

**DECLARATION
FOR
ELKHORN CONDOMINIUMS**

TABLE OF CONTENTS

CERTIFICATE OF NAMEiii

CERTIFICATE OF ARCHITECT.....iv

SECTION 1. DEFINITIONS..... 1

SECTION 2 REAL ESTATE.....2

 2.1 Description2

 2.2 Condominium Units.....3

 2.3 Site and Floor Plans.....3

 2.4 Driveways.....3

 2.5 Unit Boundaries.....3

 2.6 Construction Materials.....4

SECTION 3 EASEMENTS, COMMON ELEMENTS4

 3.1 Common Element Easements.....4

 3.2 Utility Easements—Reservation.....4

 3.3 Easement for Inspection, Repair, etc.4

 3.4 Right of Access4

 3.5 Ingress and Egress.....4

 3.6 Encroachments.....4

SECTION 4 OWNERSHIP.....5

 4.1 Ownership of Units5

 4.2 Percentage of Interest in Common Elements.....5

SECTION 5 USE OF CONDOMINIUM PROPERTY.....5

 5.1 Use Restrictions.....5

 5.2 Use of Common Elements.....7

SECTION 6 THE ASSOCIATION.....7

 6.1 Membership.....7

 6.2 Function.....7

 6.3 Limitation on Authority.....7

 6.4 Voting Interest.....7

 6.5 Failure to Comply.....8

SECTION 7 ASSESSMENTS8

 7.1 Liability for Assessments8

 7.2 Assessments—Purposes, Procedure8

 7.3 Payment of Assessments9

 7.4 Liens and Foreclosure9

 7.5 Bidding at Foreclosure Sale10

SECTION 8 DECLARANT'S RIGHT TO CHANGE10

 8.1 Alteration of Design and Boundaries.....10



8.2 Declarant's Rights During Development 10

SECTION 9 AMENDMENT 10

9.1 Amendment by Unit Owners 10

9.2 Amendment by Declarant 11

SECTION 10 ALTERATIONS, MAINTENANCE AND REPAIRS 11

10.1 Alterations by Association 11

10.2 Exterior Alterations 11

10.3 Interior Remodeling 11

10.4 Liens for Alterations 11

10.5 Maintenance by Association 11

10.6 Damages arising from Maintenance 11

10.7 Maintenance by Unit Owners 12

SECTION 11 INSURANCE 12

11.1 Purchase 12

11.2 Coverage 12

11.3 Deductible and Other Insurance Features 13

11.4 Premiums 13

11.5 Insurance Trustee 13

11.6 Distribution of Proceeds 14

11.7 Association as Agent 14

11.8 Benefit to Mortgagees 14

SECTION 12 RECONSTRUCTION AFTER CASUALTY 14

12.1 Reconstruction 14

SECTION 13 REMOVAL OR PARTITION 15

13.1 Procedure for Removal or Partition 15

13.2 Subdivision Prohibited 16

13.3 Application of Section 16

SECTION 14 MISCELLANEOUS 16

14.1 Covenants to Run with Land 16

14.2 Service of Process 16

14.3 Disclaimer 16

14.4 Remedies 16

14.5 Severability 16

14.6 Binding Effect 16

14.7 Interpretation 17

14.8 Captions 17

14.9 Nondiscrimination 17



CERTIFICATE OF NAME

The undersigned, being the duly authorized agent of the Department of Revenue of the State of Montana within the County of Gallatin, executes the following certificate relating to Elkhorn Condominiums situated on lands legally described as follows:

Lot 4, Block 5, Cattail Creek Subdivision, Phase I, Bozeman, Montana, according to the official plat thereof on file and of record in the office of the County Clerk and Recorder, Gallatin County, Montana.

1. That the name "Elkhorn Condominiums" is not the same as, similar to, or pronounced the same as a word in the name of any other property or subdivision within Gallatin County, except for the word "Condominiums"; and
2. All taxes and assessments due and payable for the above described property have been paid.

DATED: May 21, 2003.

Cheri A. Larsen
County Assessor



2108864

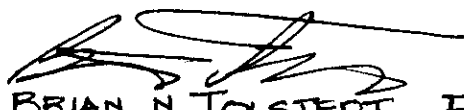
Page: 4 of 33
05/21/2003 09:22A

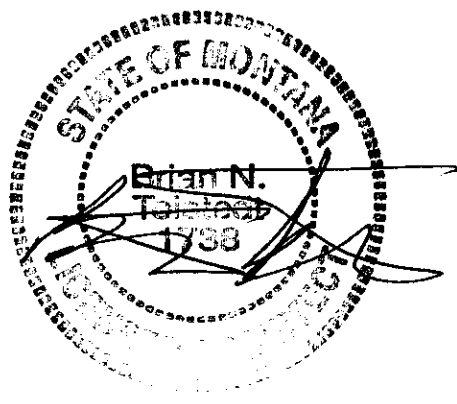
Shelley Vance-Gallatin Co MT MISC 198.00

CERTIFICATE OF ARCHITECT

The undersigned, being a duly registered professional architect in the State of Montana, and the architect preparing the floor plans for Elkhorn Condominiums, certifies that the floor plans for Elkhorn Condominium attached to the Declaration are an accurate copy of the plans files with and approved by the officials and officers of the City of Bozeman having jurisdiction to issue building permits.

DATED: MAY 16th, 2003.


BRIAN N. TOLSTED FOR
Jerry D. Locati
Registered Professional Architect
Number: 1540





DECLARATION

FOR

ELKHORN CONDOMINIUMS

THIS DECLARATION is made May 16, 2003, by Warbler Development, LLC, a Montana limited liability company, PO Box 10968, Bozeman, Montana 59719 ("Declarant"), whereby the lands and property hereinafter described are submitted to the provisions of Title 70, Chapter 23 of the Montana Code Annotated, also known as the "Unit Ownership Act", as a condominium.

The property subject to this Declaration shall be known as ELKHORN CONDOMINIUMS (the "Condominium"). The address of the Condominium is 2938 Warbler Way, Bozeman, Montana 59718.

SECTION 1. DEFINITIONS

Unless the context expressly provides otherwise, the following definitions shall pertain throughout this Declaration and in the interpretation thereof:

- 1.2 "Association" shall mean the Elkhorn Condominiums Owners Association, an association of all of the unit owners acting as a group and in accordance with this Declaration and duly adopted bylaws.
- 1.3 "Board of directors" shall mean the board of directors of the Association as more particularly defined in the bylaws.
- 1.4 "Building" or "buildings" shall mean a multiple-unit building or buildings, respectively, comprising a part of the Condominium property.
- 1.5 "Bylaws" shall mean the bylaws promulgated by the Association under this Declaration and the Unit Ownership Act.
- 1.6 "Common elements" shall mean both general common elements and limited common elements.
 - (a) "General common elements" shall mean those common elements which are for the use of all unit owners and guests of unit owners of the Condominium. Without limiting the foregoing, the general common elements include grounds surrounding the buildings; the land on which the buildings are located; paths, sidewalks, and walkways; any parking spaces not specifically allocated to a particular unit; any irrigation system placed on the property for landscape maintenance; any portions of the buildings designated on the floor plans as common to all units, electrical, gas, telephone, cable, water and sewer lines and connections serving all of the units; landscaping, plants and other materials and improvements separate from and outside of the buildings containing the units; and other elements necessary for the safety, maintenance and existence of the Condominium in which each unit owner shall have a designated percentage of interest, as set forth in Section 4.2.
 - (b) "Limited common elements" shall mean those common elements which are reserved for the use of fewer than all of the unit owners of the Condominium and their guests, to the exclusion of other unit owners and guests. As to any given unit owner(s), limited common elements shall mean the common elements which are located within or affixed to the building containing the owner's unit, and which are for the use of the unit



owners and guests of that unit in which the elements are located or situated on the Condominium's real property. Without limiting the foregoing, the limited common elements include flues, chimneys, ducts, cables, conduits, public utility lines, water, sewer, electrical, gas, cable television lines, hot and cold water pipes (all such utility pipes and lines are limited common elements where they service only one or two units; where they service all units, they shall be general common elements), stairways, balconies, entrances, stoops, furnaces, patios, decks, garages, driveways, boilers, hot water tanks, and fixtures, or other portions of the building servicing only a particular unit or less than all of the units. The percentage of the separate unit's interest in the limited common elements shall be computed by determining the number of units that have use of the limited common elements and dividing that number into the total value of those limited common elements.

- 1.7. **"Common expenses"** shall mean:
 - (a) expenses of administration, maintenance, repair or replacement of general common elements;
 - (b) expenses agreed upon as common by the Association; and
 - (c) expenses declared common by the Unit Ownership Act.
- 1.8. **"Declaration"** shall mean this document and all parts attached thereto or incorporated by reference.
- 1.9. **"Limited expenses"** shall mean the expenses attributable to the maintenance, repair and replacement of limited common elements, and are expenses only of the unit owner(s) having or sharing an interest in such limited common elements for which the expenses are accrued.
- 1.10. **"Manager"** shall mean the board of directors, manager, management agent, or any other person or group of persons retained or appointed by the Association for the purpose of conducting the day-to-day operations of the Condominium.
- 1.11. **"Property"** shall mean the land, buildings, improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, which are by this Declaration submitted to the provisions of the Unit Ownership Act.
- 1.12. **"Unit"** shall be each separate condominium unit of the Condominium and is a parcel of real property including and containing one or more rooms occupying one or more floors or a part or parts thereof, intended for any type of independent use, and with a direct exit to a public street or highway or to a common area or areas leading to a public street or highway.
- 1.14. **"Unit designation"** shall mean the combination of letters, numbers, or words which identifies the designated units.
- 1.14. **"Unit owner"** shall mean the person or persons owning a fee simple absolute, or one who is a co-owner in any real estate tenancy relationship that is recognized under the laws of the State of Montana, in one or more units of the Condominium.

SECTION 2 REAL ESTATE; CONDOMINIUM PROPERTY

2.1 **Description.** The property which by this Declaration is submitted and subject to the Unit Ownership Act is described as follows:



Lot 4, Block 5, Cattail Creek Subdivision, Phase I, City of Bozeman, Gallatin County, Montana, according to the official plat thereof on file and of record in the office of the County Clerk and Recorder, Gallatin County, Montana.

- 2.2 **Condominium Units.** The Condominium units consist of four (4) buildings containing twenty (20) separate units. Two buildings have four units and two buildings have six units. Each unit has an attached garage. The unit designations shall be by number 1–20. Each unit, together with the appurtenant undivided interest in the common elements of the Condominium, shall together comprise one condominium unit, shall be inseparable, and may be conveyed, leased, rented, devised or encumbered as a condominium unit.
- 2.3 **Site and Floor Plans.** The following exhibits are attached to this Declaration and by this reference are incorporated into and made a part of this Declaration:
 - (a) Exhibit "A" showing the site plan of the Condominium and the location of the buildings containing the Condominium units on the property.
 - (b) Exhibit "B" showing the floor plans and elevations for each of the units of the Condominium, the area of each, and the dimensions and the designation for each unit.
- 2.4 **Driveways; Parking Areas.** The limited common elements include a parking area on the driveway in front of each garage for automobiles of the respective unit owners. These areas will be initially laid out by the Declarant and shall be assigned to each unit. The right to use the parking spaces on the driveway in front of the garage for each unit shall be an appurtenance to that unit. Subsequent use and assignment of parking spaces shall be pursuant to regulation of the Association; provided that no change in designation of parking spaces shall be made for the benefit of a unit owner which discriminates against another unit owner without the latter's consent.
- 2.5 **Unit Boundaries.** Each unit shall include the part of the building containing the unit that lies within the boundaries of the unit. The boundaries shall be determined in the following manner:
 - (a) Upper and Lower Boundaries. The upper and lower boundaries of the unit shall be the following boundaries extended to an intersection with the perimetrical boundaries:
 - (i) *Upper Boundary*—the plane of the lowest surfaces of the upper floor or ceiling joists for all units;
 - (ii) *Lower Boundary*—the plane of the highest surface of the floor joists.
 - (b) Perimetrical Boundaries. The perimetrical (vertical) boundaries of the unit shall be the following boundaries extended to an intersection with the upper and lower boundaries:
 - (i) *Exterior Building Walls.* The plane defined by the centerpoints of the exterior walls bounding a unit shall be a perimetrical boundary of that unit.
 - (ii) *Interior Building Walls.* The plane defined by the centerpoints of the interior walls bounding a unit, extended to an intersection with other perimetrical boundaries, shall be a perimetrical boundary of that unit. Where walls between units are of varying thicknesses, the plane of the boundary shall be the median line drawn between the two outermost boundaries of such wall.
 - (c) Apertures. Where there are openings in any boundary, including without limitation windows, doors and skylights, the boundaries of the unit shall extend to the most



exterior extrusion of the coverings of such openings, and the frameworks thereof. Therefore, windows, doors, screens and all framings, casings and hardware therefor, are included within the unit.

- 2.6 **Construction Materials.** The principal materials of construction of the units are concrete for the foundations, footings, and slabs, wood for the framing, structural and finish work, sheetrock, composite board, and plywood for the interior, carpet, wood or tile for the floors, concrete board siding for exterior wall surfaces, vinyl shakes on gable walls, aluminum soffits and fascia, and asphalt shingles for the roofs of the buildings.

SECTION 3 EASEMENTS, COMMON ELEMENTS

- 3.1 **Common Element Easements.** A non-exclusive right of ingress, egress and support through the limited common elements within the buildings is appurtenant to each unit, and all of the general common elements are subject to such rights.
- 3.2 **Utility Easements—Reservation.** Easements are reserved through the Condominium property as may be required for utility services, including heat, air conditioning, water, sewer, power, telephone, natural gas and cable television, in order to serve the Condominium adequately. However, such easements through the property or units shall be only according to the plans and specifications for the buildings, as set forth in the recorded plat, or as the building is constructed, unless approved in writing by the affected unit owner.
- 3.3 **Easement for Inspection, Repair, etc.** Each unit may have its air space penetrated by electrical wires and lines, gas lines, mechanical equipment including air handling ducts, hot and cold water lines, waste water lines and vents and other utility and mechanical lines, pipes or equipment. A non-exclusive easement shall exist through, over and across each unit for inspection, installation, maintenance, replacement and repair of such utility lines and mechanical equipment for the use of all of the unit owners or the unit owners being serviced by the air space being penetrated by such lines and/or equipment to a minimum, ingress and egress for the purpose of such inspection, installation, maintenance, replacement or repair of such easement rights shall only be done under the direction and approval and with the authority of the Association and/or the manager unless an emergency exists in which event any action may reasonably be taken which is justified under the circumstances to minimize damage which would otherwise occur as a consequence of such emergency.
- 3.4 **Right of Access.** The Association shall have the irrevocable right, to be exercised by the board of directors or manager, to have access to each unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the limited common elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the general or limited common elements or to any other unit.
- 3.5 **Ingress and Egress.** A non-exclusive easement shall exist in favor of each unit owner and occupant, their respective guests, tenants, licensees and invitees for pedestrian traffic over, through, and across sidewalks, streets, paths, walks, and other portion of the common elements as from time to time may be intended and designated for such purpose and use, and for vehicular and pedestrian traffic over, through, and across such portion of the common elements as from time to time may be paved or intended for such purposes, and for purposes of ingress and egress to the public ways.
- 3.6 **Encroachments.** If any portion of the common elements encroaches upon a unit or units, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall and does exist. If any portion of unit encroaches upon the common elements or

upon an adjoining unit or units, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the common elements or on the units for the purpose of marketability of title.

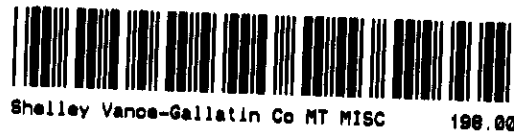
SECTION 4 OWNERSHIP

- 4.1 **Ownership of Units.** Each unit owner shall be entitled to the exclusive ownership, use and possession of such owner's unit.
- 4.2 **Percentage of Interest in Common Elements.** Each unit owner shall have a percentage of undivided interest in the general common elements of the Condominium. This percentage represents the unit owner's interest in the general common elements and the unit owner's liability for common expenses. The percentage of interest in the general common elements for each unit owner shall be computed by taking the square footage of each unit at the date of filing this Declaration and dividing it by the total square footage of all the units having an interest in the general common elements of the Condominium. Such percentage of interest owned by each of the units in the Condominium shall be according to the percentages set forth below:

Unit No.	Square Footage	Percentage of Interest in General Common Elements
1 – 20	1425 ft ²	5.0%

SECTION 5 USE OF CONDOMINIUM PROPERTY

- 5.1 **Use Restrictions.**
 - (a) The Condominium units shall be used for residential purposes only, except that an owner or occupant may use a portion of a unit for an office or studio, provided that such uses do not (i) interfere with the quiet enjoyment of any other owner or occupant, (ii) involve customers or clients coming into the Condominium, (iii) require the storage of equipment, products, or materials in the unit, and (iv) do not violate the provisions of any applicable laws, regulations or covenants affecting the Condominium property. Notwithstanding the foregoing, nothing shall prohibit a unit owner from leasing or renting such owner's unit to third persons or holding it out for lease or rental, or entering into an agreement or contract with others for the lease or rental of the unit for residential use. However, no unit may be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days, or any rental if the units occupants are provided customary hotel services, such as room service for food and beverage, maid service, laundry and linen service or the like.
 - (b) There shall be no obstruction of the common elements nor shall anything be stored in or on the general common elements without the prior written consent of the association. Owners with units which have usable space in the limited common area beneath the living area of their unit may use this space for storage only if such use does not constitute a hazard to any unit, does not block any access beneath the unit or obstruct any easement for utility service, does not violate any applicable law, regulation, or fire code, and does not result in cancellation or rate increase of association insurance.
 - (c) Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance on the building or contents thereof, without the prior



written consent of the Association. No owner shall permit anything to be done or kept in the owner's unit or in the common elements which will result in the cancellation of insurance on the building, or contents thereof, or which would be in violation of any law. No waste will be permitted on the common elements.

- (d) Unit owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of a building, and no sign, awning, canopy, shall be affixed to or placed upon the exterior walls or roof of any part thereof, without the prior written consent of the Association. Seasonal decorations that are promptly removed after the season and reasonable name plates or identification signs for individual units may be allowed. No basketball hoops or other permanent attachments may be made to the exterior of any unit. No other fixtures or attachments shall be permitted on the general or limited common elements.
- (e) No radio or television antennas, except for satellite dishes as provided below, shall be placed on the buildings or upon an any portion of the common elements. Television satellite dishes may be installed, provided that they are no greater than 18" in overall size and installed in locations that are pre-approved by the association.
- (f) No nuisances shall be allowed upon the property nor shall any use or practice be allowed which is a source of annoyance to unit owners or which interferes with the peaceful possession and proper use of the property by its residents. No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.
- (g) Unit owners and occupants shall comply in all respects with the requirements of the Cattail Creek Subdivision—Phase I Declaration of Covenants and Restrictions filed August 20, 2002, in the office of the Clerk and Recorder, Gallatin County, Montana, under Document No. 2078633 and any subsequent amendments.
- (h) No unit or driveway shall be used for the storage of any inoperable vehicle, machinery or equipment, or other personal property of any quantity in excess of the immediate needs and personal use of the owner or occupants of a unit. All equipment and vehicles kept on the property, including recreational vehicles, campers, trailers, motor homes, boats, and all other recreational equipment, shall be enclosed in the garage. No one shall reside in such recreational vehicles, motor homes, campers, trailers or other recreational equipment stored on the property.
- (i) Nothing shall be done in any unit or in, on, or to the common elements which will impair the structural integrity of a building or which would structurally change a building, except as is otherwise provided in this Declaration.
- (j) No animals of any kind shall be raised, bred, or kept in any unit, except that dogs, cats, and other ordinary, household pets may be kept subject to rules and regulations from time to time adopted by the Association. All pets shall be subject to all applicable animal control laws and ordinances, including leash laws. Pet owners shall immediately clean up after their pet on Condominium property. No kennels, tethers, exercise lines, or the like shall be permitted in any unit or common element.
- (k) Nothing shall be altered or constructed in or removed from the common elements, except upon the prior written consent of the Association.



- (l) No junk, garbage, trash, equipment, parts, metals, lumber, debris, or other waste shall be allowed on the sidewalk, entrance, or driveway for any unit, or in any of the limited or general common areas.
- (m) It is acknowledged that there is a common well and sprinkler system for the units. The Association shall have the responsibility for any required maintenance or repairs of the well and sprinkler system. The board of directors shall arrange for any necessary maintenance of the well and sprinkler system and for care of the lawns and landscaping on the Condominium property. Unit owners, at their own expense, shall be responsible for removing snow and ice from the sidewalks, walkways and driveways in, around, and appurtenant to their units and shall comply with all regulations and ordinances governing the same. The board of directors shall arrange for removal of snow from sidewalks, roads, and parking spaces comprising portions of the general common elements.

5.2. **Use of Common Elements.** Unit owners may use the general and limited common elements in accordance with the purposes for which they are intended and as they may otherwise agree between themselves, so long as they do not hinder or encroach upon the lawful rights, use, and enjoyment of other unit owners.

SECTION 6 THE ASSOCIATION

6.1 **Membership.** An owner of a Condominium unit shall automatically become a member of the Association upon acquiring such ownership. An owner shall remain a member of the Association until the owner's unit ownership ceases. The membership shall be limited to unit owners as defined in this Declaration.

6.2 **Function.** It shall be the function of the Association to:

- (a) Adopt bylaws for the governance of the Association.
- (b) Make provisions for the general management and/or repairs and maintenance of the Condominium.
- (c) Levy assessments as provided for in the Declaration, bylaws and Unit Ownership Act.
- (d) Adopt and implement a policy for the affairs of the Condominium.
- (e) Enter into contracts or hire personnel for the management of the affairs of the Association and the maintenance and repair of the common elements.
- (f) Be responsible for the perpetual maintenance of the landscaping, common open space, parking lots, and driving lanes.

6.3 **Limitation on Authority.** No single expenditure or debt in excess of \$1,000.00 may be made or incurred by the Association or manager without prior approval evidenced by the affirmative vote of unit owners holding seventy-five percent (75%) of the votes attributable to all of the Condominium units.

6.4 **Voting Interest.** Unless a Condominium unit's vote is expressly excluded in a particular matter by this Declaration, each of the twenty (20) units of the Condominium shall have one (1) vote on all matters to be decided by the Association. If a unit is owned by more than one person or an entity, such persons or entity shall appoint a representative to cast the vote for that unit. Except as otherwise provided in the Unit Ownership Act, this Declaration, or the

bylaws, a majority of the votes present at any meeting or by proxy shall be sufficient to act on matters brought before the Association. Meetings of the Association shall only be conducted when a quorum is present, as defined in the Association bylaws. Declarant shall retain one vote for each unit owned by the Declarant, regardless of whether or not such unit has been constructed or completed.

- 6.5 **Failure to Comply.** Each unit owner shall comply strictly with the provisions of this Declaration, the bylaws of the Association, and the rules, regulations, decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief or both, and for reimbursement of all costs, including attorney fees incurred in connection therewith, which action shall be maintainable by the manager in the name of the Association, on behalf of the unit owner, or in the proper case by an aggrieved unit owner.

SECTION 7 ASSESSMENTS; LIENS

7.1 Liability for Assessments.

- (a) **Generally.** A unit owner, regardless of how title is acquired, shall be liable for all assessments coming due while such person is the unit owner. If a unit is conveyed, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for grantor's share of the common expenses including attorney's fees and other costs of collection incurred by the Association up to the time of the conveyance, without prejudice to any right the grantee may have to recover from the grantor the amounts paid by the grantee. A prospective purchaser, however, shall be entitled to a statement from the manager or board of directors of the Association, as the case may be, setting forth the amount of said unpaid assessments against the grantor due the Association and such grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the grantor in excess of the amount therein set forth.
- (g) **Partial Exception for Acquisition by Foreclosure.** Where the unit owner obtains title to the unit as the result of foreclosure of a first mortgage or trust indenture, such unit owner, and that owner's successors and assigns, shall not be liable for any of the common expenses chargeable to such unit that became due prior to the unit owner's acquisition of title. Such unpaid share of common expenses shall be a common expense of all the unit owners, including the owner of the unit against which the unpaid common expenses were assessed and that owner's successors and assigns.

7.2 Assessments—Purposes, Procedure. The Association shall levy assessments upon the unit owners in the following manner and for the following reasons:

- (a) Assessments shall be made as a part of the regular business of the Association at any regular or special meeting thereof as provided in the bylaws of the Association. Notice of the assessment, amount thereof, and the purpose for which it is made whether regular or special, including an annual budget for expenditures and operation, shall be served on all unit owners affected by delivering a copy of the same to the owner personally or by mailing a copy of the notice to the owners at their addresses of record at least ten (10) days prior to the date for such meeting.
- (b) Assessments shall be made for the repair, replacement, general maintenance, management and administration of common elements, fees, costs and expenses of the manager, taxes for common areas if any, and for the unit owner's percentage share of any special improvement district assessments. Assessments shall be based upon and

computed by using the percentage of interest that each unit owner has in the general common elements.

- (c) Assessments may also be made for the payment of limited common element expenses such that the unit owners are chargeable only for the expenses relating to their respective units or building. Unit owners shall share in the payment for limited expenses for the repair, maintenance and replacement of limited common elements of their respective units in accordance with the percentage the unit or units have in the limited common elements for which the assessment is being made. If only one unit is associated with the limited common elements involved, then the entire cost of such repair, maintenance or replacement shall be borne by that unit.
- (d) Assessments may also be made for any purpose contemplated by this Declaration and for any purpose set out in the Unit Ownership Act.
- (e) Common expenses and profits, if any, of the condominiums shall be charged to and distributed among the unit owners according to the percentage of undivided interest of each in the common elements.
- (f) At the time the Association holds its first meeting, or at any duly noticed meeting thereafter, a reserve account may be set up to which initial assessments shall then be deposited, and which assessment shall be a sum that is equal to two times the monthly assessment fee for that year multiplied by the number of units in the project. Said total amount shall then be divided equally among all unit owners. Subject to Section 8.2, if the Declarant still holds title to one or more units it shall pay the amount assessed against each unit so owned.

7.3 Payment of Assessments.

- (a) Due Date; Delinquency. All assessments shall be due ten (10) days from the date of mailing such assessment following the meeting at which time assessments are levied by the Association, and may be payable in one annual payment or in quarterly installments, at the option of the unit owner. The amount of the general common expenses assessed against each unit, and the amount of limited common expenses assessed against each unit shall be the personal and individual debt of the unit owner. No unit owner shall be exempt from liability for this contribution toward the common expenses by waiver of the use of enjoyment of any of the general common elements or limited common elements or by abandonment of the unit. All assessments which are not paid within thirty (30) days from the date they are due and payable become delinquent and are subject to interest and penalty charges.
- (b) Collection. The Association or manager shall have the responsibility of taking prompt action to collect any unpaid assessment which becomes delinquent. In the event of delinquency in the payment of the assessment, the unit owner shall be obligated to pay interest at the then current legal rate of interest per annum on the amount of the assessment from the due date thereof, together with all expenses, including attorney fees incurred, together with such interest and late charges as are provided in the bylaws of the Association. Suit to recover a money judgment for unpaid common expenses and limited expenses may be maintainable without foreclosing or waiving the lien securing the same.

- 7.4 Liens and Foreclosure.** All sums assessed but unpaid for the share of general common expenses and limited common expenses chargeable to any unit shall constitute a lien on such unit superior to all other liens and encumbrances, except only for tax and special assessment liens on the unit in favor of any assessing authority and all sums unpaid on a first mortgage or



first trust indenture of record. To evidence such lien, the Association shall prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of accrued interest and late charges thereon, the name of the unit owner, and a description of the unit. Such notice shall be signed and verified by one of the officers of the Association or by the manager, or his or her authorized agent, and shall be recorded in the office of the Clerk and Recorder of Gallatin County, Montana. Such lien shall attach from the date of recording such notice. Such lien may be enforced by the foreclosure of the defaulting owner's unit by the Association as provided in the Unit Ownership Act in like manner as foreclosure of a mortgage on real property. In any foreclosure, the unit owner shall be required to pay a reasonable rental for the unit, if so provided in the bylaws, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosure or waiving the lien securing the same. In any such proceeding the owner may be required to pay the costs, expenses and attorney's fees incurred in filing a lien, and in the event of foreclosure proceedings, additional costs, expenses and attorney's fees incurred.

7.5 **Bidding at Foreclosure Sale.** The Association shall have the power to bid on the unit at a foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. Any lienholder holding a lien on a unit may pay, but shall not be required to pay, any unpaid general common expenses or limited common expenses payable with respect to any such unit, and upon such payment such lienholder shall have a lien on said unit for the amounts paid of the same priority as the lien of the lienholder's encumbrance without the necessity of having to file a notice or claim of such lien.

SECTION 8 DECLARANT'S RIGHT TO CHANGE

8.1 **Alteration of Design and Boundaries.** The Declarant reserves the right to change the interior design and arrangement of all units and alter the boundaries between units, so long as the Declarant owns the units so altered. No such change shall increase the number of units or alter the boundary of the general common elements without an amendment of this Declaration. Until seventy-five percent (75%) of the units have been built and sold, Declarant reserves the right to establish easements, reservations, exceptions and exclusions consistent with the condominium project.

8.2 **Declarant's Rights During Development.** Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration or the bylaws of the Association, Declarant reserves the right to exercise the rights, duties and functions of the board of directors of the Association until seventy-five percent (75%) of the condominium units have been sold. During the period of development and sale of the remaining condominium units, the monthly assessment for common expenses shall be based upon the estimate of the actual cost thereof, excluding therefrom any estimated amount for contingencies, reserves or sinking funds, and Declarant shall pay Declarant's pro rata share thereof only for those condominium units which have been completed. During the period when fewer than all of the units have been erected, the common expenses shall be allocated among the owners of existing, completed units, and during such period Declarant shall pay the real estate taxes and assessments on that part of the land described in Section 2.1 that remains undeveloped but on which condominium units will be subsequently constructed.

SECTION 9 AMENDMENT

9.1 **Amendment by Unit Owners.** At any regular or special meeting of the Association, such amendment may be proposed as a resolution by any unit owner, the board or manager. Upon adoption of the resolution by a majority of votes present at a meeting or by proxy, the amendment shall be made a subject for consideration at the next succeeding meeting of the



Association with notice thereof, together with a copy of the amendment, to be furnished to each owner no later than thirty (30) days in advance of such meeting. At such meeting, the amendment shall be approved upon receiving the favorable vote of seventy-five percent (75%) of the total votes attributable to all of the units. If so approved, it shall be the responsibility of the Association to file the amendment with the Clerk and Recorder's Office of Gallatin County, Montana.

9.2 **Amendment by Declarant.** Notwithstanding the procedure set forth in Section 9.1, the Declarant may amend this Declaration, or any other Condominium document, prior to any sale or lease of a unit or interest thereof.

SECTION 10 ALTERATIONS, MAINTENANCE AND REPAIRS

10.1 **Alterations by Association.** The interior plan of a unit may be changed by the owner. The boundaries between units may be changed only by the owners of the units affected. No units may be subdivided (except in accordance with Section 8). No change in the boundaries of units shall encroach upon the boundaries of the common elements. Boundary walls must be equal in quality of design and construction to the existing boundary walls. A change in the boundaries between units shall be set forth in an amendment to this Declaration. In addition to compliance with the provisions of Section 9, such amendment shall further set forth and contain plans for the affected units showing the units after the change in boundaries. The plans shall be drawn by an architect licensed to practice in Montana and attached to the amendment as exhibits, together with the certificate of architect or engineer as required by the Unit Ownership Act. Such an amendment shall be signed and acknowledged by the owners of the affected units, as well as those owners with an interest in any common element affected. The amendment shall also be approved by the board of directors of the Association, and signed and acknowledged by all lienors and mortgagees of the affected units.

10.2 **Exterior Alterations.** No unit owner may change, alter or remodel the exterior of the unit without the prior written approval of the Association.

10.3 **Interior Remodeling.** Each unit owner shall have the exclusive right to paint, repaint, tile, wax, paper, panel, carpet, brick or otherwise maintain, refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his or her own unit, and the interior thereof, so long as such owner does not affect the structural integrity of the building in which the unit is located.

10.4 **Liens for Alterations.** Labor performed and materials furnished and incorporated into a unit with the consent of or at the request of the unit owner, or the owner's agent, contractor or subcontractor, shall be the basis for the filing of a lien against the unit of the unit owner consenting to or requesting the same. Each unit owner shall indemnify and hold harmless each of the other owners and the Association from and against all liability (including court costs and attorney fees) arising from the claim of any lien against the unit or any other owner or against the general or limited common elements for construction performed or for labor, materials, services or other products incorporated in the owner's unit at such owner's request.

10.5 **Maintenance by Association.** The maintenance, repair and replacement of all general common elements and Association property shall be performed by the Association, and the cost is a common expense. The maintenance, repair and replacement of all limited common elements shall be performed by the Association, and the cost is a limited expense.

10.6 **Damages arising from Maintenance.** Damage to the interior or any part of a unit resulting from maintenance, repair, emergency repair or replacement of any of the general or limited common elements, or as a result of an emergency repair within another unit at the



instance of the Association, shall be designated either limited or general common expenses by the Association and assessed in accordance with such designation.

- 10.7 **Maintenance by Unit Owners.** Each unit owner, at such owner's own expense, shall maintain and keep in good order and repair the interior of the owner's unit. All fixtures and equipment installed in the unit, commencing at a point where the utilities enter the unit, shall be maintained, kept in repair, and replaced if necessary by the unit owner. An owner shall do no act nor any work that will impair the structural soundness or integrity of the building or impair any easement.

Each owner shall also keep any balcony, entrance or deck area appurtenant to the owner's unit in a clean and sanitary condition. The right of the each owner to repair, alter, and remodel is coupled with the obligation to replace any finishing or other materials removed with similar type or kinds of materials. All glass replacement shall be with similar quality, shade and design. No act or alteration, repairing or remodeling by any unit owner shall impair in any way the integrity of the adjoining units or the integrity of limited common elements or general common elements.

SECTION 11 INSURANCE

- 11.1 **Purchase.** All insurance policies upon the Condominium property shall be purchased by the Association and shall be issued by an insurance company authorized to do business in Montana.

- (a) **Named Insured.** The named insured shall be the Association individually and as agent for the unit owners without naming them. Such policies shall provide that payments for losses thereunder by the insurer shall be paid to the insurance trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the insurance trustee. Unit owners may obtain insurance coverage, at their own expense, upon their own personal property and for their personal liability and living expense.
- (b) **Copies to Mortgagees.** One copy of each insurance policy and of all endorsements thereon shall be furnished by the Association to each mortgagee of a unit owner on request.

- 11.2 **Coverage.**

- (a) **Casualty.** All buildings and improvements upon the land shall be insured in an amount equal to the full insurable replacement value, and all personal property included in the common elements shall be fully insured, with all such insurance to be based on current replacement value, as determined annually by the board of directors. Such coverage shall afford protection against:
 - (i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and
 - (ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the building on the land, including but not limited to vandalism and malicious mischief.

The policies shall state whether heating, ventilation, air conditioning, other service equipment, interior fixtures and carpets are included within the coverage in order that unit owners may insure themselves if the items are not insured by the Association. Each unit owner shall be responsible for insuring personal property located within such owner's unit. Each unit owner shall also be responsible for insuring ceiling, floor and



wall coverings, electrical fixtures, appliances, air conditioning and heating equipment, water heaters, built-in cabinets, and other improvements to the extent these items are located within the unit boundaries and are not covered by the Association policy.

- (b) **Liability Insurance.** The Association shall obtain and maintain public liability insurance covering all of the common elements and Association property and insuring the Association and the unit owners as their interest may appear in such amount and with such coverages and endorsements as the board of directors may deem appropriate. The board of directors shall have authority to compromise and settle all claims against the Association or upon insurance policies held by the Association. The unit owners shall have no personal liability upon such claims, except as may be otherwise provided by law, and nothing herein contained shall in any way be construed as imposing upon the Association a duty to assess unit owners for the purpose of raising sufficient funds to discharge any liability in excess of insurance coverage. Each unit owner will be responsible for procuring and maintaining liability insurance covering losses which may occur in and about the owner's unit, as the owner may deem appropriate.
- (c) **Worker's Compensation.** The Association shall obtain and maintain such worker's compensation coverage as may be required by law.
- (d) **Other Insurance.** The Association may obtain and maintain such other insurance as the board of directors may from time to time deem to be necessary or as may be required by applicable law, including but not limited to errors and omissions insurance for officers, directors, and managers, flood insurance, and insurance for the benefit of Association employees.

11.3 **Deductible and Other Insurance Features.** The board of directors shall establish the amount of the deductible and other features under the insurance policies as it deems desirable and financially expedient in the exercise of its business judgment.

11.4 **Premiums.** Premiums for insurance policies purchased by the Association shall be paid by the Association as a common expense, except that the amount of increase in the premium occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances or of the common elements by a unit owner shall be assessed against the owner. Not less than ten (10) days prior to the date when a premium is due, evidence of such payment shall be furnished by the Association to each mortgagee listed in the roster of mortgagees.

11.5 **Insurance Trustee.** All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to such bank in Montana with trust powers as may be designated as insurance trustee by the board of directors of the Association, which trustee is herein referred to as the insurance trustee. The insurance trustee shall not be liable for payment of premiums, nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated in this instrument and for the benefit of the unit owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

- (a) **Unit owners** – An undivided share for each unit owner, such share being the same as the undivided share in the common elements appurtenant to such owner's unit.
- (b) **Mortgagees** – In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear; provided, however, that no mortgagee shall have any right to



determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the unit owner and mortgagee pursuant to the provision of this Declaration.

11.6 **Distribution of Proceeds.** Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

- (a) Administration. Expenses of administration, the insurance trustee, and construction or remodeling supervision shall be considered as part of the cost of construction, replacement or repair.
- (b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed by the Association, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them.
- (c) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them.
- (d) Certificate. In making distribution to unit owners and their mortgagees, the insurance trustee may rely upon a certificate from the Association made by its representative or manager as to the names of the unit owners and their respective shares of the distribution.

11.7 **Association as Agent.** The Association is irrevocably appointed agent for each unit owner and for each owner of a mortgage or other lien upon any unit and for each owner of any other interest in the Condominium property or any property in which the Association owns an interest to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

11.8 **Benefit to Mortgagees.** Certain provisions in this Section 11 are for the benefit of mortgagees or trust indenture beneficiaries of Condominium parcels, and all such provisions are covenants for the benefit of any mortgagee of a unit and may be enforced by such mortgagee or beneficiary.

SECTION 12 RECONSTRUCTION AFTER CASUALTY.

12.1 Reconstruction

- (a) Repair After Casualty. If any part of the condominium property shall be damaged by casualty, the decision regarding whether or not it shall be reconstructed or repaired shall be made in the following manner:
 - (i) *Lesser Damage.* If a unit or units are found by the board of directors of the Association to be tenantable after the casualty, the damaged property shall be repaired.



- (ii) *Greater Damage.* If a unit or units are found by the board of directors to be not tenable after the casualty, the damaged property shall be reconstructed or rebuilt.
- (iii) *Certificate.* The insurance trustee may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.
- (b) Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements, or if not, then according to plans and specifications approved by the board of directors and by the affirmative vote of the unit owners holding at least seventy-five percent (75%) of the votes attributable to all Condominium units, including the owners of all units affected by the changed plans and specifications. Any such reconstruction not in accordance with the original plans and specifications must be set forth in an amendment to the Declaration, which amendment shall be prepared and filed of record in accordance with the provisions of such amended filing, more particularly set forth in Section 9.
- (c) Responsibility. The responsibility for reconstruction or repair after casualty shall be the same as for maintenance and repair of the Condominium property, and the Association shall work with the insurance trustee to carry out the provisions of this Section 12.
- (d) Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair for which the Association is responsible, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all unit owners in sufficient amounts to provide funds to the payment of such costs. Such assessments shall be in proportion to the owner's percentage of interest in the general common elements.
- (e) Construction Funds. The funds for payment of costs of reconstruction or repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the Association from assessments against unit owners, shall be disbursed in the sound discretion of the trustee and according to the contract of reconstruction or repair, which contract must have the approval of the board of directors and the unit owners involved.
- (f) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from the insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be paid to the Association for the use and benefit of the unit owners.

SECTION 13 REMOVAL OR PARTITION; SUBDIVISION

13.1 **Procedure for Removal or Partition.** The Condominium may be removed from condominium ownership, and may be partitioned or sold, only upon compliance with each of the conditions hereof:

- (a) The board of directors of the Association must approve the plans of removal, partition or sale, including the details of how any partition or sale, and the distribution of property or funds, shall be accomplished.



(b) The plan of removal, partition, or sale must be approved as provided in the Montana Unit Ownership Act. If approval for removal, partition, or sale is not required by the Unit Ownership Act, then approval shall be evidenced by the affirmative vote of at least seventy-five percent (75%) of the votes attributable to all Condominium units. Upon obtaining such approval, the board of directors shall be empowered to implement and carry out the plan of removal, partition, or sale.

The common elements of the Condominium shall not be abandoned, partitioned, subdivided, encumbered, sold or transferred by removal or partition without compliance with all of the above requirements.

- 13.2 **Subdivision Prohibited.** No unit may be divided or subdivided into a smaller unit, nor may any portion thereof sold or otherwise transferred, except as otherwise expressly provided in this Declaration.
- 13.3 **Application of Section.** This Section 13 shall not apply to the sale of individual units and shall not be considered as a right of first refusal.

SECTION 14 MISCELLANEOUS

14.1 **Covenants to Run with Land.** The provisions of this Declaration and the bylaws shall be construed to be covenants running with the land, and shall include every unit and shall be binding upon the unit owners, their heirs, successors, nominees, personal representatives and assigns for as long as this Declaration and the bylaws are in effect.

14.2 **Service of Process.** The name and address of the person to receive service of process for the Condominium until another designation is filed of record shall be:

Matthew J. Nistler
PO Box 10968
48 Crescent Point
Bozeman, Montana 59719

14.3 **Disclaimer.** Except as expressly provided in this Declaration, the bylaws, or in agreements or instruments pertaining to conveyance of the units, Declarant does not intend by this Declaration to make, and hereby expressly negates and disclaims, any warranties and representations regarding the value, nature, quality, physical condition, suitability, compliance with laws, or any other aspect of the Condominium property or the units. Estimates of common expenses made by Declarant are reasonably believed to be accurate at the time they are made, but Declarant makes no warranty or representation that such estimates are either correct or may be relied upon by any person

14.4 **Remedies.** The remedies provided in this Declaration and the bylaws shall not be exclusive of any other remedies which may now or in the future be available to the parties as provided for by law.

14.5 **Severability.** The provisions of this Declaration shall be deemed independent and severable, and the invalidity, partial invalidity or unenforceability of any one or more provisions shall not affect the validity or enforceability of any other provision.

14.6 **Binding Effect.** Except as otherwise provided, this Declaration shall be binding upon and shall inure to the benefit of the Declarant, the Association and each unit owner, and the heirs, personal representatives, nominees, successors and assigns of each.



- 14.7 **Interpretation.** The provisions of the Declaration and of the bylaws to be promulgated and recorded herewith, shall be liberally construed to effectuate the intent and purpose of the Declaration, bylaws and Unit Ownership Act.
- 14.8 **Captions.** The captions, titles and section headings throughout this Declaration are for convenience and reference only and shall not be deemed or held to explain, modify, amplify or aid in the interpretation, construction or meaning or the provisions of this Declaration, nor to define, limit or describe the scope or intent of a particular section.
- 14.9 **Nondiscrimination.** There shall be no limitation upon sale, lease or occupancy of any unit based upon race, creed, color, sex, religion, national origin, handicap or familial status. The Association may make reasonable accommodations, including reasonable waiver of the covenants and restrictions of this Declaration, when necessary to afford handicapped individuals the opportunity to enjoy the Condominium property.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be made and executed according to the provisions of the Unit Ownership Act, Title 70, Section 23, Montana Code Annotated.

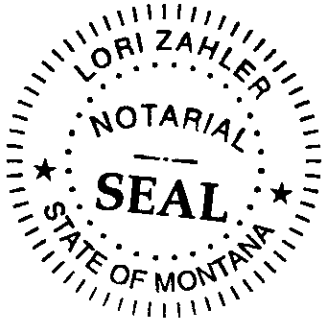
Warbler Development, LLC, a Montana limited liability company.

by: *Matthew J. Nistler*
Matthew J. Nistler, Member

STATE OF MONTANA)
 : ss.
County of Gallatin)

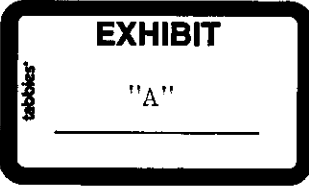
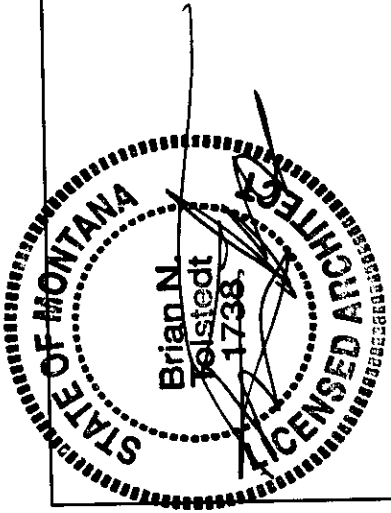
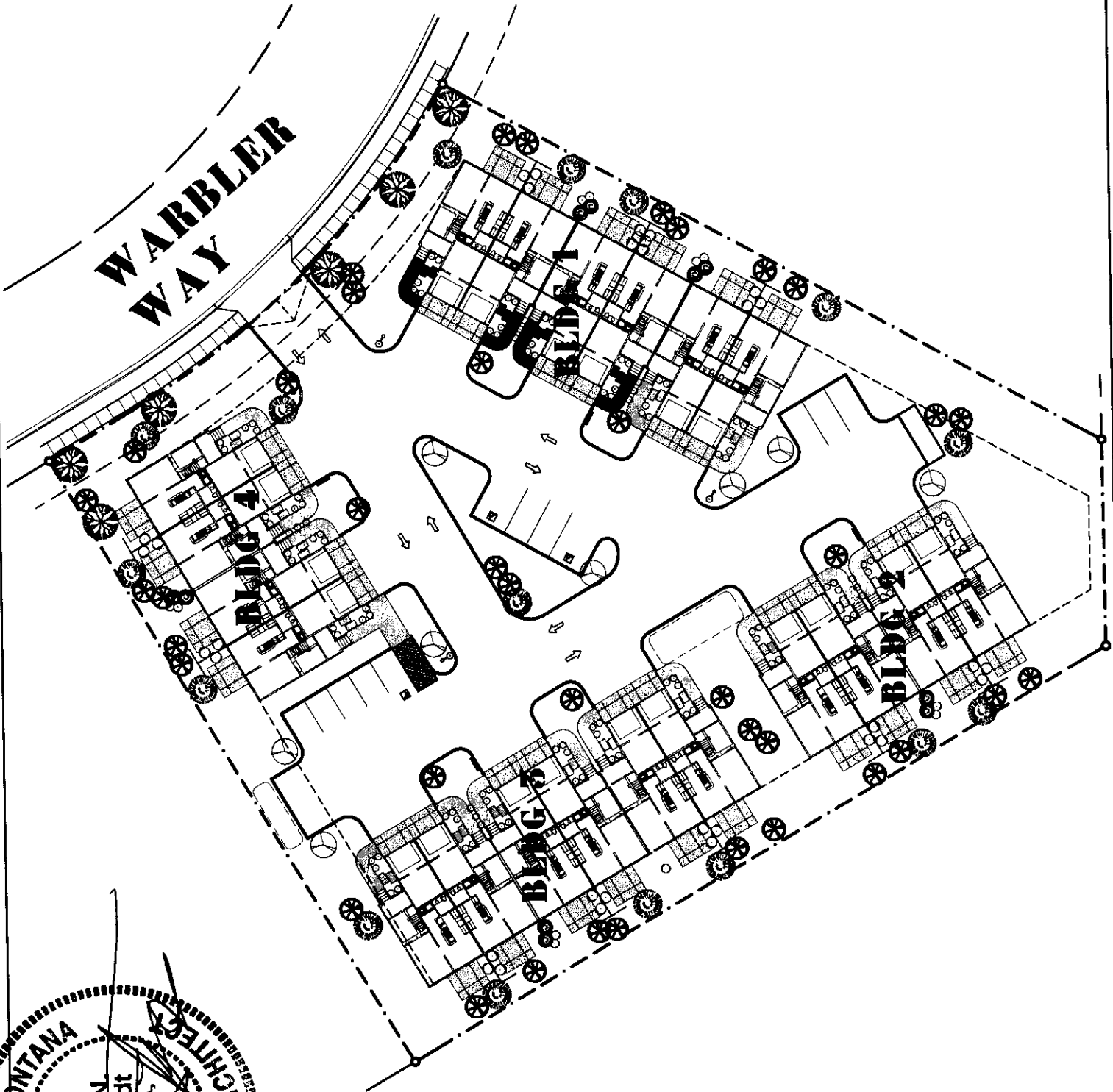
This instrument was acknowledged before me on May ¹⁷16, 2003, by Matthew J. Nistler as a member of Warbler Development, LLC, a Montana limited liability company.

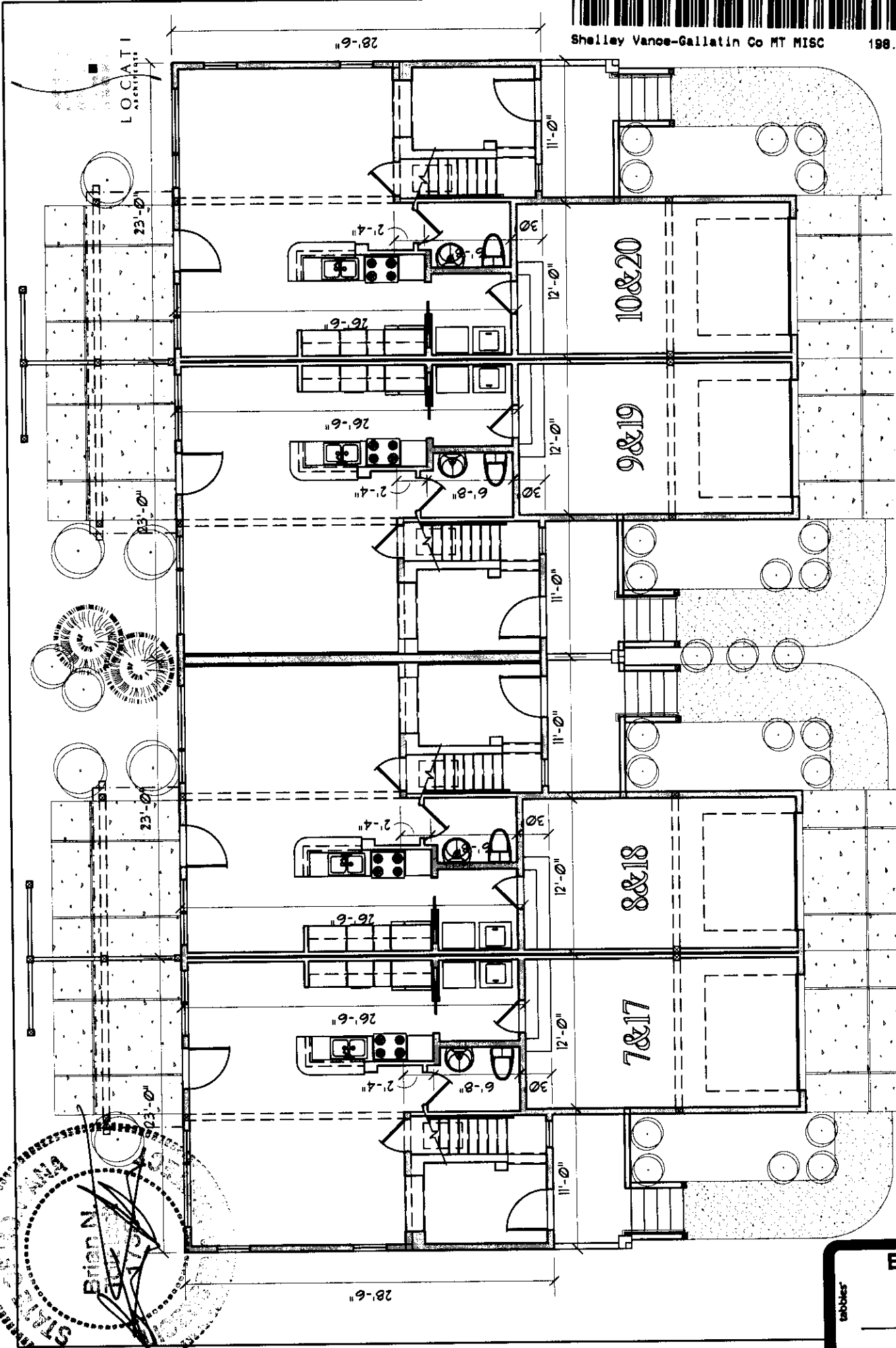
Lori Zahler
[signature]
Lori Zahler
[printed name]



[Seal]

NOTARY PUBLIC for the State of Montana
RESIDING AT Bozeman, Montana
My Commission Expires 9-30-, 2005





NOTES:
1 DATE COMPLETED
MAY 7, 2003

ELK HORN CONDOMINIUMS
MAIN LEVEL - 4PLEX UNITS 7-10 & 17-20 BLDG 2 & 4
632 SQ. FT.

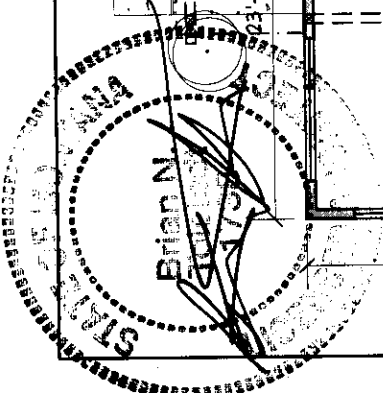
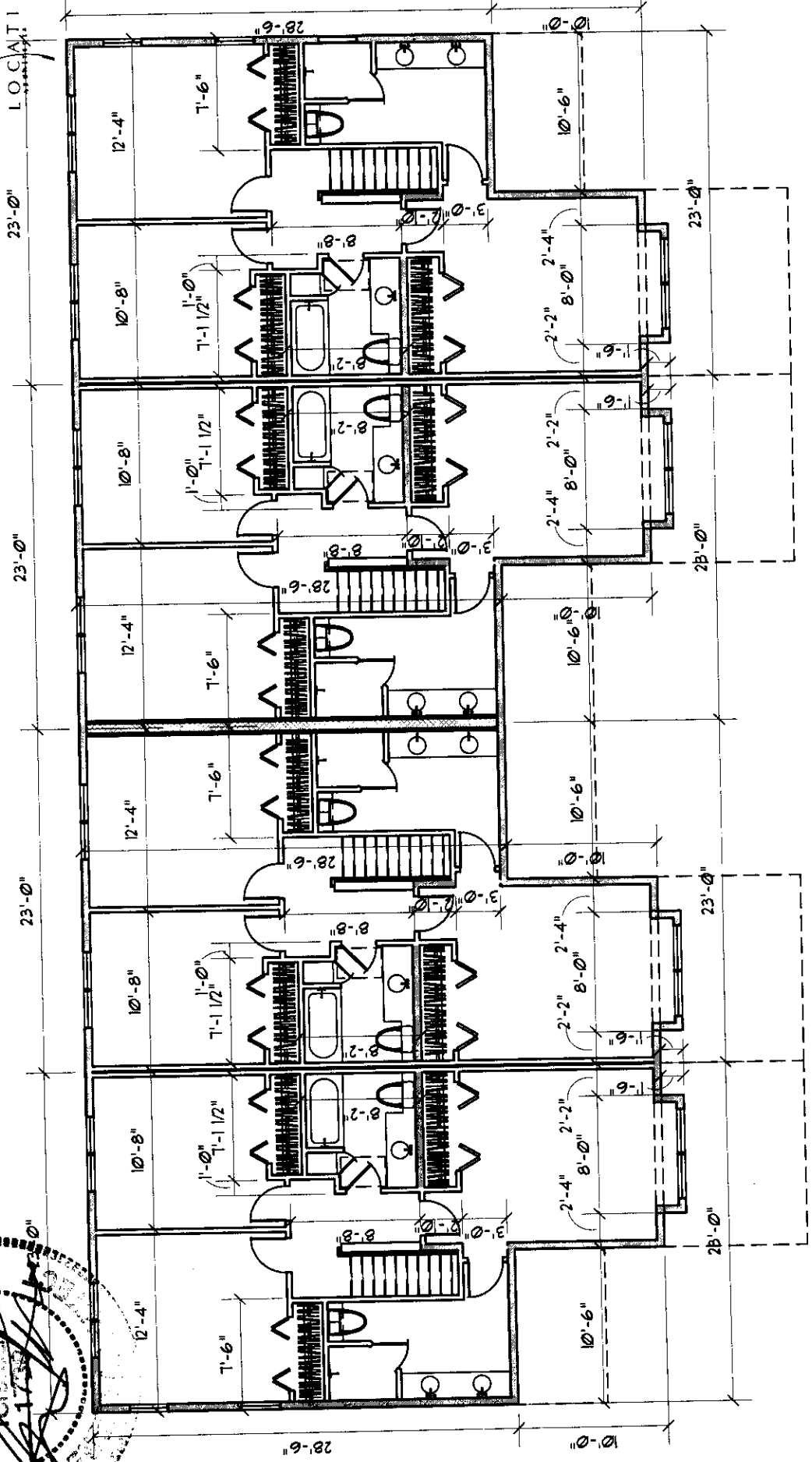
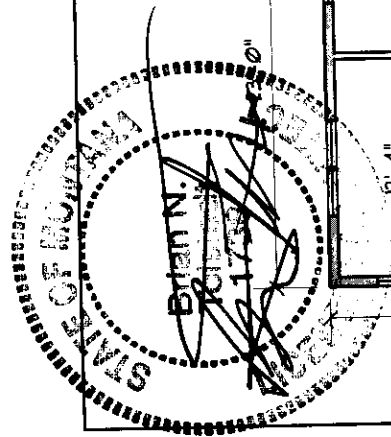


EXHIBIT
"B"
tabbies



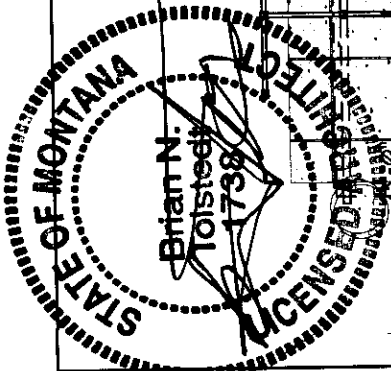
LOC. CAT. 1

NOTES:
 1 DATE COMPLETED
 MAY 7, 2003

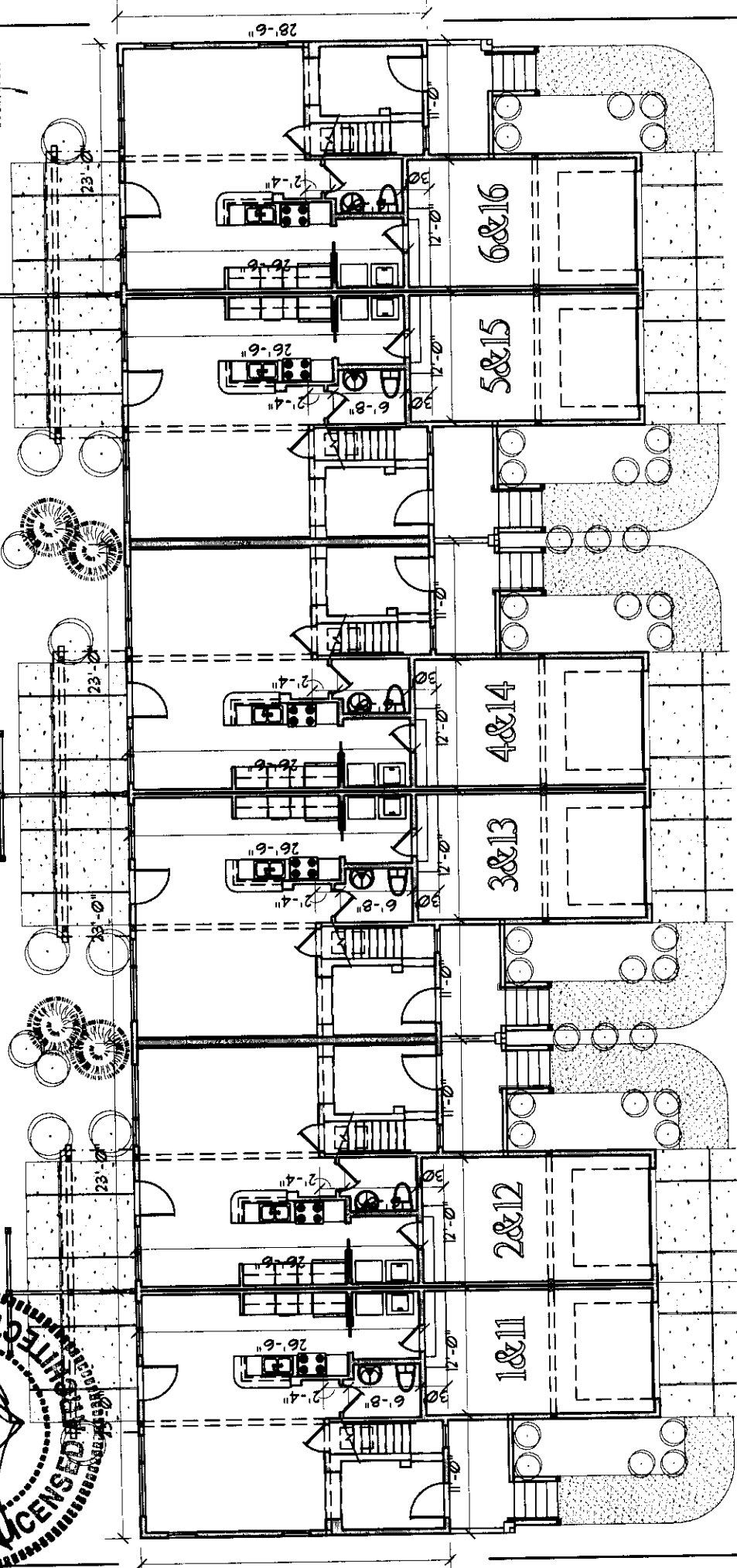
ELK HORN CONDOMINIUMS
 UPPER LEVEL - 4PLEX UNITS 7-10 & 17-20 BLDG 2 & 4
 793 SQ. FT.

2108864
 Page: 24 of 33
 05/21/2003 09:22A

Shelley Vance-Gallatin Co MT MISC 198.00



LOCATI
AS SHOWN



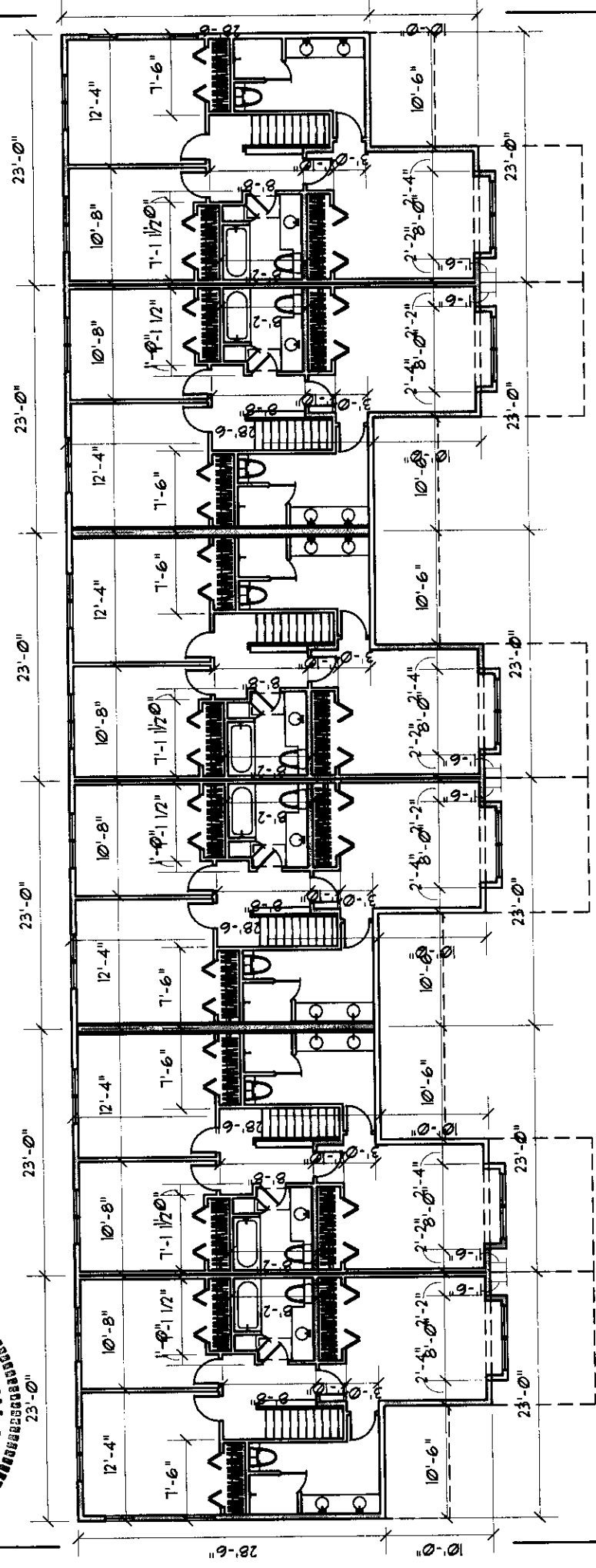
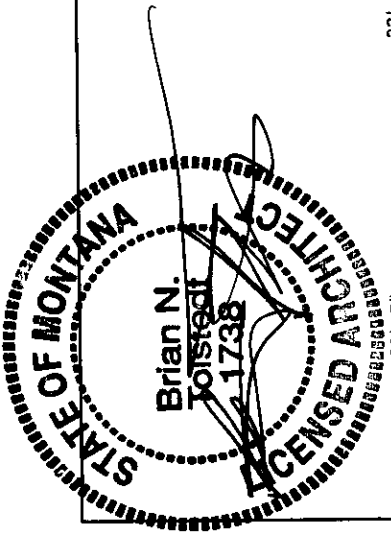
NOTES:
1. DATE COMPLETED
MAY 7, 2008

**ELK HORN CONDOMINIUMS
MAIN LEVEL - 6PLEX UNITS 1-6 & 11-16 BLDG 1 & 3
632 SQ. FT.**



2108864
Page: 25 of 33
05/21/2008 09:22A

Shelley Vance-Gallatin Co MT MISC 198.00



NOTES:
 1 DATE COMPLETED
 MAY 7, 2003

ELK HORN CONDOMINIUMS
 UPPER LEVEL - 6 PLEX UNITS 1-6 & 11-16 BLDG 1 & 3
 793 SQ. FT.



2108864
 Page: 26 of 33
 05/21/2003 09:22A



**BYLAWS
OF
ELKHORN CONDOMINIUMS OWNERS ASSOCIATION**

TABLE OF CONTENTS

Purpose and Application..... 1

Membership..... 1

Obligations..... 1

Meetings and Voting..... 2

Voting Interest..... 2

Board of Directors..... 3

Officers of the Board of Directors..... 3

Powers and Duties of the Board of Directors..... 3

Vacancies and Removal..... 5

Compensation..... 5

Managers..... 5

Amendment of Bylaws..... 6

Assessments..... 6

The Declaration..... 7

ARTICLE I. PURPOSE AND APPLICATION

These Articles are and shall be the Bylaws of the Elkhorn Condominiums Owners Association ("Association"). These Bylaws shall, upon being recorded with the Clerk and Recorder of Gallatin County, Montana, govern and control the administration of Elkhorn Condominiums (the "Condominium"). All unit owners, their guests and any renters or sublessees, present and future, shall have the rights and responsibilities described in these Bylaws and shall be subject to the provisions thereof.

The acquisition of an ownership interest in a unit in the Condominium signifies that the unit owner accepts, ratifies and agrees to comply with these Bylaws.

ARTICLE II. MEMBERSHIP

Persons owning a unit in the Condominium or an interest in a unit, or owning a unit in any real estate tenancy relationship recognized by the State of Montana, shall be a member of the Association. An owner may not decline membership in the Association. Membership begins concurrently with the acquisition of an ownership interest and terminates at the time such ownership interest is terminated. Such termination shall not relieve any unit owner of liability for obligations incurred while a member of the Association. Membership in the Association shall not in any way negate or impair any unit

owner's legal remedies, right to bring legal action, or assert defenses to any and all actions involving the Association, other unit owners, or the management, which may arise from or be incidents of unit ownership.

ARTICLE III. OBLIGATIONS

Each unit owner shall be obligated to comply with these Bylaws, the Declaration, any other covenants and restrictions affecting the Condominium property, and all applicable laws. Such obligations shall include but not be limited to paying of assessments levied by the Association and adherence to the protective covenants and restrictions which are a part of the Declaration. Failure of any owner to abide by these Bylaws, and all rules made pursuant to them, any other covenants and restrictions affecting the Condominium property, and all applicable laws, shall be grounds for appropriate legal action by the Association or by an aggrieved unit owner against such noncomplying owner.

ARTICLE IV. MEETINGS AND VOTING

There shall be a regular meeting of the Association annually on the first Monday in October of each year, commencing in the year the Condominium is established, or on such other date properly announced by the Association. Pursuant to these Bylaws, the Association may at any time hold special meetings. Such special meetings may be called on the initiative of the chairperson elected pursuant to Article VII, the board of directors, the written request of a manager, or a petition signed by the unit owners representing at least fifty percent (50%) of the total votes attributable to the Condominium units. Notice of any special meeting must specify the reason for such meeting and the matters to be raised. Only matters set forth in the petition or request may be brought before such meeting unless otherwise agreed by a majority of the votes present at the special meeting or voted by proxy.

- A. **Notice.** Notice of all meetings, regular or special, shall be mailed by the Association's secretary to every unit owner of record at his address of record at least ten (10) days prior to the time for holding such meeting. Such notice shall specify the date, time and place of the meeting and shall make provisions to allow for the voting of each unit owner's interest by proxy at the discretion of the unit owner. The mailing of a notice in the manner provided in this paragraph or the personal delivery of such notice by the Secretary of the Association shall be considered as notice served.
- B. **Quorum.** No meeting, regular or special, shall be convened to conduct business unless a quorum is present in person or by proxy. A quorum shall consist of fifty percent (50%) of the total votes attributable to all of the Condominium units. At any meeting where a quorum is not present, such meeting shall be adjourned forthwith.

ARTICLE V. VOTING INTEREST

Each unit owner at Association meetings shall have the voting interest as set forth in the Declaration, a copy of which is being filed concurrently with the filing of these Bylaws with the Clerk and Recorder of Gallatin County, Montana.

Unit owners have an equal voting interest, on a one (1) vote per unit basis, on all matters pertaining to the general business of the Condominium, the common elements, and assessments for the common elements. The right to vote upon matters pertaining to limited common elements and assessments for limited expenses shall be limited to those unit owners having an interest in units to

which such limited common elements are appurtenant, and voting shall occur on a one (1) vote per unit basis.

Whenever a quorum is present at a meeting of the Association or the board of directors, those present may do any and all acts they are empowered to do unless specific provisions of these Bylaws, the Declaration, or applicable laws direct otherwise.

ARTICLE VI. BOARD OF DIRECTORS

The governance of the Condominium shall be by a board of five (5) directors elected from the Association membership. The board of directors shall have all powers and responsibilities attendant to the general administration and control of the Condominium. Additionally, the board of directors shall have the authority necessary to carry into effect the powers and duties specified by these Bylaws.

ARTICLE VII. OFFICERS OF THE BOARD OF DIRECTORS

- A. **Officers.** The Association shall elect from its membership a board of directors of five persons, who shall all serve for a term of one (1) year, and who shall serve in the positions of Chairperson, Vice-Chairperson, Secretary, and Treasurer.
- B. **Procedure for Election of Officers of the Board of Directors.** At the first and all subsequent annual meetings of the Association, nominations for positions on the board of directors shall be accepted from any of the unit owners present. Voting will be noncumulative, with each unit owner having a vote (on a one vote per unit basis) for as many persons as there are Directors to be elected. Board members shall be elected by majority vote of the interests present or voting by proxy at any annual or special meeting. The first board of directors consisting of two (2) persons, named below, shall serve until the first annual meeting of the Association, at which time a new board shall be elected.

ARTICLE VIII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The board of directors shall have the following powers and duties:

- A. To call annual meetings of the Association and give due notice thereof.
- B. To conduct elections of the board of directors.
- C. To enforce the provisions of the Declaration and Bylaws by appropriate action.
- D. To promulgate and adopt rules and regulations for the use of the common elements and for the occupancy of the units so as not to interfere with the peace and quiet of all the residents. Such rules shall be approved by seventy-five percent (75%) of the total votes attributable to the Condominium units at any regular or special meeting of the Association.
- E. To provide for the management of the Condominium by hiring or contracting with suitable and capable management and personnel for the day-to-day operation, maintenance, upkeep and repair of the general common and limited common elements.
- F. To levy assessments as allowed by the Declaration, these Bylaws and applicable law, and to provide for the collection, expenditure and accounting of said assessments.



- G. To pay for the expenses of the maintenance, repair and upkeep of the general common elements and the limited common elements, and to approve payment vouchers either at regular or special meetings.
- H. To delegate authority to a manager for the routine conduct of Condominium business; provided, however, that such authority shall be precisely defined with ultimate authority at all time residing in the board of directors.
- I. To provide a means of hearing grievances of unit owners and to respond appropriately thereto.
- J. To meet at regularly scheduled times and to hold such meetings open to all unit owners or their agents.
- K. To prepare an annual budget for the Condominium in order to determine the amount of the assessments payable by the unit owners to meet the general common and limited common expenses, and allocate and assess such charges among the unit owners according to their respective interests in the general common and limited common elements.
- L. To levy and collect special assessments whenever, in the opinion of the board, it is necessary to do so in order to meet increased operating or maintenance expenses, costs, or additional capital expenses, or because of emergencies.
- M. To take appropriate legal action to collect any delinquent assessments, payments or amounts due from unit owners, or from any person or persons owing money to the condominium, and to levy a penalty and to charge interest on unpaid amounts due and owing. However, other than for the collection of delinquent assessments or accounts, the board shall not initiate any litigation or lawsuit without prior approval of a majority of the voting interest of the unit owners in the condominium.
- N. To defend in the name of the Association any and all lawsuits wherein the Condominium is a party defendant.
- O. To enter into contracts necessary to carry out the duties herein set forth.
- P. To establish a bank account for the Condominium, and to keep therein all funds of the Association. Withdrawal of monies from such accounts shall only be by checks signed by such persons as are authorized by the board of directors.
- Q. To make repairs, alterations, additions, and improvements to the general common and limited common elements consistent with managing the Condominium in the best interests of the unit owners.
- R. To provide for the perpetual maintenance of the general common open area and landscaping, the parking areas and driving lanes, and to make any assessments necessary for such maintenance as provided herein. Such maintenance shall specifically include the control of county-declared noxious weeds.
- S. To arrange, keep, maintain and renew the insurance for the Association as set forth in the Declaration.
- T. In general, to act for and carry on the administration and affairs of the Association as authorized and prescribed by the Declaration, and to do all those things which are necessary and reasonable in order to carry out the governance and operation of the Condominium.

ARTICLE IX. VACANCIES AND REMOVAL

Should a vacancy occur on the board of directors, the board, subject to the exception described below, shall appoint a member of the Association to serve for the unexpired term. Such vacancy shall be filled no later than the next regular board meeting after which it occurs. Should such vacancy not be filled by the board at the next regular meeting of the Association, the Association may fill such vacancy.

At any regular or special meeting of the Association, any member of the board may be removed by a majority of the voting interests in the Condominium. Such vacancy shall be filled by the Association. Such removal matter must be announced in the notice of such regular or special meeting. The personal delivery of such notice by the Secretary of the Association shall be considered notice served.

ARTICLE X. COMPENSATION

No member of the board of directors shall receive any compensation for acting as such. Nothing herein, however, shall be construed to preclude compensation being paid to a manager who is hired by the board of directors.

ARTICLE XI. MANAGERS

In the event that the board of directors elects to hire a manager, the manager shall be appointed, and may be subsequently removed by the board of directors. The manager (or any member of the board or Association handling Association funds or having power to withdraw or spend such funds) may be required to be bonded, and shall maintain records of the financial affairs of the condominium. Such records shall also detail all assessments made by the Association and the status of payments of said assessments by all unit owners. All records shall be available for examination during normal business hours to any unit owner or their assigned representative. All functions and duties herein provided for the manager may be performed by the board, or the chairperson, if the board should decide not have a manager.

- A. **Accounts.** The receipts and expenditures of the Association shall be under the direction of the manager and be classified as appropriate into general common expenses and limited common expenses, and shall include a provision for current expenses which shall include all receipts and expenditures to be made within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or betterments. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year. Other budget items may be provided for in the discretion of the manager.
- B. **Budget.** The manager shall prepare and submit a proposed budget to the board each calendar year. An annual budget must be approved and adopted by the board. The budget shall include the estimated funds required to defray the general common and limited common expenses and to provide and maintain funds for the foregoing accounts according to good accounting practices. Copies of the budget and proposed assessments shall be transmitted to each member on or before the annual meeting of the year preceding the year for which the budget is made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.
- C. **Financial Report.** An audit and financial report of the accounts of the Association shall be made annually. The audit and financial report may be made either by the manager, the treasurer of the Association, or by an accountant or certified public accountant. The board of

directors shall determine who shall complete the audit and financial report. A copy of the financial report shall be furnished to each member on or before the annual meeting of each year for which the report is made.

The manager shall generally operate and manage the Condominium for and on behalf of the unit owners and shall have such other powers and authority as the board may designate. If there is no manager, or if the manager resigns, is terminated or his contract expires, the board shall perform all the duties of the manager.

ARTICLE XII. AMENDMENT OF BYLAWS

These Bylaws may be amended at any regular or special meeting of the Association providing that a copy of the proposed revision is included in the notice of such meeting. Upon the affirmative vote of seventy-five percent (75%) of the votes attributable to all of the units in the Condominium, the amendment shall be declared adopted. The secretary shall as soon as practicable after adoption, prepare a copy of the Bylaws, as amended, for certification by the chairperson and secretary of the Association. Such amended and certified Bylaws shall then be filed and recorded in the office of the Clerk and Recorder of Gallatin County, State of Montana. Bylaws as amended shall become effective at the time of such recording.

ARTICLE XIII. ASSESSMENTS

In accordance with the percentage of interest in the general common elements as set forth in the Declaration, each unit owner shall be assessed for general common expenses. Such assessments, and assessments for limited common expenses, shall be collected and paid according to the terms and under the procedures more particularly set forth in the Declaration. The amount of assessments described above and any other assessments allowed by these Bylaws, the Declaration, and by governmental authority, shall be fixed by the board of directors. Notice of each owner's assessments shall be mailed to said owner at such owner's address of record.

ARTICLE XIV. THE DECLARATION

The undersigned, as "Declarant", has filed, along with these Bylaws, a Declaration whereby the properties known as Elkhorn Condominiums are submitted to the Unit Ownership Act, Title 70, Chapter 23 of the Montana Code Annotated, as a condominium. The Declaration shall govern the acts, powers, duties and responsibilities of the Association, and in the event these Bylaws and the Declaration are in conflict, the Declaration shall prevail.

The definition of terms set forth in the Declaration shall be applicable throughout these Bylaws and the interpretation thereof.

By virtue of the Declaration and these Bylaws, each unit owner has the right to membership in the Association, and any unit owner may be on the board of directors of the Condominium.

The Association and its board of directors shall have the primary and final authority on all matters solely affecting the Condominium, subject to all applicable laws.

IN WITNESS WHEREOF, the undersigned, as the owner of record of all of the Condominium units and 100% of the voting interests of Elkhorn Condominiums as of the date hereof, and hereby appoints the following persons to serve on the board of directors and as officers until the first annual meeting of the Association, to-wit:



Matthew J. Nistler
Christopher W. Ogle

and the Declarant hereby declares and affirms the adoption of the foregoing Bylaws on May 16, 2003.

Warbler Development, LLC, a Montana limited liability company.

by: *Matthew J. Nistler*
Matthew J. Nistler, Member

STATE OF MONTANA)
 : ss.
County of Gallatin)

This instrument was acknowledged before me on May 16, 2003, by Matthew J. Nistler as a member of Warbler Development, LLC, a Montana limited liability company..

William S. Dockins
[signature]
William S. Dockins
[printed name]

NOTARY PUBLIC for the State of Montana
RESIDING AT Bozeman, Montana
My Commission Expires May 3, 2004

