prior written notice to all of the insureds, including all mortgagees and contract sellers of units. Duplicate originals of all new policies of physical damage insurance and liability insurance and all renewals thereof, together with proof and payment of premiums, shall be delivered to all mortgagees and contract sellers of units at least 10 days prior to expiration of the then current policies. Annually,

the Board of Directors shall obtain an estimate from an insurance company or other knowledgeable person or business, of the full replacement cost value of the covered improvements, without deduction of depreciation, for the purpose of determining the amount of physical damage insurance to be effective pursuant to this section.

(c) The Board of Directors shall cause public liability and property damage insurance to be carried, insuring the Association and the unit owners for liability for personal injuries to, or the death of, any person, or damage to property resulting from the ownership, use, or occupancy of the property, with policy limits to be determined by the Board, but no less than $1,000,000. The cost of such insurance shall be a common expense.

(d) The Board of Directors shall purchase fidelity insurance coverage for all persons handling Association monies, naming the Association as insured, in an amount equal to the maximum funds held by the Association. If the Board employs a management agent, the agent must have its own fidelity insurance policy providing the same coverage required above.

(e) The Association's casualty, liability and fidelity insurance policies shall require the insurer to notify the Association and each first mortgage holder, in writing, of any cancellation or substantial change to the policy at least 10 days prior to the date on which such cancellation or change takes effect.

(f) In the event of a loss exceeding $1,000, all Association insurance proceeds shall be paid to the designee of the Board of Directors as Trustee for disbursement.

(g) Each policy shall contain a standard mortgagee clause in favor of each mortgagee or trust indenture beneficiary, or contract of sale endorsements in favor of the contract sellers of any

units.

(h) The Board of Directors shall review the adequacy of limits of coverage of insurance policies and report annually its opinion regarding the same to the membership of the Association at its annual meeting.

(i) Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation and provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner. Unit owners are encouraged and recommended to purchase an HO-6 policy (homeowners insurance for townhome owners) to cover their interest in the interior finishes, their personal belongings, personal liability, loss of use, and potential loss assessments.

Insurance purchased by the Association shall not cover personal property, such as furniture or office equipment, inside the units, nor will it cover walls, sheetrock, fixtures, ceilings, flooring, floor coverings, HVAC, plumbing or electrical. Owners must insure their personal property and the interior of their unit, and obtain liability insurance to cover replacement cost injury or damage occurring on or within their unit.

(j) Insurance proceeds for a casualty loss insured by the Association shall be applied by the Trustee to repair or replacement of the damaged property, except in the event of a total loss of all units and a decision to remove the property from the provisions of the Montana Unit Ownership Act. In the event the property is removed from the provisions of the Act, insurance proceeds shall be paid to each unit owner and the holder of any mortgage or trust indenture on the unit, in

proportion to that unit's undivided interest in common elements, after deduction of all costs of clean-up. In the event of loss to one, but not all units, any amount needed to repair or replace the unit, in excess of insurance payments, shall be paid by the owner of that unit. Units which are repaired or replaced after casualty shall conform, in style, quality and appearance, to the unit as it existed prior to the casualty, unless otherwise agreed to by owners of all units.

(k) The Board of Directors shall purchase Officers and Directors Liability insurance, covering each member of the Board and each Officer of the Association; the amount of coverage shall be determined by the Board. The cost of such insurance shall be a part of the common expense.

9. PROPERTY LOSS.

Property damaged by fire or other casualty must be repaired or rebuilt unless there is a total loss of all units, all unit owners agree not to rebuild, and there is agreement not to rebuild by mortgagees that represent at least 51% of the votes of the units that are subject to mortgages. Insurance payments for a property loss insured by the Association shall be applied by the Board, or its designated trustee, to repair or replacement of the damaged property except in the event of a total loss of all units and a decision not to rebuild. Units which are repaired or replaced after casualty shall conform in style, quality, and appearance to the unit as it existed prior to the casualty.

10. ASSESSMENTS FOR COMMON EXPENSES.

(a) When Assessments Begin. The owner of each completed unit shall be obligated to pay monthly and special assessments for common expenses beginning on the first day of the month following sale of the unit.

(b) Amount. Prior to the annual meeting, the Board of Directors shall prepare an

Association budget for the coming year. During construction, each monthly assessment for a unit shall be equal to the total estimated common expenses for the coming year, plus a reasonable reserve allowance for replacement of improvements, divided by 12, divided by the total number of completed units. Upon completion of all units, each monthly assessment shall equal the total estimated common expenses for the coming year, plus a reasonable reserve allowance for replacement of improvements, divided by 12, divided by number of units. Assessments shall be due and payable on the first day of each month. If an annual budget is not prepared as required, the monthly assessment due shall be equal to the amount of the monthly assessment for the previous year until changed by the Board of Directors. The regular monthly assessments may be changed by the Board at any time it determines that the change is necessary or advisable. Written notice of the amount of any changed monthly assessment shall be given, by mail or otherwise, to each unit owner at least 30 days in advance of the first payment due date for the assessment. Except for changes in the amount of the monthly assessments, no bills or other notices that monthly assessments are due need be given by the Association. Assessments must be based upon and computed by using the percentile interest that each unit owner has in the common elements.

(c) **Special Assessments.** Special assessments may be made by the Board of Directors for capital improvements only upon an affirmative vote of a majority of members entitled to vote. The Board may impose special assessments for unanticipated emergency expenses without a vote of the members.

(d) **Due Date.** Assessments shall be due and payable, in advance, on the first day of each month.

(e) **Interest and Late Fees.** Assessments paid more than 10 days after the date when due shall bear interest at the rate of 12% per annum from the date when due until paid; in addition, late paying owners shall be obligated to pay a late fee if a schedule of late payment fees has been adopted by the Board of Directors. All payments upon assessments shall be applied first to late fees, then to interest, and then to the earliest assessment due.

(f) **Record Keeping.** All assessments collected by the Association may be commingled in a single fund from which shall be paid the expenses for which the assessments are made. Separate records of payments received shall be kept for each unit.

(g) **No Exemption from Payment.** No unit owner is exempt from payment of any common expense by waiver of the use or enjoyment of those items paid for or by abandonment of the unit.

(h) **Account Balance Transfers with Unit.** No unit owner shall be entitled to receive the balance in that owner's assessment account upon sale of the owner's unit. The account balance shall pass with sale of the unit to the credit of the new unit owner. This provision shall not be deemed to prohibit a selling owner from collecting the balance of that owner's assessment account from purchaser.

(i) **Remedies for Failure to Pay.** The remedies for failure to pay assessments are set forth in the Declaration of Unit Ownership.

11. MAINTENANCE OF UNITS AND COMMON ELEMENTS.

(a) **Unit Owner Responsibilities.** Every unit owner shall be responsible for all maintenance of and repairs to the interior of his unit, including the garage, for replacement of broken

windows or damaged screens in the unit, for repairs to exterior doors, including garage doors, and for routine maintenance of the patio or deck which is part of the unit, for bulb and fixture replacement of consistent exterior home lighting situated on both sides of garage. Unit owners shall provide lawn mowing and lawn care for fenced back yards, and all lawn areas shall be maintained in a consistent uniform manner within the project. Each unit owner shall be responsible for all damages to the other units or to the common elements resulting from failure to effect such maintenance and repair. Each unit owner shall be responsible for paying all taxes and assessments on his unit and for payment for all utilities provided to his unit. All utility lines and pipes, fixtures, and equipment serving only one unit shall be maintained, replaced, and kept in good repair by the unit owner. All utility lines and pipes, fixtures, and equipment serving more than one unit shall be maintained, replaced, and kept in good repair by the unit owners, with the cost shared equally.

All maintenance and repairs for which an owner is responsible shall be paid for by the owner. In the event an owner or tenant fails or refuses to provide adequate maintenance or repairs, the Association may, after 10 days advance written notice to the owner, enter into the owner's unit and make the needed repairs or do the maintenance, and charge the actual costs of such repairs or maintenance to the unit owner. Any such costs shall be a lien on the unit on which repairs were made or maintenance was done, and if unpaid, may be foreclosed in the same manner as a lien for common expenses.

Each owner shall use a reasonably high standard of care in performing the maintenance and repairs for which the owner is responsible so that the entire Trailridge project will reflect a high pride of ownership. The Board of Directors of Trailridge Townhomes Homeowners Association shall be

the final authority in determining whether an owner is providing adequate exterior maintenance.

(b) Association Responsibilities. Except as otherwise provided above, the Association shall be responsible for any maintenance, repair, and replacement of common elements and for maintenance and repair of the exterior of the buildings, except replacement of windows, screens, and repairs to doors, including garage doors, and exterior lights, except automatic recessed soffit lighting bulb replacement. The Association shall pay for mowing lawns and for maintenance and fertilization of lawns, trees and shrubs on all unfenced areas as may be needed and determined by the Board of Directors. It shall be responsible for snow removal from the driveways and front sidewalks when the snow accumulation exceeds 2 inches; and for maintenance and repair of the private street and the street signs on the private street. The Association shall maintain and repair the fences installed by Developer. The Association may employ personnel necessary for all required maintenance, upkeep, and repair. The Association shall use a reasonably high standard of care in providing such maintenance, management, and repair so that the Trailridge Townhomes development will reflect a high pride of ownership.

(c) Maintenance of Storm Water Detention System. The storm water detention system for Trailridge Townhomes includes underground pipes with storm inlets and a sump beneath each inlet, and a storm water treatment device. The Association shall be responsible for keeping the inlets free of debris, for periodically cleaning debris and silt out of the sumps beneath the inlet. The finished grade of the land in the project must not be changed after completion without prior review and approval of a civil engineer and, if required, by the City of Billings Engineering Department.

12. RESTRICTIONS ON USE.

The following restrictions apply to use of all units and common areas:

(a) **Types of Uses Allowed.** The property shall be used only for residential purposes such that the activities therein shall not interfere with the quiet enjoyment or comfort of any other owners or occupant and shall not affect the ability of the Association to insure the property or increase the premium of the insurance policy and provided the use complies with the applicable zoning ordinances of the City of Billings. In addition, Developer shall have the right to maintain a construction office and a sales office on the property until all units are sold.

(b) **Pets.** A maximum of two pets, consisting only of dogs and cats. Two dogs, two cats, or one dog and one cat, per unit shall be permitted in the units only if kept under the owner's control at all times. No vicious or dangerous animals shall be allowed. No pets shall be allowed to run loose on the common areas. Owners shall be responsible for **immediately** cleaning up after their pets. No resident shall keep a pet which is a nuisance to other unit owners. Owners shall be warned for a first violation and pay a fine, imposed by the Board, of $250 for a second violation of any of these pet restrictions and a fine of $500 for each violation thereafter. Such fines shall be a common expense, payable only by the offending unit owner. In addition, the Board may require an owner to either keep a pet inside or permanently remove it from the Trailridge Townhomes development if the Board receives two bona fide complaints that the animal is a nuisance from one or more other owners within a six month period.

(c) **Leases.** No Unit Owner shall lease a unit for an initial term of less than one month. Any lease or rental agreement shall be in writing and shall subject the tenant to the provisions of these Bylaws, the Declaration of Unit Ownership for Trailridge Townhomes, and all rules and

regulations adopted by the Association. Unit Owner is responsible to provide all Association rules and regulations to the tenant and shall be responsible to enforce compliance of all Association rules and regulations upon their tenants.

(d) **Nuisances.** No nuisances shall be allowed on the property nor shall any use or practice be allowed which is a source of continuing annoyance to the unit owners of which interferes with the peaceful possession of the property. The Board of Directors shall be the final authority on what constitutes a nuisance or source of continuing annoyance.

(e) **Alterations to Buildings and Common Elements.** Except as otherwise provided below, no unit owner or occupant shall erect or place any improvement, including fences, walls, patios, decks and plants, on the limited or general common areas, nor make any additions or alterations to any common areas or to the exterior of any unit, unless approved in writing, in advance, by the Board of Directors. The request must be in writing, spelling out the details of the proposed addition or change, i.e., dimensions, location, materials, color and any other pertinent information. Drawings and plans may be required by the Board of Directors.

(f) **Antennas and Satellite Dishes.** No antennas or satellite dishes exceeding one meter in diameter or diagonal measurement, and no air-conditioning units, wiring, or any other device shall be installed on the exterior of any building, in a yard, or on common elements without prior written approval of the Board. Owners may install a small satellite dish or antenna not exceeding one meter in diameter or diagonal measurement in their yard at the back or side of their townhome, or on the exterior surface of their townhome, without prior approval of the Board of Directors. The location of the satellite dish must comply with the ordinances of the City of Billings, and **specifically**

excludes attachment to the roof of any building.

(g) **Unattended Vehicles or Personal Property.** No vehicles or personal property shall be left unattended on the common areas.

(h) **Hot Tubs.** Hot tubs shall be not be permitted.

(i) **Maintenance and Repairs.** Unit owners shall promptly perform all maintenance and repair work within their own units which, if omitted, would affect any common element, and each unit owner shall be responsible for all damages and liabilities created by such failure to maintain or repair.

(j) **Garbage.** All garbage and trash must be placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed elsewhere on any common element; all trash containers, except those provided by the Association for recycling, if any, must be kept inside the garage except on collection days.

(k) **Noise.** Residents and their guests shall exercise care about making noise which may disturb residents. No unit owners shall operate or permit to be operated any sound producing device in a unit or on common areas between the hours of 11:00 p.m., and the following 7:00 a.m., if such operation shall disturb or annoy other residents or unit owners. Noise made by construction workers between the hours of 7:00 a.m., and 11:00 p.m., shall not be a violation of this restriction.

(l) **Parking.** Unit owners shall not park vehicles in such a manner as to block sidewalks or driveways, nor shall they permit any member of their family, guests, or tenants to do so. Junked or non-operational vehicles, boats and trailers, and motorhomes shall not be parked along the streets, on common areas or in driveways for a period exceeding 48 hours or 30 total days in any one

calendar year. Improperly parked vehicles may be removed at the owner's expense. Visitor parking lots shall be used for visitors only, not for unit owner storage areas.

(m) **Prohibited Activities.** No unit owner shall perform any act or store anything within or upon a unit which might increase the probability of fire, casualty or loss as a result of such act or the storage of such items.

(n) **Unlawful Use.** No improper or unlawful use shall be made of any unit, the common areas, or any part thereof.

(o) **No Wild Animals, Livestock or Poultry.** No wild animals, livestock or poultry may be kept or raised in any unit or on the common elements.

(p) **Transport Water.** Owners shall not transport water away from the Trailridge Townhomes project.

(q) **Blocking Access.** Owners shall not take or permit any occupant or guest to take any action which impairs vehicle or pedestrian access to another unit.

(r) **Fines.** The Board of Directors is hereby authorized to adopt a schedule of fines for violation of any of the provisions contained in this Section and for violation of any additional rules and regulations adopted by the Board pursuant to Section 13 below, and to assess such fines against all owners who violate these provisions.

The owner of each unit shall be responsible for fines resulting from the conduct of the occupants of the unit and their guests. In the event any owner, occupant, or guest of any occupant fails to abide by the provisions of this Section or the rules and regulations adopted pursuant to Section 13 below, the Board shall be entitled to recover from the unit owner all costs and attorney

fees incurred by it in compelling compliance, including collection of fines imposed for violations, with or without initiating arbitration or filing a lawsuit. If an owner wishes to dispute the imposition of a fine against that owner, the owner must submit the dispute to the Arbitrator within six weeks after receipt of written notice of the fine; failure of an owner to submit the dispute to arbitration within six weeks shall be deemed an admission that the fine was property imposed by the Board. All fines shall be a lien on the unit of the owner against whom they are imposed, and if unpaid, the lien may be foreclosed in the same manner as a lien for common expenses.

13. RULES AND REGULATIONS.

Administrative rules and regulations concerning the use of the common elements may be promulgated and amended by the Board of Directors with the approval of 75% of the members entitled to vote.

A copy of the current rules and regulations shall be provided to each unit owner by the Secretary of the Association, without cost, upon receipt of a request therefor.

14. WORKING CAPITAL.

The Developer, as agent of the Board of Directors, shall collect from the initial purchaser of each unit, at the time of closing, an initial capital payment of $500, representing the buyer's pro-rata share of insurance for the year, the buyer's pro-rata initial monthly assessment, and the remainder of each initial capital payment collected from the buyers shall be delivered to the Board of Directors to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, including initial maintenance, equipment, supplies, organizational costs, furnishings for common areas, other start up costs, and such other purposes as the Board of Directors may

determine. These funds may not be used by Developer to defray any of its expenses, construction costs, or other financial obligations. The Developer shall be entitled to retain the buyer's pro-rata share of insurance for the current premium period if Developer paid the premium for the unit sold for that period; otherwise, the premium shall be paid to the Association.

15. LIABILITY OF THE ASSOCIATION AND UNIT OWNERS.

The Association shall not be liable to any unit owner or any occupant of a unit for any failure of water supply or to provide services paid for as a common expense, or for any injury or damage to person or property caused by the elements or resulting from an Act of God, or resulting from electricity, water, snow, or ice which may leak or flow from any portion of the common elements or from any pipe, drain, conduit, appliance, or equipment onto a unit. The Association shall not be liable to any unit owner or any occupant of a unit for uninsured loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. This shall not be deemed to be a waiver of any liability between unit owners. No diminution or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken by the Association to comply with any law, ordinance, or order or directive of any government authority. The Association shall not be liable to any unit owner or any occupant of a unit for uninsured injury or damage to person or property caused by another unit owner. Any such liability shall be attributed solely to the responsible unit owner. The Association shall not be liable to any unit owner or any occupant of a unit for uninsured personal injuries or uninsured injuries to property occurring on common elements.

16. AMENDMENT.

(a) Prior to sale and closing of all townhomes, these Bylaws may be amended by Developer. Each owner, by acceptance of a deed to any townhome shall be deemed to have approved any such amendment by Developer and to have granted to Developer the power, pursuant to § 70-15-301, MCA, to make such amendments.

(b) These Bylaws may also be amended by the Association either in a duly constituted meeting called for such purpose or by written petition circulated among the owners. However, no amendment shall take effect without the approval of Developer until such time as all units have been sold by Developer. No amendment shall take effect unless approved by 75% of the unit owners entitled to vote and until a copy of the amendment, certified by the President and Secretary of the Association, is recorded in the office of the Clerk and Recorder of Yellowstone County, Montana. In all cases, however, the Bylaws shall always include those particulars required to be included therein by the Montana Unit Ownership Act.

(c) The consent of at least 51% of eligible mortgage holders shall be required for a change in any of the following:

(i) Changes in insurance requirements; and

(ii) Changes in any provisions which expressly benefit mortgage holders, insurers, or guarantors.

17. BYLAWS ARE COVENANTS.

The provisions of these Bylaws shall be covenants running with the land and shall be binding on all owners, their tenants, and guests for so long as the real property described herein is subject to the provisions of the Montana Unit Ownership Act.

18. ENFORCEMENT AND WAIVER.

These Bylaws may be enforced in the manner set forth in the Declaration of Unit Ownership for Trailridge Townhomes and in these Bylaws. In the event the Board of Directors shall refuse or neglect to enforce the provisions of these Bylaws, the Declaration of Unit Ownership, or duly adopted rules and regulations, any unit owner shall have the right to do so.

Failure of the Association, its Board of Directors, or any of its members to enforce the provisions of these Bylaws or the Declaration of Unit Ownership of Trailridge Townhomes or any rules and regulations adopted by the Association shall not be deemed a waiver of the right to do so in the future.

The losing party in any lawsuit or arbitration proceeding brought to enforce these Bylaws or Declaration or to foreclose a lien described in the Declaration or these Bylaws shall be obligated to pay reasonable attorney fees incurred by the prevailing party, together with costs incurred in the lawsuit or arbitration proceeding. In the event the services of an attorney are used by the Association or its Board of Directors to enforce these Bylaws without filing a lawsuit or initiating arbitration, the party violating these Bylaws shall be obligated to pay the attorney fees incurred by the Association; the attorney fees shall be a lien on the unit of the violating owner. The lien may be enforced in the same manner as a lien for unpaid assessments for common expenses.

19. DEFINITIONS.

The terms used herein shall have the definitions set forth in the Declaration of Unit Ownership for Trailridge Townhomes.

20. HEADINGS.

The headings used in these Bylaws are for convenience only and shall not be deemed to limit the provisions of these Bylaws.

21. NOTICE.

Except where otherwise provided in these Bylaws, any written notice required or provided for these Bylaws or in the Declaration of Unit Ownership for Trailridge Townhomes shall be hand-delivered or mailed by certified mail, return receipt requested, to the last known address provided by the owner to the Association. A notice sent by certified mail shall be deemed delivered three days after the date when mailed, whether or not actually received by the owner to whom it was sent.

IN WITNESS WHEREOF, the undersigned, being the interim President and Secretary of the Association, have executed this instrument as evidence of the adoption of the aforesaid Bylaws of the Association and hereby certify that the foregoing is a true and correct copy of the Bylaws of the Association.

DATED this 29th day of January, 2024.

TRAILRIDGE TOWNHOMES HOMEOWNERS ASSOCIATION

By: Kelly Coleman
KELLY COLEMAN, President

By:
CONNER BOKMA, Secretary

STATE OF MONTANA)
: ss
County of Yellowstone)

On this 24th day of January, 2024, before me, a Notary Public for the State of Montana, personally appeared KELLY COLEMAN, known to me to be the President of TRAILRIDGE TOWNHOMES HOMEOWNERS ASSOCIATION, and CONNER BOKMA, known to me to be the Secretary of TRAILRIDGE TOWNHOMES HOMEOWNERS ASSOCIATION, whose names are subscribed to the foregoing Bylaws and acknowledged to me that they executed the same.

SHAUNA L OTTMAN
NOTARY PUBLIC FOR THE
STATE OF MONTANA
RESIDING AT BILLINGS, MONTANA
MY COMMISSION EXPIRES
JULY 06, 2026

(NOTARY SEAL)

Shauna L Ottman