

BYLAWS FOR STOCKYARD COURT TOWNHOMES, LLC

ARTICLE ONE

RESTRICTIONS ON USE

Section 1.01 Property Use

All uses are subject to all application zoning and other application restrictions imposed by the City of Hamilton or Ravalli County. Each Unit shall be improved, used and occupied for residential purposes only. Each Unit may be improved with any appropriate improvement if the same are approved by the Association's Directors and approved by the appropriate agency of the City of Hamilton, if such City approval is required, provided however, that such Improvements shall not encroach on the General Common Elements except as provided for Limited Common Elements hereafter

Section 1.02 General Prohibitions and Rules

All use and occupancy of the Townhome Units and any Common Areas shall be subject to and governed by the rules as adopted by the Association, which rules shall not be inconsistent with the terms of the Declaration or these Bylaws. Every Owner, his guests, employees, invitees, tenants and licensees shall adhere strictly to the rules as adopted by the Association pursuant to this Section or otherwise under the Declaration and these Bylaws.

Section 1.03 AIRBNB, VRBO, Etc.

Vacation or temporary rental services are not allowed for any Unit. Subject to the conditions of the Declaration, all subleases must be a minimum of one-month.

Section 1.04 Imperiling of Insurance

Nothing shall be done within the Real Property which might result in an increase in the premiums for or which might cause cancellation of insurance obtained for any portion of the Real Property, except with the prior written consent of the Association

Section 1.05 Violations of Law

Nothing shall be done within the Real Property which could be in violation of any statute, rule, ordinance, regulation, permit or validly imposed requirement of any governmental body, including federal, state or local laws

Section 1.06 Nuisances

No noxious or offensive activity shall be carried on upon the Real Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Owners, their families, tenants or agents. No activity shall be conducted on any part of the Real Property which is or might be unsafe or hazardous to any person or the Real Property. All exterior lighting shall be installed so as to not disturb or interfere with the use and enjoyment of another townhome owner's use of their townhome.

Section 1.07 Signs

All signs shall be installed and allowed to the extent such signs are consistent with applicable zoning and are approved by the Association, subject to MCA 70-1-522.

Section 1.08 Parking and Automobile Maintenance

No automobile overhaul or maintenance work, other than emergency work, shall be permitted on the Project, unless such work is done inside of an enclosed garage. There shall be no storage of non-operable vehicles on the Project, unless stored inside of an enclosed garage. No trailers, recreational vehicles (RVs), boats, watercraft, tractors, farm equipment, etc. are to be stored or parked on the Project for a period of more than 12 hours unless stored inside of an enclosed garage.

Section 1.09 Pets.

No more than two domestic animals or pets may be kept at each unit, and only so long as such animals are not bred commercially. The presence and use of certified and prescribed service animals for the handicapped or disabled shall be permitted on the Project Real Property and within the Townhome Units. All owners of permitted shall be responsible for keeping their pet contained and for clean-up of all waste. Such pets shall not be allowed to be at large on the premises or common areas but may be permitted within fenced portion of a particular unit. No animal kept outdoors shall be allowed to become a nuisance or a frequent source of noise. Pets shall not be allowed to remain outdoors overnight.

Section 1.10 Unsightly Uses

Refuse piles or other unsightly objects and materials shall not be placed or remain upon the Property.

Section 1.11 Construction Liens

No labor performed or materials furnished with the consent or at the request of an Owner, his agent, contractor or subcontractor shall create any right to file a construction lien against the Townhome Unit of any other Owner who does not request or consent to the same, or against any interest in any Common Element. Each contracting or consenting Owner shall indemnify, defend and hold harmless the Association and each of the non-consenting Owners from and against liability arising from the claim of any lien or against the Townhome Units for labor performed or materials furnished at the request of the contracting or consenting Owner. All Owner consents must be in writing.

Section 1.12 Violations

In the event of violation of any prohibitions or restrictions contained in the Declaration or these Bylaws by any Owner, his or her family, guests, or tenants, such violation shall obligate said Owner to reimburse the Association, or an individual Owner, for the cost and expense expended by it in order to cure the violation, enforce the Declaration and/or Bylaws and/or restore the property to its original state together with a reasonable displacement fee, in such amount as established by the Association or as may be determined by a court of law.

ARTICLE TWO

THE ASSOCIATION

Section 2.01 Non-Profit Corporation

Declarant has caused or will cause the Association to be incorporated as a non-profit corporation and has designated the Association to carry out its responsibilities, as specified herein. Any purchaser of a Townhome Unit, by their acceptance of a deed to that Unit, shall be deemed to have ratified and approved not only the Association, but the Unit Owner's membership in the Association. The Association shall have the right to collect monthly or periodic assessments for Common Expenses, maintenance of any common areas or to fund enforcement of the covenants and restrictions contained in the Declaration and these Bylaws, to protect and defend the real property from loss damage by suit or otherwise, to employ attorneys to enforce and effect the terms of the Declaration and these Bylaws, to establish and maintain reasonable rules and regulations for the Association members and the affected properties, and to do such other acts as reasonably may be necessary to carry out the functions for the Townhome Owner's Association.

Section 2.02 Voting by Unit Owners

Each Unit owner shall be entitled to one vote for each Unit owned by a Unit Owner. The majority vote shall apply, except that the majority vote may not adversely affect or impact the validity of any covenants, requirements, or restrictions contained herein. So long as Declarant owns at least one Unit, Declarant shall be entitled to two votes for every one Unit Owner.

Section 2.03 Board of Directors

The property and business of the Association will be managed under the direction of the Board of Directors of the Association.

Section 2.04 Number and Term of Office

The number of Directors to constitute the Board of Directors will be as set forth by the Declarant at the first Association meeting, but in no case shall it be less than 3, nor more than 9. The Unit Owner shall elect Directors each year at an annual meeting of the Association. Each Director shall serve for a period of two years and elections shall be staggered such that each year one-half of the Director's positions shall be up for election.

Section 2.05 Quorum

A quorum for the transaction of business at all meetings of the Board of Directors comprises two-thirds of all the Directors. But if at any meeting less than a quorum is present, a majority of those present may adjourn the meeting from time to time, and the act of a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board of Directors, except as may be otherwise specifically provided by law, by the Declaration, or by these Bylaws.

Section 2.06 Annual Meeting of the Unit Owners

An annual meeting of the Unit owners will be held on the second Monday in the month of January each year for the purpose of electing Directors and for the transaction of such other business as may come before the meeting.

Section 2.07 Regular Meetings of the Board of Directors

A regular annual meeting of the Board of Directors will be held without other notice than this Bylaw, immediately after, and at the same place as, the annual meeting of the Unit owners. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than such resolution, unless there is a change to the meeting time or place, in which case the Secretary shall provide notice to each Director and Unit owner at least three days before the meeting.

Section 2.08 Special Meetings

Special meetings of the Unit owners may be called by the Board of Directors, or by not less than one-tenth of the Unit owners having voting rights.

Section 2.09 Compensation

Directors as such will not receive any stated salaries for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board.

Section 2.10 Manager or Managing Agent

By resolution, the Board of Directors may engage the services of a manager or managing agent, unless the Declarant elects to serve as the manager.

ARTICLE THREE

Section 3.01 Officers

The officers of the Association will be a President, one or more Vice Presidents {the number to be determined by the Board of Directors}, a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it deems desirable, such officers to have the authority, and to perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 3.02 Election and Term of Office

The officers of the Association will be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers will not be held at such meeting, such election will be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer will hold office until his/her successor will have been duly elected and will have qualified.

Section 3.03 Removal

Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever In its judgment the best Interests of the Association would be served thereby, but such removal will be without prejudice to the contract rights, If any, of the officer so removed.

Section 3.04 Vacancies

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3.05 President

- (h) The President is the chief executive officer of the Association and has general charge and control of all its business affairs and properties.
- (i) He or she will preside at all Unit Owner meetings.
- (j) The President may sign and execute all authorized bonds, contracts or other obligations in the Association's name.
- (k) The President will have the general powers and duties of supervision and management usually vested in the office of president.
- (l) The President will be an *ex officio* member of all standing committees.
- (m) The President shall perform all other duties as the Board of Directors may assign from time to time.

Section 3.06 Secretary

- (a) The Secretary will give or cause to be given notice of all meetings of Unit Owners and Directors and all other notices required by law or by these Bylaws. In the Secretary's absence, refusal, or neglect, the President may direct any person to give this notice.
- (b) The Secretary must record all the Unit Owner and Board of Director meeting proceedings in books provided for that purpose and shall perform all other duties assigned by the Directors or the President.
- (c) In general, the Secretary shall perform all the duties generally incident to the office of Secretary, subject to the control of the Board of Directors and the President.

Section 3.07 Treasurer

- (a) The Treasurer will have custody of all the funds and securities of the Association, and he or she will keep full and accurate account of receipts and disbursements in books belonging to the Association. The Treasurer will deposit all moneys and other valuables in the name and to the credit of the Association in the depository or depositories designated by the Board of Directors.
- (b) The Treasurer will disburse the funds of the Association as ordered by the Board of Directors, taking proper vouchers for all disbursements.
- (c) The Treasurer will provide to the President and the Board of Directors, with or without specific request, an account of all his or her transactions as Treasurer and of the financial condition of the Association.
- (d) The Treasurer shall perform all the duties generally incident to the office of the Treasurer, subject to the control of the Board of Directors and the President.

ARTICLE FOUR

ASSESSMENTS

Section 4.01 Acceptance of Assessments

The Association may assess such annual or special assessments as may be necessary to fund and effectuate the Association's purposes, as set forth above. Each Owner, by acceptance of a deed, agrees to pay the Association general, specific and special assessments to be fixed, established and collected from time to time as herein provided. Such assessments, together with interest, attorneys' fees, and the cost of collection in the event of delinquency as allowed in this Article, also shall be the personal obligation of the respective Owner at the time when the assessment was made.

Section 4.02 Purposes of Assessments

The assessments levied by the Association shall be based upon and used exclusively for the cost and expense of the management, maintenance, repair, and replacement of Common Element, and for the performance of all other duties and obligations incurred by the Association pursuant to the Declaration and these Bylaws and such expenses as the Association, in its opinion, shall determine to be necessary and desirable including the establishment and maintenance of cash reserve.

Section 4.03 Special Assessments

In addition to the assessments authorized above, the Association may levy special assessments for the purpose of defraying the costs of any construction, unexpected structural repairs or replacement or capital improvements to any Common Element, including necessary utilities and fixtures related thereto.

Section 4.04 Obligation Created

The assessments levied by the Association shall be the personal obligation of the Owners and all sums assessed but unpaid shall constitute a lien against the Townhome Unit on which they are assessed, and any rental income it may earn and may be collected by the Association in the manner provided in the Declaration for the collection of Assessments.

Section 4.05 Non-Payment of Assessments

Assessments and fees shall be due and payable on such date and shall be subject to a late charge for non-payment as may be determined from time to time by the Association. If such fees or assessments are not paid within thirty days after the due date, they shall bear interest from the date of delinquency at the rate of fifteen percent (15%) per annum.

Section 4.06 Lien Granted

The Association is hereby granted a lien against the Owner's Townhome Unit for any payment or payments which the Owner fails to make as required by this Declaration, including any attorneys' fees, interest and/or costs of collection.

ARTICLE FIVE

MAINTENANCE AND UTILITIES

Section 5.01 By Owner

Every Owner of a Townhome Unit shall be responsible for the following:

- (a) All cleaning, maintenance, upkeep and repair to the interior and exterior of each dwelling and garage, sheds and other structures on the Townhome area, and including cleaning and upkeep of any decks and patios associated with each Townhome Unit, and the maintenance and upkeep of fencing associated with that Unit (with maintenance of fencing along a common Unit boundary shared between Owners), and the routine maintenance and cleaning the exterior of that Owner's Unit;
- (b) To effect the regulation maintenance, repair and replacement of the exteriors of the Townhomes. Such exterior maintenance, repair and replacement shall include the maintenance of the siding, trim, windows, roof, and exterior lighting, so as to present an attractive, well-kept appearance of the Townhome building exteriors, including by not limited to regular painting, staining, and replacement of broken glass or fixtures;
- (c) Paying for landline phone services to the Unit;
- (d) Obtaining and securing internet services to the Unit;
- (e) Paying for internet services to the Unit;
- (f) Obtaining and paying for garbage removal services for large items not appropriate for disposal in communal garbage receptacles, including all non-household items.
- (g) Obtaining Cable TV, Satellite TV and/or other entertainment services;
- (h) Paying for Cable TV, Satellite TV and/or other entertainment services;

- (i) To effect regular maintenance, repair and replacement of the landscaping and lawns located in the yard areas of each Townhome. Such maintenance, repair and replacement shall include watering, fertilizing, weeding, mowing, trimming of the lawn and all trees, shrubs, and plants so as to present an attractive, well-kept appearance of the yard areas. No Owner shall cause to be removed, damaged or impaired any plant life in the yard area of his or her Townhome Unit, except for the removal of noxious weeds and dead or dying landscaping. All landscaping shall have and continue a positive grade directing surface water away from the structure. All yard decorations in excess of two feet in height shall require approval of the Association as to the compatibility with the well-kept appearance of the Real Property intended by the Declarant.
- (j) Snow removal and maintenance of each Unit's driveway, and as part of such snow removal, no Owner may store or place snow on another Unit, nor block access in the alley. Although an Association obligation as specified herein, each owner should conduct snow removal, and the other general maintenance, on the portion of any sidewalk that is located on that Owner's Unit, so that such maintenance does not need to be assessed.
- (k) All damages to the Owner's Townhome Unit, other Townhome Units, and any Common Element or utility, resulting from such Owner's intentional or negligent acts or omissions;
- (l) All taxes and assessments on his or her Townhome Unit exclusive of shared utilities, either public or private, and all utility fees or assessments such as electricity, gas, and water associated with the individual unit; and
- (m) The cost of repair and replacement of doors, windows, and glass in the Townhome Units, so as to protect the buildings in general, whether needed as a result of breakage or otherwise.

Section 5.02 By Association.

The Association shall be responsible for the following:

- (e) Obtaining landline phone services to the Project;
- (f) Contracting and paying for communal garbage removal services and providing sealed garbage container(s) for collection of garbage. The containers are to be used for the disposal of household items that are the result of normal household use. All such garbage containers remain the property of the Association; and
- (g) Snow removal and maintenance to each Unit's driveway and of all Common Elements.

ARTICLE SIX

DAMAGE AND DESTRUCTION OF UNIT

BYLAWS FOR STOCKYARD COURT TOWNHOMES, LLC.

Section 6.01 Duty to Rebuild

If all or any portion of any Townhome Unit or limited common element is damaged or destroyed by fire or other casualty, it shall be the duty of that Owner, to rebuild, repair, or reconstruct said Townhome Unit in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty.

Section 6.02 Time Limitation

The Owner shall be obligated to proceed with all due diligence hereunder and commence reconstruction within three months after the damage occurs and complete restoration within 9 months after damage occurs, unless prevented by causes beyond the Owner's reasonable control.

ARTICLE SEVEN

COVENANT AGAINST PARTITION

By acceptance of their deed, each Owner shall be deemed to covenant for himself or herself and for his or her heirs, representatives, successors, and assigns, that he or she will not institute legal proceedings to effect judicial partition of his or her interest in the Real Property from the remainder of the Development, or from any Common Areas, unless the Real Property has subsequent to the Declaration been developed and removed from under the Montana Unit Ownership Act.

ARTICLE EIGHT

INSURANCE

Section 8.01 The Owners

Each Owner owners will maintain individual insurance for their units, provided such insurance is of a townhome or standard owner type policy, insures the entirety of the structure up to and including any common or shared element, and the policies of each Owner is of an amount sufficient to provide for the full replacement cost of the improvements. Such insurance shall name the Association as a loss payee, to the extent that Owners and the Association have an interest in shared common elements, and that Owners and Association have a right to know of the existence of required insurance coverage. As such an additional loss payee, the Association's interest shall be subordinate to any lender with a security interest in the property. Such insurance coverage should have a waiver of subrogation rights by the carrier as to the Association, and any lender holding a first position lien on such Owner's Unit. This provision for insurance, and the type of insurance coverage called for, may not be changed without the consent of all Owners. Should any Owner fail to maintain the insurance as called for herein, it shall be the right of the Association, on its own initiative or upon demand of any Owner, to secure such required insurance and have the assessments to the defaulting Owner adjusted to reflect such Association-procured insurance coverage.

Section 8.02 The Association

The Association may procure the following type of insurance or insurance coverage:

- (a) A policy or policies of liability insurance covering the Association, its board of directors, the Declarant, and all their agents and employees against any liability to the public or any Owner, his or her invitees and/or tenants arising from or incident to the ownership, occupation, use, maintenance and/or repair as called for herein. If obtainable a cross liability endorsement insuring each insured against liability to the other insured shall be acquired. Limits of liability on such policies shall be set by the Association on such limits and coverage shall be reviewed at least annually by the Association and increased or decreased in its discretion.
- (b) To the extent necessary to comply with any applicable Workman's Compensation laws.
- (c) Such other insurance as the Association may deem desirable for the benefit of the Owners or in itself.
- (d) The terms of this Article shall not be interpreted to compel the Association to acquire insurance for the Owner's personal property, nor create liability on the part of the Association should it not procure, pursuant to Section 7.01, insurance on behalf of a defaulting owner. Each Owner is responsible to acquire such insurance covering his or her own personal property and liability as such Owners deem appropriate.
- (e) There may be named by the Board of Directors, as an insured, on behalf of the Owners Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance, and to perform such other functions necessary to accomplish such purpose.
- (f) The Association, on behalf of the Treasurer or any other office or Director who handles or is responsible for funds administered by or on behalf of the Association, shall, as may be required, provide a bond for the faithful discharge of his or her duties in such sum and with surety or sureties as the Board of Directors shall determine is appropriate. The cost of any such bond shall be paid for by the Association.

ARTICLE NINE

GENERAL PROVISIONS

Section 9.01 Enforcement

The Association or the Owner of any Townhome Unit, including the Declarant, so long as Declarant retains ownership interest in at least one (1) Unit, shall have the right to enforce by proceedings at law or in equity all of the covenants and provisions now or hereafter imposed by the Declaration and these By-Laws and rules, respectively, including, without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied, and/or to recover damages for said violation. The result of every act or omission whereby any of the covenants contained in this Declaration or the provisions of the Association's By-Laws and rules are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association, or by its successors in interest. The remedies hereby

provided for breach of the covenants contained in the Declaration or the provisions of these By-Laws and rules shall be deemed cumulative, and none of such remedies shall be deemed exclusive. The failure of the Association to enforce any of the covenants contained in the Declaration or the provisions of these By-Laws and rules shall not constitute a waiver of the right to enforce the same thereafter. A breach of the covenants contained in the Declaration or of the provisions of these By-Laws and rules shall not affect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any Townhome Unit or the improvements thereon; provided, however that any subsequent Owner of such property shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale, or otherwise. Following notice and hearing, the Association shall have the right and power to assess monetary penalties against a Member and/or suspend said Member's voting rights for the period during which any assessment against his or her Townhome Unit remains unpaid or for any violation of this Declaration, the By-Laws or for infraction of the rules and regulations enacted by the Association

Section 9.02 Attorneys' Fees, Interest, Collection Fees

In any action based on a violation of the Declaration or these Bylaws, the prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing the provisions of the Declaration or these Bylaws. This shall also include an interest rate of fifteen percent (15%) on any unpaid amount due under this section, as well as any Collection Fees incurred through the retention of outside collection agencies.

Section 9.03 Fiscal Year

The fiscal year of the association shall be the calendar year.

Section 9.04 Definitions

The definitions found in the Declaration shall be incorporated into this document by reference and shall determine the meaning of defined terms within these Bylaws.

Section 9.05 Singular and Plural; Gender

Unless the context requires otherwise, words denoting the singular may be construed as plural and words of the plural may be construed as denoting the singular. Words of one gender may be construed as denoting another gender as appropriate within the context. The word *or* used in a list of more than two items may function as both a conjunctive and a disjunction as the context requires or permits.

Section 9.06 Headings of Articles, Section and Subsections

The headings of Articles, Sections and Subsections used within these Bylaws are included solely for the convenience and reference of the reader. They have no significance in the interpretation or construction of these Bylaws.

Section 9.07 Notices

Unless otherwise stated, whenever the Declaration or these Bylaws call for notice, the notice must be in writing and must be personally delivered with proof of delivery, or mailed postage prepaid by regular US mail, to the last known address of the party requiring notice. If delivery is

made by US mail, notice is effective on the date mailed; in all other cases, notice is effective when delivery is made.

Section 9.08 Waiver of Notice

Unless otherwise stated, whenever the Declaration, these Bylaws or any law, call for notice, a written waiver of the notice, signed by the persons or persons entitled to receive notice, whether before or after the time stated therein, is equivalent to the giving of that notice. Attending any meeting is a waiver of notice of the meeting except if the attendance is for the specific purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 9.09 Amendments to Bylaws

These bylaws may be altered, amended or repealed and new bylaws may be adopted by a three-fourths' (3/4) majority of the Unit Owners at the annual regular meeting or at any special meeting of the Unit Owners, if at least three days' written notice is given of intention to alter, amend or repeal or to adopt new bylaws at such meeting.

APPROVED and DATED this _____ day of _____, 20__

Derek Watt- Signatory

STATE OF MONTANA)
)ss.
COUNTY OF RAVALLI)

On this _____ day of _____, 2020, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Derek Watt, the Authorized Member of Castlerock Properties, LLC, and acknowledged to me that he executed the same.

IT WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

(SEAL)

Notary Public

