

AMENDED BYLAWS OF WOODBROOK TOWNHOUSES OWNER'S ASSOCIATION, INC.

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THESE BYLAWS ARE SUBJECT TO ARBITRATION UNDER
THE MONTANA UNIFORM ARBITRATION ACT.

ARTICLE I. OFFICES

Section 1.1 Business Office

The corporation's principal office shall be located either within or outside of Montana. The corporation's most current Annual Report, filed with the Montana Secretary of State, shall identify the location of the principal office. The corporation may have other offices, either within or outside of Montana. The board of directors may designate the location of these other offices. The secretary of the corporation shall maintain a copy of the records required by section 2.18 of Article II at the principal office.

Section 1.2 Registered Office

The corporation's registered office shall be located within Montana at the address of the corporation's registered agent. The location of the registered office may be, but need not be, identical with that of the principal office if the latter is located within Montana. The board of directors or a majority of the members may change the registered agent and the address of the registered office from time to time, upon filing the appropriate statement with the Secretary of State.

ARTICLE II. MEMBERSHIP

Section 2.1 Membership

(a) *Membership.* Membership in the corporation may be held by an individual, a group of household members, a corporation, or other entity. If membership is held by a household, corporation or other entity, the entity or group shall be considered one member. Each member (subject to the provisions of section 2.9) shall be entitled to one vote on any business matter which shall lawfully come before the members. If a membership stands of record in the names of two or more persons, then the vote of one name shall bind all other names on that one membership. Each member shall be eligible for benefits that the board of directors shall determine from time to time.

(b) *Membership Admission.* Every person or entity who is the owner of a fee interest or holds equitable title in a living unit in the Woodbrook Townhouse Planed Unit Development, whether purchasing under a contract, or is a lessee pursuant to a lease/purchase contract executed for a period of greater than one (1) year, and who is subject to assessment, either present or future, by the Association pursuant to the provisions of any recorded instrument relating to such assessment, shall be a member of the Corporation. For the purpose of determining membership, such ownership shall be deemed to have vested upon delivery of a duly executed deed or contract of purchase to the grantee or vendee. The legal title retained by a vendor selling under a contract of purchase shall not qualify such vendor for membership. Foreclosure of a contract or repossession for any reason of a Woodbrook unit sold under contract shall terminate the vendee's membership, whereupon all right to such membership shall re-vest in the vendor.

The rights of the members are subject to:

1. Ownership of one or more Woodbrook properties;
2. Payment of all charges and assessments imposed herein;
3. Compliance with the Covenants and Rules and Regulations of the Board of Directors regarding the use of the property and the conduct of members, their families, their lessees, and guests of any thereof.

(c) *Nondiscrimination.* Membership in the corporation shall be available without regard to race, color, creed, religion, sex, age, marital status, physical or mental handicap or national origin, or ancestry.

(d) *Membership Rights and Obligations.* All members have the same rights, privileges, and obligations. Each member is entitled to the use and enjoyment of the property in accordance with the Indenture. Such rights may be delegated to and exercised by all members of his/her family who reside upon the property, or any lessee who reside there pursuant to a written lease. Each member shall notify the Secretary of the Association, in writing, the name and relationship to the member of any such persons who shall be entitled to exercise such rights under this Section.

(e) *Termination of Members.* The corporation may suspend or terminate a member from the corporation if the board of directors has made a good faith determination that it is in the best interests of the corporation to do so.

In addition, the corporation may only suspend or terminate a member from the corporation pursuant to the following procedure, which shall be carried out in good faith. The procedure provides:

- (1) the corporation must, by first class mail, give the member written notice of the suspension or termination not less than 15 days' prior to the effective date of the proposed action and an explanation of the reasons for it; and
- (2) an opportunity for the member to be heard, orally or in writing, not less than 5 days before the effective date of the suspension or termination by a person or persons authorized to decide that the proposed suspension or termination not occur; or
- (3) the board of directors may conduct the hearing, or in its sole discretion, may allow a committee of the board of directors or a committee of members, to hold the hearing and make the determination.

Notwithstanding the above provisions, the corporation shall consider a membership terminated if (1) the board of directors has established charges and assessments in accordance with section 2.2 and the member fails to make the payment of charges and assessments or (2) the board has established specific terms for membership.

Section 2.2 Charges and Assessments

The board of directors may make charges and assessments to the members as authorized by the Protective Covenants of Woodbrook Townhouses. Charges and assessments shall be made to all members in equal amounts. Each member shall pay these charges and assessments.

Section 2.3 Annual Membership Meeting

(a) *General.* The members shall convene their annual meeting on the second Tuesday of November beginning with the year 1999, at the hour of 7:00 o'clock P.M., or at another time on another day within the month that the board of directors agrees upon. At the annual meeting, the members shall elect directors and transact any other business as may come before the meeting. If the date of the annual meeting is a legal holiday in Montana, the meeting shall be held on the next succeeding business day.

(b) *Attendance by Conference Telephone.* Members may attend annual meetings by conference telephone if the board of directors authorizes a meeting at a time and location at which conference telephone facilities are available and the meeting is convened in accordance with section 2.5.

Section 2.4 Special Membership Meetings

(a) *Who May Call.* The president, secretary, board of directors, or seven (7) of the members may call a special membership meeting for any purpose or purposes described in the meeting notice. If seven (7) of members request a special meeting, they must do so in writing, and sign, date, and deliver the demand to any corporate officer at least 10 days before the corporation must give notice of the meeting; the president shall then call the special meeting on these members' behalf. For purposes of determining whether the members have met the seven (7) member requirement, the record date is at the close of business on the 30th day before delivery of the demand or demands for a special meeting to any corporate officer.

(b) *Attendance by Conference Telephone.* Members may attend special meetings by conference telephone if the meeting is held at a time and location at which conference telephone facilities are available.

Section 2.5 Participation in Membership Meetings by Conference Telephone

Members of the corporation may participate in a membership meeting, if authorized by the board of directors, by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of the right to participate by conference call (see section 2.7), and provided all persons participating in the meeting can communicate with each other at the same time. A member participating in a meeting by conference telephone is deemed present in person at the meeting. The chairperson of the meeting may establish reasonable rules as to conducting business at any meeting in which one or more members participate by conference telephone.

Section 2.6 Place of Membership Meeting

The board of directors may designate any place within the county in Montana where the principal office is located as the meeting place for any annual or special meeting of the members. The members may change the meeting place if all the members entitled to vote at the meeting agree by written consents to another location. The written consents may be in the form of waiver of notice or otherwise. The new location may be either within or outside the State of Montana. If the board of directors do not designate a meeting place, then the members shall meet at the principal office of the corporation in Montana.

Section 2.7 Notice of Membership Meeting

(a) *Required notice.* The secretary of the corporation shall deliver notice of the membership meeting to each member of record.

(b) *Manner of Communication.* The secretary of the corporation may deliver to members notice of the membership meeting by a separate written notice, through a regular publication, or by a newsletter of the corporation. The notice must be given in a fair and reasonable manner: it must be in writing and state the place, day and hour of any annual or special membership meeting. If one or more members elect to participate by conference telephone, the notice shall include the proper telephone number.

(c) *Effective Date.* The secretary shall deliver the notice, either personally, by mail, by newspaper, or public broadcast not less than 10 or more than 60 days before the date of the meeting. Notice shall be deemed to be effective at the earlier of the following:

- (1) the date when the notice was deposited in the United States mail, if mailed postpaid and correctly addressed to the member at the member's address as it appears on the corporation's record books; or
- (2) the date shown on the return receipt (if sent registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee); or
- (3) the date when received, published, or broadcast; or
- (4) the date 5 days after deposit in the United States mail, if mailed postpaid and correctly addressed to an address other than that shown in the corporation's current member record book.

(d) *Adjourned Meeting.* If the members adjourned any membership meeting to a different date, time, or place, the secretary need not give notice of the new date, time and place, if the new date, time, and place is announced at the meeting before adjournment. But if the board of directors fix a new record date for the adjourned meeting, or must fix one, (see section 2.9 of Article II) then the secretary must give notice, in accordance with the requirements of paragraph (b) and (c) of this section, to those persons who are members as of the new record date.

(e) *Waiver of Notice.* A member entitled to a notice may waive notice of the meeting (or any notice required by the Montana Nonprofit Corporation Act or bylaws), by a writing signed by the member. The member must send the notice of waiver to the corporation (either before or after the date and time stated in the notice) for inclusion in the minutes or filing with the corporate records.

A member's attendance at a meeting:

- (1) waives the member's right to object to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.
- (2) waives the member's right to object to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

(f) *Contents of Notice.* Unless the Montana Nonprofit Corporation Act requires it, the notice of an annual membership meeting need not include a description of the meeting's purpose or purposes. However the notice of each special membership meeting shall include a description of the meeting's purpose or purposes.

Regardless of whether the notice is of an annual or special membership meeting, if a purpose of the meeting is for the members to consider either:

- (1) a proposed amendment to the articles of incorporation (including any restated articles requiring member approval);
- (2) a plan of merger;
- (3) the sale, lease, exchange or other disposition of all, or substantially all of the corporation's property;
- (4) the dissolution of the corporation; or
- (5) the removal of a director,

then the notice must state this purpose and be accompanied by a copy or summary, if applicable, of the:

- (1) amendment to articles;
- (2) plan of merger; or
- (3) transaction for disposition of all the corporation's property.

Likewise, if the corporation indemnifies or advances expenses to a director as defined by the Montana Nonprofit Corporation Act the secretary shall report this information in writing to all the members with or before notice of the next membership meeting.

Section 2.8 Conduct of Membership Meetings

(a) *Conduct of Meeting.* The president, or in the president's absence, the vice-president, or in their absence, any person chosen by the members present shall call the membership meeting to order and shall act as the chairperson of the meeting. The chairperson (or a person designated by the chairperson) shall establish rules of the meeting that will freely facilitate debate and decision-making. The chairperson will indicate who may speak when and when a vote will be taken. The secretary of the corporation shall act as the secretary of all meetings of the members, but in the secretary's absence, the presiding officer may appoint any other person to act as the secretary of the meeting.

(b) *Order of Business.* The order of business at a membership meeting shall be as follows:

- (1) call to order,
- (2) reading of prior minutes,
- (3) election of directors, if that is the purpose of the meeting,
- (4) business specified by the notice,
- (5) unfinished business,
- (6) new business,
- (7) adjournment.

At the annual meeting, the president and treasurer shall report on the activities and financial condition of the corporation.

Section 2.9 Fixing of Record Date

(a) *Purpose of Fixing a Record Date.* The board of directors may fix in advance a date, referred to as the record date, for the purpose of determining which members of any voting group, as of a certain date, are entitled to receive notice of a member meeting. The board of directors may also fix this record date for the purpose of determining which members of any voting group are entitled to vote at any meeting of members. The board may also fix a record date to determine which members may exercise any rights or which members belong in a group for any other proper purpose. The record date shall not be more than 70 days prior to the date on which the particular action, requiring a determination of members, is to be taken.

(b) *If No Record Date Is Fixed.* If the board of directors does not fix a record date for the purposes described in paragraph (a) of this section, then the record date for determination of the members shall be at the close of business on one of the following:

- (1) With respect to an annual membership meeting or any special membership meeting properly called by the board or president, the day preceding the day on which the secretary of the corporation delivers the first notice to the members;

- (2) With respect to a special membership meeting demanded by the members, the date the first member signs the demand;
- (3) With respect to actions taken without a meeting (pursuant to Article II, section 2.16), the date the first member signs a consent;
- (4) With respect to a meeting for which notice was waived, the day preceding the day on which the meeting is held.

(c) *Adjournment.* In the event of an adjournment, the board of directors may fix a new record date. The board of directors must fix a new record date if the meeting is adjourned to a date more than 70 days after the date fixed for the original meeting.

Section 2.10 Membership List

(a) *Contents of List.* After the board fixes a record date for notice of a meeting, the officer or agent maintaining the corporation's record books shall prepare a complete record of the members entitled to notice of the meeting. The record shall include the address of each member.

(b) *Inspection.* The membership list must be available for inspection by any member, beginning 2 business days after the secretary gives notice of the meeting for which the list was prepared. The list will continue to be available throughout the meeting. The list shall be located for inspection at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. A member, the member's agent, or attorney is entitled on written demand to inspect and, subject to the requirements of section 2.19 of Article II, to copy the list during regular business hours. The member shall be responsible for any reasonable inspection and copying expenses. The corporation shall maintain the membership list in written form or in another form capable of conversion into written form within a reasonable time.

(c) *Limitations on Use of Membership List.* Without consent of the board, a membership list or any part of it may not be obtained or used by a person for any purpose unrelated to a member's interest as a member. This prohibition against use of membership list for unrelated purposes includes but is not limited to:

- (1) using the list to solicit money or property unless the money or property will be used solely to solicit the votes of members in an election to be held by the corporation;
- (2) using the list for any commercial purpose; or
- (3) the selling or purchasing of the list.

Section 2.11 Membership Quorum and Voting Requirements

(a) *Quorum.* Fifty one per cent (51%) of the votes entitled to be cast on a matter must be represented at a meeting of members to constitute a quorum on that matter. Once a vote is represented for any purpose at a meeting, the corporation shall deem it present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for that adjourned meeting.

(b) *Voting.* If a quorum exists, and the votes cast in favor of an action (other than the election of directors) constitute a majority of the required quorum, then the corporation shall consider the action on a matter approved.

Section 2.12 Membership Action by Written Ballot

(a) *Authority.* Members may take any action without a meeting if the board of directors authorizes action by ballot and the corporation delivers a written ballot to every member entitled to vote on that matter.

(b) *Contents.* A written ballot must set forth each proposed action and provide the members with an opportunity to vote for or against each proposed action.

(c) *Approval.* The corporation shall consider an action by written ballot approved only when: the number of votes cast by ballot equals or exceeds the quorum that the bylaws require to be present at a meeting authorizing the action; and the number of approvals equals or exceeds the number of votes that the bylaws require to approve the matter at a meeting.

(d) *Solicitations.* All solicitations made in advance of the meeting for votes by written ballot must: indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to

approve each matter other than election of directors, and specify the time by which a ballot must be received by the corporation to be counted.

(e) *Revocation.* A written ballot may not be revoked.

Section 2.13 Proxies

At all membership meetings, a member may vote in person, or by proxy. The member may appoint a proxy to vote by signing an appointment form, either personally or by attorney-in-fact. The corporation shall consider a proxy appointment valid if made in writing and filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after 11 months from the date it was made, unless otherwise provided in the proxy.

Section 2.14 Voting of Membership

Each member (subject to the provisions of section 2.9) is entitled to one vote on each matter voted on by the members. If a membership stands of record in the names of two or more persons, then the vote of one name shall bind all names on that one membership. Unless otherwise stated in these bylaws, when members vote to take action on a matter, a majority vote shall carry.

Section 2.15 Corporation's Acceptance of Votes

(a) *When Signature Corresponds to Member's Name.* If the name signed on a vote, ballot, consent, waiver, or proxy appointment corresponds to the name of a member, the corporation if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member.

(b) *When Signature Doesn't Correspond to Member's Name.* If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its member, the corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member if:

- (1) the member is an entity as defined in the Montana Nonprofit Corporation Act and the name signed purports to be that of an attorney-in-fact of the member and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment;
- (2) the name signed purports to be that of an attorney-in-fact of the member and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment;
- (3) two or more persons hold the membership as households, cotenants or fiduciaries and:
 - (i) the name signed purports to be the name of at least one of the co holders; and
 - (ii) the person signing appears to be acting on behalf of the all the co holders.

(c) *Doubt About Validity of Signature.* The corporation is entitled to reject a vote, ballot, consent, waiver, or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

(d) *No Liability.* The corporation and its officer or agent who accepts or rejects a vote, ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the member for the consequences of the acceptance or rejection.

Section 2.16 Informal Action by Members

The members may act on any matter generally required or permitted at a membership meeting, without actually meeting, if 51% of the members entitled to vote on the subject matter sign one or more written consent(s) to the action; the members must deliver the consent(s) to the corporation for inclusion in the minute book.

Section 2.17 Members Electing Directors

(a) *Board Determination of Method.* The board of directors shall determine whether the board shall be elected at a meeting, by ballot (pursuant to section 2.12) or by informal action (pursuant to section 2.16).

(b) *Nominating Committee.* A nominating committee appointed by the board shall exist for election by meeting and election by ballot. The committee shall call a meeting to nominate candidates for directors' positions. This meeting shall be held at least 5 days in advance of the membership meeting in which members will elect directors or, in the event of the use of a ballot, at least 5 days before the ballot is sent to members. In the event of an election by meeting, any person who is nominated by the committee shall be considered a nominee for a director position. Nominations shall also be received from the floor. In the event of an election by ballot, the names on the ballot will include those selected by the nominating committee and those names placed in nomination by members signing petitions to place an individual's name on the ballot. The board need not place an individual nominated by petition on the ballot, unless the individual receives the signatures of seven (7) or more members.

(c) *Election by Ballot.* If the members choose to elect directors by written ballot, they shall ensure that the nominating committee send out the ballot not more than 60 days and no less than 15 days before the election. Each ballot shall list the nominees chosen in accordance with subsection (b) of this section 2.17. In addition, each ballot shall include the number of lines for "write-in" candidates equal to the number of directors to be elected. The election by ballot shall be conducted in accordance to section 2.12 of these bylaws.

(d) *Determination of Winners of Election.* Those nominees elected to the board shall be those nominees receiving the largest number of votes. For example, if three board positions are open, the three receiving the highest number of votes will be elected. Cumulative voting is not authorized.

Section 2.18 Corporate Records

(a) *Minutes and Accounting Records.* The corporation shall keep a permanent record of the minutes of all meetings of its members and board of directors, a record of all actions taken by the members or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors acting in place of the board and on behalf of the corporation. The corporation shall maintain appropriate accounting records.

(b) *Membership List.* The corporation shall maintain a record of the members' names and addresses. The membership list shall indicate each member is entitled to one vote.

(c) *Form.* The corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(d) *Other Records.* The corporation shall keep a copy of the following records at its principal office or at a location from which the records may be recovered within 2 business days:

- (1) its articles or restated articles of incorporation and all amendments to them currently in effect;
- (2) its bylaws or restated bylaws and all amendments to them currently in effect;
- (3) resolutions adopted by its board of directors;
- (4) the minutes of all membership meetings, and records of all actions taken by members without a meeting, for the past 3 years;
- (5) the financial statement furnished for the past 3 years to the members;
- (6) a list of the names and business addresses of its current directors and officers; and,
- (7) its most recent annual report delivered to the Secretary of State.

Section 2.19 Member's Rights to Inspect Corporate Records

(a) *Absolute Inspection Rights of Records by Members.* A member (or a member's agent or attorney) is entitled to inspect and copy, at a reasonable time and location specified by the corporation, any of the records of the corporation described in section 2.18(d)(1)-(7). The member must give the corporation written notice or a written demand to inspect at least 5 days before the date on which the member wishes to inspect and copy.

(b) *Conditional Inspection Right.* The member (or the member's agent or attorney) may inspect and copy, at a reasonable time and reasonable location specified by the corporation, additional records (listed in section 2.19(c)) if the member meets the following criteria:

- (1) the member must give the corporation a written demand to inspect made in good faith and for a proper purpose at least 5 business days before the date on which the member wishes to inspect and copy; and
- (2) the member must describe with reasonable particularity:
 - (i) the member's purpose and
 - (ii) the records that the member desires to inspect; and
- (3) the corporation must approve that the records are directly connected with the member's purpose.

(c) *Additional Records.* If the member meets the requirements of section 2.19(b), the member may inspect and copy:

- (1) excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors acting on behalf of the corporation, minutes of any meeting of the members, and records of action taken by the members without a meeting, to the extent not subject to inspection under paragraph (a) of section 2.18; accounting records of the corporation; and
subject to provisions of section 2.10(c), the membership list.

(d) *Copy Costs.* The right to copy includes the right to photograph, photocopy, or copy by other reasonable means. The corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the member. The charge may not exceed the estimated cost of production or reproduction of the records.

ARTICLE III. BOARD OF DIRECTORS

Section 3.1 General Powers

All corporate powers shall be exercised by or under the authority of the board of directors. The business and affairs of the corporation shall be managed under the direction of the board of directors.

Section 3.2 Number, Tenure, and Qualifications of Directors

The number of directors of the corporation shall be at least five (5). Each director shall have one vote on any matter that comes before the board. Each director shall hold office for three (3) year terms. However, if the director's term expires, the director shall continue to serve until the members have elected and qualified a successor or until there is a decrease in the number of directors. Directors must be members of the corporation.

Section 3.3 Removal of Directors

A director may be removed, with or without cause, if a majority of the members present at a duly constituted meeting votes for the removal. Likewise, the members must acquire a majority vote present at a duly constituted meeting to remove directors or the entire board elected by them. Removal is effective only if it occurs at a meeting called for that purpose. Notice must be sent to all members and directors that a purpose of the meeting is removal.

Section 3.4 Board of Director Vacancies

If a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the directors may fill the vacancy.

If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

If a director resigns effective at a specific later date, the directors may fill the vacancy, before the vacancy occurs, but the new director may not take office until the vacancy actually occurs.

When the directors elect a director to fill a vacancy, the director's term expires at the next membership meeting at which members elect directors.

Section 3.5 Ex-Officio Members of the Board

The officers or managers of the corporation shall serve as non-voting, ex-officio members of the board. They are members by virtue of their office. Each ex-officio member officer or director may attend board meetings and participate in discussion; however, each ex-officio member shall be entitled to one vote only if the individual is a regularly elected or appointed board member.

Section 3.6 Regular Meetings of the Board of Directors

The board of directors shall hold a regular meeting immediately after, and at the same place as, the annual membership meeting. No notice of the meeting other than this bylaw is required. The board of directors may provide, by resolution, the date, time and place (which shall be within the county where the company's principal office is located) of additional regular meetings. Regular board of director meetings may be held by conference telephone, if convened in accordance with section 3.8.

Section 3.7 Special Meetings of the Board of Directors

The presiding officer of the board, the president, or 20% of the directors then in office may call and give notice of special meetings of the board of directors. Those authorized to call special board meetings may fix any place within the county where the corporation has its principal office as the special meeting place. Special board of director meetings may be held by conference telephone, if convened in accordance with section 3.8.

Section 3.8 Board of Director Meetings by Conference Telephone

If, authorized by the board of directors, the board of directors or any designated committee of the corporation may participate in a board or committee meeting by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of the telephone meeting (see section 3.9), and provided all persons participating in the meeting can hear each other at the same time. A director participating in a conference telephone meeting is deemed present in person at the meeting. The chairperson of the meeting may establish reasonable rules as to conducting the meeting by phone.

Section 3.9 Notice of, and Waiver of Notice for, Special Director Meetings

(a) *Notice.* The corporation's secretary shall give either oral or written notice of any special director meeting at least 2 days before the meeting. The notice shall include the meeting place, day and hour. If the meeting is to be held by conference telephone, (regardless of whether it is regular or special), the secretary must provide instructions for participating in the telephone meeting.

(b) *Effective Date.* If mailed, notice of any director meeting shall be deemed to be effective at the earlier of:

- (1) 5 days after deposited in the United States mail, addressed to the director's business office, with postage prepaid; or
- (2) the date shown on the return receipt (if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the director); or
- (3) the date when received.

(c) *Waiver of Notice.* Any director may waive notice of any meeting. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records.

A director's attendance at a meeting waives the director's right to object to lack of notice or defective notice of the meeting; this shall be true unless the director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting.

Neither the secretary nor director needs to specify in the notice or waiver of notice the business to be transacted at, or the purpose of, any special board meeting.

Section 3.10 Director Quorum

A majority of the number of directors shall constitute a quorum for the transaction of business at any board of director meeting.

Section 3.11 Directors, Manner of Acting

(a) *Required Number to Constitute Act.* The act of a majority of the directors present at a meeting at which a quorum is present (when the vote is taken) shall be the act of the board of directors. If no quorum is present at a meeting of directors, the directors may not take action on any board matter other than to adjourn the meeting to a later date.

(b) *Director Approval.* The corporation shall deem a director to have approved of an action taken if the director is present at a meeting of the board unless:

- (1) the director objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting; or
- (2) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (3) the director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 3.12 Conduct of Board of Director Meetings

The president, or in the president's absence, the vice-president, or in their absence, any person chosen by the directors present shall call the meeting of the directors to order and shall act as the chairperson of the meeting. The chairperson, or the chairperson's designee, shall establish rules of the meeting that will freely facilitate debate and decision-making. The chairperson will indicate who may speak when and when a vote will be taken. The secretary of the corporation shall act as the secretary of all meetings of the directors, but in the secretary's absence, the presiding officer may appoint any other person to act as the secretary of the meeting.

Section 3.13 Mediation, Arbitration if Board Deadlocked

(a) *General.* If the board of directors is equally divided on any aspect of the management of the property, business and affairs of the corporation, or corporation transactions, or if the board is equally divided on any question, dispute, or controversy, and the deadlock is preventing action or non-action by the board, then the board shall submit the deadlock to mediation in accordance with section 3.13(b). If the directors are unable to resolve the deadlock through mediation, the directors agree to submit the dispute to binding arbitration in accordance with section 3.13(c).

(b) *Mediation.* If the board of directors is unable to resolve the deadlock itself, the directors agree to submit the dispute to mediation and the following guidelines shall apply:

- (1) The directors agree to have the dispute mediated by a mediator selected by the Gallatin County Bar Association
- (2) The directors agree to follow the mediation procedure selected by the mediator.
- (3) Mediation shall terminate upon the request of the mediator or 30% of the directors.

(c) *Arbitration.* If the board of directors is unable to resolve the deadlock through mediation, upon written request of 30% of the directors, the directors agree to submit the deadlock to binding arbitration in the following manner:

- (1) At a duly held board meeting, directors shall submit written requests for an arbitrator; the board shall then vote on which arbitrator to select. If the majority of board members agree on a single arbitrator, then the board shall contact that

individual with a request for arbitration. If a majority of the board members can not agree on a single arbitrator, then the board shall select 2 arbitrators, each director having, in the selection, a number of votes equal to the number of directors under a system of cumulative voting; after the members appoint 2 arbitrators, those 2 arbitrators shall select a third arbitrator to be the professional who actually arbitrates for the board. If the initial 2 arbitrators are unable to agree within 15 days upon a third arbitrator, the President of the corporation will ask an officer at the corporation's primary banking facility to appoint the third arbitrator.

- (2) The arbitrator shall determine, decide on and help resolve the matters that are equally dividing the board of directors. The arbitrator's scope of responsibility will be to decide on matters including (but not limited to) whether the subject before the board is a proper subject for action by the board; the arbitrator may decide whether matters have been properly submitted to the board for decision, whether, the board is actually divided, and whether this section and the arbitration provisions provided here were properly invoked by the board or applicable. The arbitrator may act until all questions, disputes and controversies are determined, adjudged, and resolved.
- (3) The arbitrator shall conduct the arbitration proceedings in accordance with the rules of the UNCITRAL Arbitration Rules, then in effect, except where these bylaws make a special provision.
- (4) The arbitrator's decision shall be conclusive and binding upon the board of directors, the corporation and the parties on all matters that the board submits to the arbitrator. The arbitrator's decision shall be the equivalent of a resolution unanimously passed by the full board at an organized meeting. The board of directors or the members may not revoke, amend or overrule the decision, except by a majority action of either body. The arbitrator's decision shall be filed with the secretary of the corporation; and the arbitrator may enter judgment on the decision in the highest court of the forum having jurisdiction.

Section 3.14 Director Action Without a Meeting

The directors may act on any matter generally required or permitted at a board meeting, without actually meeting, if: all the directors take the action, each one signs a written consent describing the action taken, and the directors file all the consents with the records of the corporation. Action taken by consents is effective when the last director signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be referred to as a meeting vote in any document.

Section 3.15 Director Committees

(a) *Creation of Committees.* The board of directors may create one or more committees and appoint members of the board to serve on them. Each committee must have 2 or more directors, who serve at the pleasure of the board of directors.

(b) *Selection of Members.* To create a committee and appoint members to it, the board must acquire approval by the majority of all the existing directors when the action is taken.

(c) *Required Procedures.* Sections 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13 and 3.14 of this Article III, which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the board of directors, and action without meetings apply to committees and their members. In addition, the committees shall keep regular minutes of their proceedings and report the same to the board of directors. The committees are subject to all the procedural rules governing the operation of the board itself.

(d) *Authority.* Each committee may exercise the specific board authority which the board of directors confers upon the committee in the resolution creating the committee. Provided, however, a committee may not:

- (1) approve or recommend to members dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the corporation's assets;
- (2) elect, appoint, or remove directors or fill vacancies on the board of directors or on any of its committees; or
- (3) adopt, amend, or repeal the articles or bylaws.

(e) *Audit Committee*. The board of directors, by resolution adopted by the affirmative vote of a majority of the directors then in office, may create an audit committee consisting of 3 or more directors designated by the board of directors, but not employed by the corporation. The committee shall have the power to appoint, oversee, and assist accountants or auditors in any audit or review of the records of the corporation.

Section 3.16 Loans to, or Guarantees for Directors

The corporation may not lend money to or guarantee the obligation of a director of the corporation.

ARTICLE IV. OFFICERS

Section 4.1 Number of Officers

The officers of the corporation shall be a president, a secretary, and a treasurer. The board of directors shall appoint each of these officers. The board may appoint other officers and assistant officers if it deems it necessary. If the board of directors specifically authorizes an officer to appoint one or more officers or assistant officers, the officer may do so. The same individual may simultaneously hold more than one office in the corporation.

Section 4.2 Appointment and Term of Office

The board of directors shall appoint officers of the corporation for a term that the board determines. If the board does not specify a term, the officers shall hold office for one year or, within that year, until they resign, die or are removed in a manner provided in section 4.3 of Article IV.

A designation of a specified term does not grant to the officer any contract rights, and the board can remove the officer at any time prior to the termination of the designated term.

Section 4.3 Removal of Officers

The board of directors may remove any officer or agent any time, with or without cause. The removal shall be without prejudice to the contract rights, if any, of the person removed. A board's appointment of an officer or agent shall not of itself create contract rights.

Section 4.4 President

The president shall be the principal executive officer of the corporation. The president shall be subject to the control of the board of directors, and shall in general supervise and control, in good faith, all of the business and affairs of the corporation. The president shall, when present, preside at all meetings of the members and of the board of directors. The president may sign, with the secretary or any other proper officer of the corporation that the board has authorized, corporation deeds, mortgages, bonds, contracts, or other board authorized instruments.

Section 4.5 The Vice-President

If the board of directors appoints a vice-president, the vice president shall perform, in good faith, the president's duties if the president is absent, dies, is unable or refuses to act. If the vice-president acts in the absence of the president, the vice-president shall have all presidential powers and be subject to all the restrictions upon the president. (If there is no vice-president or the vice president is unable or refuses to act, then the secretary shall perform the presidential duties.) The vice-president shall perform any other duties that the president or board may assign to the vice-president.

Section 4.6 The Secretary

The secretary shall in good faith: (1) create and maintain one or more books for the minutes of the proceedings of the members and of the board of directors; (2) provide that all notices are served in accordance with these bylaws or as required by law; (3) be custodian of the corporate records; (4) when requested or required, authenticate any records of the corporation; (5) keep a current register of the post office address of each member; and (6) in general perform all duties incident to the office of secretary and any other duties that the president or the board may assign to the secretary.

Section 4.7 The Treasurer

The treasurer shall: (1) have charge and custody of and be responsible for all funds and securities of the corporation; (2) receive and give receipts for moneys due and payable to the corporation from any source, and deposit all moneys in the corporation's name in banks, trust companies, or other depositories that the board shall select; (3) submit the books and records to a Certified Public Accountant or other accountant or other person or special review committee appointed by the board of directors for annual audit or review; and (4) in general perform all of the duties incident to the office of treasurer and any other duties that the president or board may assign to the treasurer. If required by the board of directors, the treasurer shall give a bond for the faithful performance of the treasurer's duties and as insurance against the misappropriation of funds. If a bond is required, it shall be in a sum and with the surety or sureties that the board of directors shall determine.

Section 4.8 Assistant Secretaries and Assistant Treasurers

The assistant secretaries and assistant treasurers, in general, shall perform the duties that the secretary or treasurer, respectively, or the president or board may assign to them. The assistant treasurers shall, if required by the board, give bonds for the faithful performance of their duties and as insurance against the misappropriation of funds; the bond shall be in sums and with the sureties that the board of directors shall determine.

Section 4.9 Loans to, or Guarantees for Officers

The corporation may not lend money to or guarantee the obligation of an officer of the corporation.

ARTICLE V. NOTIFICATION OF ATTORNEY GENERAL

Section 5.1 Notification of Attorney General

The secretary of the corporation shall notify the attorney general of the State of Montana when dissolution, indemnification, merger, removal of directors, and the sale of assets (as defined in the Montana Nonprofit Corporation Act) occur. The secretary shall deliver notice in the manner required by each event and cooperate with the Attorney General in providing necessary information.

- (1) Dissolution.
 - (i) In the event of dissolution, the secretary shall give the Attorney General written notice that the corporation intends to dissolve at or before the time the secretary delivers articles of dissolution to the secretary of state. The notice must include a copy or summary of the plan of dissolution.
 - (ii) The corporation shall not transfer or convey assets as part of the dissolution process until 20 days after the secretary has given the written notice required by section 5.1(1)(i) to the Attorney General or until the Attorney General has consented in writing to the dissolution or indicated that the Attorney General will not take action in respect to transfer or conveyance, whichever is earlier.
 - (iii) When the corporation has transferred or conveyed all or substantially all of its assets following approval of dissolution, the board shall deliver to the Attorney General a list showing those, other than creditors, to whom the corporation transferred or conveyed assets. The list must indicate the address of each person, other than creditors, who received assets and an indication of what assets each received.

(2) Indemnification

The secretary of the corporation must give the Attorney General written notice of its proposed indemnification of a director. The corporation may not indemnify a director until 20 days after the effective date of the written notice.

(3) Merger

The secretary of the corporation must give the Attorney General written notice of a proposed merger of the corporation, and include with the notice a copy of the proposed plan of merger, at least 20 days before consummation of any merger.

(4) Removal of Directors

The secretary of the corporation must give written notice to the Attorney General if the corporation or at least 10% of its members commence a proceeding to remove any director by judicial proceeding.

(5) Sale of assets

The secretary of the corporation must give written notice to the Attorney General 20 days before it sells, leases, exchanges, or otherwise disposes of all or substantially all of its property if the transaction is not in the usual and regular course of its activities, unless the Attorney General has given the corporation a written waiver of this subsection.

ARTICLE VI. INDEMNIFICATION OF DIRECTORS, OFFICERS AGENTS, AND EMPLOYEES

Section 6.1 Indemnification of Directors

(a) *General.* An individual made a party to a proceeding because the individual is or was a director of the corporation may be indemnified against liability incurred in the proceeding, but only if the indemnification is both:

- (1) determined permissible and
- (2) authorized, as defined in subsection (b) of this section 6.1 (The indemnification is further subject to the limitation specified in subsection (d) of section 6.1.)

(b) *Determination and Authorization.* The corporation shall not indemnify a director under section 6.1 of Article VI unless:

- (1) *Determination.* Determination has been made in accordance with procedures set forth in the Montana Nonprofit Corporation Act that the director met the standard of conduct set forth in subsection (c) below, and
- (2) *Authorization.* Payment has been authorized in accordance with procedures listed in the Montana Nonprofit Corporation Act based on a conclusion that the expenses are reasonable, the corporation has the financial ability to make the payment, and the corporation should devote the financial resources of the corporation to this use rather than some other use.

(c) *Standard of Conduct.* The individual shall demonstrate that:

- (1) the individual acted in good faith; and
- (2) the individual reasonably believed:
 - (i) in acting in an official capacity with the corporation, that the individual's conduct was in the corporation's best interests;
 - (ii) in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests; and
 - (iii) in the case of any criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, a determination that the director did not meet the standard of conduct described in this section.

(d) *No indemnification Permitted in Certain Circumstances.* The corporation shall not indemnify a director under section 6.1 of Article VI if:

- (1) the director was adjudged liable to the corporation in a proceeding by or in the right of the corporation; or
- (2) the director was adjudged liable in any other proceeding charging that the director improperly received personal benefit, whether or not the individual acted in an official capacity.

(e) *Indemnification Limited.* Indemnification permitted under section 6.1 of Article VI in connection with a proceeding by the corporation or in the right of the corporation is limited to the reasonable expenses incurred in connection with the proceeding.

Section 6.2 Advance Expenses for Directors

The company may pay for or reimburse, in advance of final disposition of the proceeding, the reasonable expenses incurred by a director who is a party to a proceeding if:

- (1) by following the procedures of the Montana Nonprofit Corporation Act the board of directors determined that the director met requirements (3)-(5) listed below; and
- (2) the board of directors authorized an advance payment to a director; and
- (3) the director has furnished the corporation with a written affirmation of the director's good faith belief that the director has met the standard of conduct described in section 6.1 of Article VI; and
- (4) the director has provided the corporation with a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; the director's undertaking must be an unlimited general obligation, but need not be secured, and the corporation may accept the undertaking without reference to financial ability to make repayment; and
- (5) the board of directors determines that the facts then known to it would not preclude indemnification under section 6.1 of this Article VI or the Montana Nonprofit Corporation Act.

Section 6.3 Indemnification of Officers, Agents and Employees

The board of directors may choose to indemnify and advance expenses to any officer, employee, or agent of the corporation applying those standards described in sections 6.1 and 6.2 of Article VI.

Section 6.4 Mandatory Indemnification

Notwithstanding any other provisions of these bylaws, the corporation shall indemnify a director or officer, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director or officer was a party because he or she is or was a director or officer of the corporation, against expenses incurred by the director or officer in connection with the proceeding.

ARTICLE VII. CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

Section 7.1 Contracts

The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instruments in the name of and on behalf of the corporation and such authorization may be general or confined to specific instruments.

Section 7.2 Loans

The corporation shall not allow anyone to contract on behalf of it for indebtedness for borrowed money unless the board of directors authorizes such a contract by resolution. The corporation shall not allow anyone to issue evidence of the corporation's indebtedness unless the board of directors authorizes the issuance by resolution. The authorization may be general or specific.

Section 7.3 Checks, Drafts, etc.

The board of directors shall authorize by resolution which officer(s) or agent(s) may sign and issue all corporation checks, drafts or other orders for payment of money, and notes or other evidence of indebtedness. The board of directors shall also determine by resolution the manner in which these documents will be signed and issued.

Section 7.4 Deposits

The treasurer of the corporation shall deposit all funds of the corporation, that are not being used, in banks and other depositories; the board of directors shall authorize by board resolution the exact location of the banks and depositories.

Section 7.5 Voting of Securities Owned by this Corporation

(a) *General.* Subject to the specific directions of the board of directors, any shares or other securities issued by another corporation and owned or controlled by this corporation may be voted at any meeting of security holders of the other corporation by the president of this corporation who may be present.

(b) *Proxy.* Whenever, in the judgment of the president, or in the president's absence, the vice-president, it is desirable for this corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by this corporation, the president or vice-president of this corporation, acting in the name of this corporation, shall execute the proxy or written consent. The president or vice-president will not need the authorization of the board to take this action. Nor will the president or vice president need to affix a corporate seal, countersignature or attestation by another officer. Any person or persons designated in this subsection as the proxy or proxies of this corporation shall have the full right, power, and authority to vote the shares or other securities issued by the other corporation and owned by this corporation the same as the shares or this corporation might vote other securities.

ARTICLE VIII. PROHIBITED TRANSACTIONS

Section 8.1 Prohibited Transactions

(a) *Prohibition Against Sharing in Corporation Earnings.* No member, director, officer, employee, committee member, or person connected with the corporation shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation; provided that this shall not prevent the corporation's payment to any person of reasonable compensation for services rendered to or for the corporation in effecting any of its purposes as determined by the board of directors.

(b) *Prohibition Against Issuance of Stock, Dividends, Distributions.* The corporation shall not have or issue shares of stock. No dividends shall be paid. No part of the income or assets of the corporation shall be distributed to any of the persons listed in section 8.1(a) without full consideration. The corporation is prohibited from lending money to guarantee the obligation of a director or officer of the corporation. (See sections 3.16(b) and 4.9). No member of the corporation has any vested right, interest or privilege in or to the assets, property, functions or activities of the corporation. The corporation may contract in due course, for reasonable consideration, with its members, trustees, officers without violating this provision.

(c) *No Personal Distributions Upon Dissolution.* None of the persons listed in section 8.1(a) shall be entitled to share in the distribution of any of the corporation's assets upon the dissolution of the corporation. All members of the corporation are deemed to have expressly agreed that, upon the dissolution or the winding up of the affairs of the corporation, whether voluntary or involuntary, the assets of the corporation, after all debts have been satisfied, then remaining in the hands of the board of directors, shall be distributed, transferred, conveyed, delivered, and paid over exclusively to the organization or organizations as the board of directors may designate. Receiving organizations must be organized and operated exclusively for charitable, education, religious or scientific purposes and at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1986 as it now exists or may later be amended.

(d) *Other Prohibitions.* Neither the corporation, nor its directors, nor its officers have any power to cause the corporation to do any of the following with Related Parties:

(1) make any substantial purchase of securities or other property, for more than adequate consideration in money or money's worth;

(2) sell any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth.

For the purpose of this subsection, Related Parties means any person who has made a substantial contribution to the corporation, or with a brother, sister, spouse, ancestor, or lineal descendant of the person giving, or with a corporation directly or indirectly controlled by the person giving.

Section 8.2 Prohibited Activities

Notwithstanding any other provisions of these bylaws, no member, director, officer, employee or representative of this corporation shall take any action or carry on any activity by or on behalf of the corporation not permitted to be taken or carried on by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986 and its regulations as they now exist or as they may later be amended, or by an organization, contributions to which are deductible under section 170(d)(2) of the Internal Revenue Code of 1986 and regulations as they now exist or as they may later be amended.

Section 8.3 Purchase of Memberships

The corporation may not purchase any of its memberships or any right arising from membership.

Section 8.4 Corporate Funds Used For Indemnification.

Corporate funds may be used to benefit officers and directors by way of indemnification, but only if such indemnification is authorized by Article VI of these bylaws.

ARTICLE IX. EMERGENCY BYLAWS

Section 9.1 Emergency Bylaws

(a) *General.* The following provisions of this Article IX, section 9.1 "Emergency Bylaws" shall be effective during an emergency, which is defined as when a quorum of the corporation's directors cannot be readily assembled because of some catastrophic event.

(b) *Notice of Board Meetings.* During an emergency, any one member of the board of directors or any one of the following officers: president, any vice-president, secretary or treasurer, may call a meeting of the board of directors. Notice of the emergency meeting need be given only to those directors and officers whom it is practicable to reach, and may be given in any practical manner, including by publication and radio. The notice shall be given at least 6 hours prior to commencement of the meeting.

(c) *Temporary Directors and Quorum.* During an emergency, one or more officers of the corporation present at the emergency board meeting shall be considered to be temporary director(s) for the meeting. The number of officers needed shall equal the number of directors necessary to constitute a quorum. The officers shall serve in the order of rank, and within the same rank, in order of seniority. In the event that less than a quorum (as determined by Article III, section 3.10) of the directors are present (including any officers who are to serve as directors for the meeting), those directors present (including the officers serving as directors) shall constitute a quorum.

(d) *Actions Permitted to be Taken.* The board as constituted in paragraph (c), and after giving notice as described in paragraph (b) may:

- (1) Officer's Powers. Prescribe emergency powers to any officer of the corporation;
- (2) Delegation of Any Power. Delegate to any officer or director any of the powers of directors;
- (3) Lines of Succession. Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;
- (4) Relocate Principal Place of Business. Relocate the principal place of business or designate successive or simultaneous principal places of business;

- (5) All Other Action. Take any other action, convenient, helpful, or necessary to carry on the business of the corporation.

ARTICLE X. AMENDMENTS

Section 10.1 Amendments

(a) *General.* An amendment (including adding and replacing sections) to the corporation's bylaws must be approved as specified in Section 2.11(b) of these bylaws except that the board may approve of amendments, if the amendment does not relate to the number of directors, the composition of the board, the term of office of directors, or the method or way in which directors are elected or selected, or the method for amending these bylaws.

(b) *Notice of Meeting to Vote Amendment.* If the board or the members seek to have the amendment approved by the members at a membership meeting, the secretary of the corporation shall give written notice to the corporation members of the proposed membership meeting, in accordance with section 2.7. The notice must state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and must contain or be accompanied by a copy or summary of the amendment.

(c) *Approval of Amendment by Written Consent or Written Ballot.* If the board or the members seek to have the amendment approved by the members by written consent or by written ballot, the material soliciting the approval must contain or be accompanied by a copy or a summary of the amendment.

(d) *Members' Rights.* The corporation's members may amend or repeal or reinstate any bylaw amended, deleted or added by the of directors.