

FILM 129M012912

DECLARATION
for the
WILLOW CREEK CONDOMINIUM, PHASE II

INDEX

CERTIFICATE OF NAME 2

CERTIFICATE OF ARCHITECT 3

DECLARATION FOR THE WILLOW CREEK CONDOMINIUM, PHASE II 4

 DEFINITIONS 4

 REAL ESTATE 6

 EASEMENT, COMMON ELEMENT--INTERIOR REMODELING 7

 OWNERSHIP AND VOTING - EXHIBITS - USE 8

 THE ASSOCIATION 10

 DECLARANT'S RIGHT TO CHANGE 12

 AMENDMENT 13

 CHANGES, REPAIRS AND LIENS 13

 INSURANCE 15

 REMOVAL OR PARTITION - SUBDIVISION 18

 REMEDIES 18

 SEVERABILITY 19

 INTERPRETATION 19

 MISCELLANEOUS 19

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, herewith executes the following certificate relating to the WILLOW CREEK CONDOMINIUM, PHASE II situated as follows:

"See Exhibit A attached"

- 1.) That the name the WILLOW CREEK CONDOMINIUM, PHASE II 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 "Condominium", and
- 2.) All taxes and assessments due and payable for the said WILLOW CREEK CONDOMINIUM, PHASE II have been paid to date.

Dated: 2-3-93

Arletta C. Derrett
County Assessor

CERTIFICATE OF ARCHITECT

The undersigned, being a duly registered architect in the State of Montana, and the architect preparing the floor plans for the WILLOW CREEK CONDOMINIUM, PHASE II, herewith certifies that the floor plans for the WILLOW CREEK CONDOMINIUM, PHASE II attached to this Declaration are an accurate copy of the units as they are now built and constructed.

Dated: Feb. 2, 1993

Frank Cikan



FRANK CIKAN
Registered Professional Architect
Number: 1189

DECLARATION

FOR THE

WILLOW CREEK CONDOMINIUM, PHASE II

THIS DECLARATION is hereby made and entered into this 3rd day of February, 1993, by Ken LeClair and Winifred Steele, doing business as Willow Creek Condominium, a Joint Venture, of Bozeman, Montana, hereinafter referred to as "Declarant", whereby lands and property hereinafter described are submitted to the provisions of Chapter 23, Title 70, MCA, also known as the "Unit Ownership Act" as a condominium.

The property subject to this Declaration shall be known as the WILLOW CREEK CONDOMINIUM, PHASE II (hereinafter referred to as WILLOW CREEK, PHASE II). The address of the first unit of WILLOW CREEK, PHASE II is 701 South 15th, Bozeman, Montana 59715.

I.

DEFINITIONS

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

1. Aggregate Voting shall mean the entire number of votes or persons present or available to vote in person or by proxy in a particular circumstance.
2. Association or Association of Unit Owners shall mean all of the Unit Owners acting as a group and in accordance with duly adopted Bylaws and this Declaration.
3. Board or Board of Directors shall mean the Board of Directors of the Association as more particularly defined in the Bylaws.
4. Building shall mean a multiple unit building or buildings comprising a part of the property.
5. Bylaws shall mean the Bylaws promulgated by the Association under this Declaration and the Unit Ownership Act.
6. Common Elements shall mean both general common elements and limited common elements.

a.) General Common Elements include all those elements which are for the use of all Unit Owners and guests of Unit Owners of WILLOW CREEK, PHASE II. Specifically included are:

grounds surrounding the building, driveways, the land on which the buildings are located, paths sidewalks and walkways, any portion of the parking areas 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, 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 WILLOW CREEK, PHASE II in which each Unit Owner shall have his designated percentage of interest, as set forth in paragraph IV below.

b.) Limited Common Elements as used in this Declaration shall mean those common elements which are reserved for the use of fewer than all of the owners and guests of Unit Owners of WILLOW CREEK, PHASE II, to the exclusion of other such owners and guests. As to any given Unit Owner or Owners, limited common elements shall mean the common elements which are located within or affixed to the building containing his 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 real property known as WILLOW CREEK, PHASE II. Specifically included are:

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, 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.

7. Common expenses shall mean expenses of administration, maintenance, repair or replacement of general common elements, expenses agreed upon as common by the Association of all Unit Owners, and expenses declared common by the Unit Ownership Act.
8. Declaration shall mean this document and all parts attached thereto or incorporated by reference.
9. Limited Expenses shall mean the expenses attributable to the maintenance, repair and replacement of limited common elements, and are expenses only for owners of units within the respective building for which the expenses are accrued.
10. Manager shall mean the manager, the Board of Directors, management corporation, or any other person or group of persons retained or appointed by the Association of Unit Owners for the purpose of conducting the day-to-day operations of WILLOW CREEK, PHASE II.
11. Property shall mean the land, buildings, improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, which are herewith submitted to the provisions of the Unit Ownership Act.
12. Recording Officer shall mean the county officer charged with the duty of filing and recording deeds, mortgages and all other instruments or documents relating to this Declaration and the property which is its subject.
13. Unit shall be the separate condominium units of WILLOW CREEK, PHASE II 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.

14. Unit Designation shall mean the combination of letters, numbers, or words which identifies the designated units. [Units shall be designated by number as Units 11 through 20 of WILLOW CREEK CONDOMINIUM, PHASE II].
15. 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 WILLOW CREEK, PHASE II.

II.

REAL ESTATE

Description

The property which is by this Declaration submitted and subject to the Montana Unit Ownership Act is described in Exhibit "A" attached hereto.

The condominium units consist of TEN (10) separate units numbered eleven through twenty. 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, personal representatives and assigns for as long as this WILLOW CREEK, PHASE II Declaration and Bylaws are in effect.

Condominium Units

Each Unit, together with the appurtenant undivided interest in the common elements of WILLOW CREEK, PHASE II shall together comprise one condominium unit, shall be inseparable, and may be conveyed, leased, rented, devised or encumbered as a condominium unit. Each unit shall include a designated garage and storage area. The Units comprising the condominium are contained in four buildings, subject to the expansion provisions of paragraph IV below.

Encroachments

If any portion of the general common elements or limited 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 general common elements, or limited 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 general common elements, the limited common elements, or on the Units for the purpose of marketability of title.

Parking Areas

The common elements include parking areas for automobiles of Unit Owners. These areas will be initially laid out by the Declarant and may be assigned to each unit and may be changed from time to time by Declarant or by the Association. The right to use one parking space shall be an appurtenance to each unit. The original assignment of such space shall be made by Declarant until such time as Declarant no longer owns any of the units and Declarant reserves the right to assign or reassign all parking spaces if such assignment or reassignment becomes necessary. Thereafter, subsequent use and assignment of parking space shall be pursuant to regulation of the Association; provided that no change in designation of parking space shall be made for the benefit of the Unit Owner which discriminates against another Unit Owner without the latter's consent.

Unit Boundaries

Each unit shall include the part of the building containing the Unit that lies within the boundaries of the Unit, which boundaries are as follows:

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:

1. Upper Boundary: the plane of the lowest surfaces of the upper floor or ceiling joists for all units.

2. Lower Boundary: the plane of the highest surface of the floor joists.

b. Perimetrical Boundaries: the perimetrical boundaries of the Unit shall be the following boundaries extended to an intersection with the upper and lower boundaries;

1. Exterior Building Walls: the plane formed by the center line of the exterior walls of the buildings except that such boundary shall be extended so as to include within it all windows in the Unit.

2. Interior Building Walls: the vertical planes of the centerline of the walls bounding a Unit extended to an intersection with other perimetrical boundaries. Where walls between units are of varying thicknesses, the plane of the centerline of a boundary wall shall be the median line drawn between the two outermost boundaries of such wall.

III.

EASEMENT, COMMON ELEMENT--INTERIOR REMODELING

Common Element Easements

A nonexclusive 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.

Easement for Utilities

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 Owners 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.

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 own Unit, and the interior thereof, so long as such owner does not affect the structural integrity of the building in which his Unit is located.

IV.

OWNERSHIP AND VOTING - EXHIBITS - USE

Percentage of Interest

Each Unit Owner shall be entitled to the exclusive ownership, use and possession of his Unit. Additionally, each Unit Owner shall have a percentage of undivided interest in the general common elements of WILLOW CREEK, PHASE II. Such percentage represents his ownership interest in the general common elements, and his liability for common expenses. The percentage of interest in the general common elements for the respective owners shall be computed by taking the value of each Unit at the date of filing this Declaration and dividing it by the then combined value of all the units having an interest in the general common elements of WILLOW CREEK, PHASE II. Such percentage of interest owned by each of the Units in WILLOW CREEK, PHASE II shall be according to the percentages set forth below:

<u>UNIT NO.</u>	<u>SQUARE FOOTAGE</u>	<u>PERCENTAGE OF INTEREST IN GENERAL COMMON ELEMENTS</u>
11	1,911	10.2
12	1,825	9.80
13	1,825	9.80
14	1,911	10.2
15	1,825	9.80
16	1,911	10.2
17	1,911	10.2
18	1,825	9.80
19	1,825	9.80
20	1,911	10.2
Total	18,680	100.00

Voting Interest

For the purposes of this Declaration, the voting interest of the Unit Owner or Owners in all matters concerning the Association of Unit Owners shall be equal to the other units in accordance with the Bylaws of the Association of Unit Owners. Each of the ten units shall have one vote per unit, for a total of ten votes.

Floor Plans and Exhibits

WILLOW CREEK, PHASE II will consist of five buildings and the real property described in Exhibit "A" which contains a total of ten (10) separate WILLOW CREEK, PHASE II Units as shown on the floor plans. For identification and descriptive purposes the following Exhibits are attached and by reference hereto incorporated into and made a part of this Declaration:

Exhibit A1: showing the site plan of WILLOW CREEK, PHASE II and the location of the buildings containing WILLOW CREEK, PHASE II Units on the Property.

Exhibits A2-A4: showing the floor plans and elevations for each of the Units of WILLOW CREEK, PHASE II, the area of each, and the dimensions and the designation for each Unit.

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, lap siding for exterior wall surfaces, and cedar shake shingles for the roof of the buildings.

Use

The use of all of the units in WILLOW CREEK, PHASE II shall be for residential purposes only and there shall be no commercial use whatsoever, except that nothing shall prohibit a Unit Owner from leasing or renting his 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 his unit for residential use. However, the respective unit shall not be rented by the owners thereof 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 bell boy service. The use of the general common areas shall be for the recreation and enjoyment of the Unit Owners, their guests, tenants, lessees and invitees. The units and common elements shall be limited as follows:

- a.) There shall be no obstruction of the common elements, nor shall anything be stored in or on the common elements without the prior written consent of the Association. Each Owner shall be obligated to maintain and keep in good order and repair the interior of his own unit.
- b.) 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 his 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.
- c.) 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, radio or television antenna shall be affixed to or placed upon the exterior walls or roof of any part thereof, without the prior written consent of the Association.
- d.) 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 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.
- e.) Nothing shall be done in any unit or in, on or to the common elements which will impair the structural integrity of the building or which would structurally change the building, except as otherwise provided herein.

f.) No animals of any kind shall be raised, bred, or kept in any Unit, except that dogs, cats, and other household pets may be kept subject to rules and regulations from time to time adopted or amended by the Association.

g.) Nothing shall be altered or constructed in or removed from the common elements, except upon the written consent of the Association.

h.) No firewood may be stored anywhere but in the Owner's own garage. However, all garages are to be primarily used for storage of Owner's vehicles.

Exclusive Ownership

Each Owner or Owners shall be entitled to exclusive ownership and possession of their Unit. Such 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 of other Unit Owners.

V.

THE ASSOCIATION

Membership

Any Owner of a Unit in WILLOW CREEK, PHASE II shall automatically, upon becoming the Owner of said Unit, be a member of the WILLOW CREEK CONDOMINIUM, PHASE II, OWNERS ASSOCIATION, hereinafter referred to as the Association, and shall remain a member of said Association until such time as his membership in said Association shall automatically cease. The membership shall be limited to Unit Owners as defined in this Declaration.

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 WILLOW CREEK, PHASE II.
- 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 areas.

Voting

On all matters, unless excluded by this Declaration, to be decided by the Association, each Unit shall be entitled to one vote. An owner of a condominium unit, upon becoming an Owner, shall be a member of the Association and remain a member for the period of his Unit Ownership. Except as otherwise provided in the Unit Ownership Act, this Declaration or the Bylaws, a majority of the aggregate interest 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.

Failure to Comply

Each 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 owner, or in the proper case, by an aggrieved owner.

Payment of Assessments

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 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 owner thereof. No owner may exempt himself from liability for this contribution toward the common expenses and the limited expenses by waiver of the use of enjoyment of any of the general common elements or limited common elements or by abandonment of his 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. 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 rate of 15% per annum on the amount of the assessment from the due date thereof, together with all expenses, including attorney fees incurred, together with such 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.

Levying Assessments - When Made - Purposes

The Association of Unit Owners 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 Montana Unit Ownership Act.

e.) Common expenses and profits, if any, of the condominiums shall be distributed among and charged to, the Unit Owners according to the percentage of undivided interest of each in the common elements.

f.) In a voluntary conveyance of a Unit, the Grantee of the Unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. However, any such Grantee 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.) At the time the Association holds its first meeting, a reserve account shall 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. If the Declarant still holds title to one or more Units, he shall pay the amount assessed against each Unit so owned.

VI.

DECLARANT'S RIGHT TO CHANGE

Until 75% of the units have been built and sold, Declarant reserves the right to establish easements, reservations, exceptions and exclusions consistent with the condominium ownership project and the site plan and floor plans filed herewith.

Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the Articles of Incorporation or By-Laws of the Association, Declarant reserves the right to exercise the rights, duties and functions of the Board of Directors of the Association until 75% of the condominium units have been sold. During such period of development and sale, 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 his 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 such existing Units, and during such period, Declarant shall pay the real estate taxes and assessments on that part of the land described in Exhibit "A" which remains undeveloped but on which condominium units will be subsequently constructed.

AMENDMENT

Amendment of this Declaration shall be made in the following manner:

At any regular or special meeting of the Association of Unit Owners, such amendment may be proposed as a resolution by any Unit Owner, the Board or Manager. Upon adoption of the resolution by a majority vote of those present, 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 percentage vote of all the Unit Owners. 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.

Notwithstanding the procedure set forth above, the Declarant may amend this Declaration, or any other project document, prior to any sale or lease of a Unit or interest thereof.

VIII.

CHANGES, REPAIRS AND LIENSAlterations by Unit Owners 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. 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 Paragraph VII above, such amendment must further set forth and contain plans for the Units concerned showing the Units after the change in boundaries, which 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 required by the Unit Ownership Act. Such an amendment shall be signed and acknowledged by the owners of the Units concerned, 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 Units concerned.

Maintenance by Unit Owners

Each owner shall maintain and keep in repair the interior of his own Unit, including the fixtures thereof. All fixtures and equipment installed in the Unit, commencing at a point where the utilities enter the Unit, shall be maintained and kept in repair by the owner thereof. 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 his 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.

Exterior Alterations

No Owner may change, alter or remodel the exterior of his Unit without the prior written approval of the Association.

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, his agent, his 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 from and against all liability 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.

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, a first trust indenture, or contract for deed, 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 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.

Bidding at Foreclosure

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 and vote the votes appurtenant to, convey or otherwise deal with the same. Any lienholder holding a lien on a the 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 his encumbrance without the necessity of having to file a notice or claim of such lien.

IX.

INSURANCEPurchase

All insurance policies upon WILLOW CREEK, PHASE II 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.

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, but subject to such deductible clauses as are required in order to obtain coverage at reasonable costs. Such coverage shall afford protection against:

- (1) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and
- (2) 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.
- (3) Errors or Omissions Insurance for the Directors, Officers and Managers if the Association so desires, in amounts to be determined by the Board.

The policies shall state whether air handling or 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.

b.) **Public Liability:** In such amounts and with such coverage as shall be required by the Board of Directors of the Association, including, but not limited to, hired automobile and non-owned automobile coverage, if applicable, and with cross-liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner.

c.) **Other Insurance:** Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable and as may be required by the Federal and State laws.

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.

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 his 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.

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.) Miscellaneous: 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.

Association as Agent

The Association is irrevocably appointed agent for each Unit Owner and for each Owner of a mortgage or other lien upon a Unit and for each Owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

Benefit to Mortgagees

Certain provisions in this paragraph entitled "Insurance" 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.

Reconstruction

A. Repair After Casualty

If any part of the condominium property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

1.) 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.

2.) Greater Damage - If a Unit or Units are found by the Board of Directors to be not tenantable after the casualty, the damaged property shall be reconstructed or rebuilt.

3.) 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 for specifications and the original improvements, or if not, then according to plans and specifications approved by the Board of Directors and by more than seventy-five percent (75%) of the Unit Owners, including the Owners of all Units the plans for which are to be altered. 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 Paragraph VII hereinabove.

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 Article.

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 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.

X.

REMOVAL OR PARTITION - SUBDIVISION

WILLOW CREEK, PHASE II may only be removed from condominium ownership, and may only be partitioned or sold, 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 any of the foregoing is not required by the Unit Ownership Act, then approval shall be required from at least seventy-five percent (75%) of the Owners. Upon obtaining such approval, the Board shall be empowered to implement and carry out the plan of removal, partition, or sale.
- c.) No Unit may be divided or subdivided into a smaller Unit, nor any portion thereof sold or otherwise transferred, except as provided above.
- d.) This section shall not apply to the sale of individual Units and shall not be considered as a right of first refusal.
- e.) The common elements of WILLOW CREEK, PHASE II shall not be abandoned, partitioned, subdivided, encumbered, sold or transferred without compliance with all of the above requirements.

XI.

REMEDIES

All remedies provided in this Declaration and Bylaws shall not be exclusive of any other remedies which may now be, or are hereafter, available to the parties hereto as provided for by law.

XII.

SEVERABILITY

The provisions hereof 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 hereof.

XIII.

INTERPRETATION

The provisions of the Declaration and of the By-Laws to be promulgated and recorded herewith, shall be liberally construed to effectuate the purpose of the Declaration and By-Laws and to create a building or buildings subject to and under the provisions of the Unit Ownership Act.

XIV.

MISCELLANEOUS

Utility Easements

In addition to the easements provided for herein, 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 WILLOW CREEK, PHASE II adequately. However, such easements through the property or Units shall be only according to the plans and specifications for the Unit building, as set forth in the recorded plat, or as the building is constructed, unless approved in writing by the Unit Owner.

Right of Access

The Association shall have the irrevocable right, to be exercised by the Manager or Board of Directors, 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.

Damage to the interior or any part of the 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.

Expenditures

No single expenditure or debt in excess of \$1,000.00 may be made or incurred by the Association or Manager without the prior approval of seventy-five percent (75%) of the Unit Owners, according to their percentile interest.

Benefit

Except as otherwise provided herein, 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, successors and assigns of each.

EXHIBIT "A"

Lots 10, 11, 12, and 13 of Kellerton Subdivision to the 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 of Gallatin County, Montana.

Service of Process

The name and address of the person to receive service of process for WILLOW CREEK, PHASE II until another designation is filed of record shall be:

Ken LeClair
2421 Highland Blvd.
Bozeman, Montana 59715

Warranties

The Declarant expressly makes no warranties or representations concerning the property, the Units, the Declaration, Bylaws, or deeds of conveyance except as specifically set forth therein, and no one may rely upon such warranty or representation not so specifically expressed therein. Estimates of common expenses are deemed accurate, but no warranty or guarantee is made or is intended, nor may one be relied upon.

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

WILLOW CREEK CONDOMINIUM, A JOINT VENTURE

BY: Ken LeClair

BY: Winifred Steele
Winifred Steele

STATE OF MONTANA)
County of Gallatin) :ss

On this 3rd day of February, 1993, before me, a Notary Public in and for the State of Montana, personally appeared KEN LECLAIR and WINIFRED STEELE, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

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



Robert [Signature]
Notary Public for the State of Montana
Residing at: Bozeman Montana
My commission expires: 11-12-94

FILM 129PACI2934

BYLAWS OF THE ASSOCIATION OF UNIT OWNERS
OF
WILLOW CREEK CONDOMINIUM, PHASE II

INDEX

PURPOSE AND APPLICATION	1
MEMBERSHIP	1
OBLIGATIONS	1
MEETING AND VOTING	1
VOTING INTEREST	2
BOARD OF DIRECTORS	2
OFFICERS OF THE BOARD OF DIRECTORS	3
POWERS AND DUTIES OF THE BOARD OF DIRECTORS	3
VACANCIES AND REMOVAL	4
COMPENSATION	5
MANAGERS	5
AMENDMENT OF BYLAWS	6
ASSESSMENTS	6
THE DECLARATION	6

BYLAWS OF THE ASSOCIATION OF UNIT OWNERS

OF

WILLOW CREEK CONDOMINIUM, PHASE II

I.

PURPOSE AND APPLICATION

These Articles are and shall be the Bylaws of the Association of Unit Owners of the WILLOW CREEK CONDOMINIUM, PHASE II. These Bylaws shall, upon being recorded with the Clerk and Recorder of Gallatin County, State of Montana, govern and control the administration of the WILLOW CREEK CONDOMINIUM, PHASE II. 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 WILLOW CREEK CONDOMINIUM, PHASE II signifies that the Owner accepts, ratifies and agrees to comply with these Bylaws.

II.

MEMBERSHIP

Persons owning a Unit in the WILLOW CREEK CONDOMINIUM, PHASE II 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 of Unit Owners ("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 owner of liability for obligations incurred while a member of the Association; further, membership in the Association does not in any way negate or impair any owner's legal remedies, right to bring legal action, or 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.

III.

OBLIGATIONS

Each Unit Owner shall be obligated to comply with these Bylaws, the Declaration, and the laws of the City of Bozeman, the County of Gallatin, and the State of Montana. Such obligations shall include, but not be limited to, the paying of assessments levied by the Association, and the adherence to the protective covenants which are a part of the Declaration. Failure of any owner to abide by these Bylaws, and all rules made pursuant thereto, the Declaration, and the laws of the City of Bozeman, the County of Gallatin, and the State of Montana, shall be grounds for appropriate legal action by the Association of Unit Owners or by an aggrieved Unit Owner against such noncomplying owner.

IV.

MEETING AND VOTING

There shall be a regular meeting of the Association annually on the first Monday in September of each year, commencing in the year the WILLOW CREEK CONDOMINIUM, PHASE II regime 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 Chairman of the Association, by the Board of Directors, a signed request of the Manager, or a petition signed by fifty percent (50%) of the Unit Owners. 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 more than fifty percent (50%) of the aggregate interest present agree otherwise.

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 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 aggregate interest of the WILLOW CREEK CONDOMINIUM, PHASE II. At any time, during any meeting that quorum is not present, such meeting shall be adjourned forthwith.

V.

VOTING INTEREST

Each Unit Owner at Association meetings shall have an equal 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, State of Montana.

Each Unit Owner shall thus have an equal voting interest on all matters affecting the general business of the WILLOW CREEK CONDOMINIUM, PHASE II, on all matters affecting the common elements, assessments for the common elements, and on all matters upon which the Association has agreed to have voting on the general common elements' interests. Voting upon matters affecting limited common elements and assessments for limited expenses shall be only by owners having a unit or interest in units located in the building affected.

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 the laws of the State of Montana direct otherwise.

VI.

BOARD OF DIRECTORS

The governance of the WILLOW CREEK CONDOMINIUM, PHASE II shall be by a Board of three Directors, elected among the Unit Owners. Such Board shall have all powers and responsibilities attendant to the general administration and control of the condominium. Additionally, the Board shall have the authority necessary to carry into effect the powers and duties specified by these Bylaws.

VII.

OFFICERS OF THE BOARD OF DIRECTORS

The Association shall elect from its membership a Board of Directors which shall consist of a Chairman, Vice-Chairman, and Secretary/Treasurer, who shall all serve for a term of one (1) year. The manner of election of the Board of Directors shall be as follows:

At the first and all subsequent annual meetings of the Association, nominations for positions on the Board shall be accepted from any of the Unit Owners present. Voting will be noncumulative, with each Association member having a vote 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 consisting of three (3) persons, as listed below, shall serve until the first annual meeting of the Association, at which time a new Board shall be elected.

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, Bylaws, and protective covenants of the WILLOW CREEK CONDOMINIUM, PHASE II 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 must be approved by seventy-five percent (75%) of the unit owners at any regular or special meeting of the Association.
- E. To provide for the management of the WILLOW CREEK CONDOMINIUM, PHASE II 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 the State of Montana, 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 the Manager for the routine conduct of condominium business, however, 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.
- N. To defend in the name of the Association any and all lawsuits wherein the WILLOW CREEK CONDOMINIUM, PHASE II 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 WILLOW CREEK CONDOMINIUM, PHASE II, 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. 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 WILLOW CREEK CONDOMINIUM, PHASE II.
- R. To make repairs, alterations, additions, and improvements to the general common and limited common elements consistent with managing the condominium in a first class manner and in the best interest of the Unit Owners.
- S. To arrange, keep, maintain and renew the insurance for the Association as set forth in the Declaration.
- T. To carry out the duties and responsibilities of the Board in all other matters as may be authorized, needed or required by the Declaration.

X.

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 aggregate interests in the WILLOW CREEK CONDOMINIUM, PHASE II. 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.

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 Managers who are hired by the Board of Directors.

XI.

MANAGERS

The Manager shall be appointed and/or 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 at the discretion of the Board of Directors, 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 his assigned representative. All functions and duties herein provided for the Manager may be performed by the Board, or the Chairman, 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 to the Board each calendar year, a budget, which 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 December 15 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 by a Certified Public Accountant, and a copy of the report shall be furnished to each member no later than March 1st of each year for which the audit 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.

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 a vote of over seventy-five percent (75%) of the aggregate interest in the condominium, the amendment shall be declared adopted. The Secretary shall as soon as practicable after adoption, prepare a copy of these Bylaws as amended for certification by the Chairman 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.

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 the State of Montana, shall be fixed by the Board of Directors. Notice of each owner's assessments shall be mailed to said owner at his address of record.

XIV.

THE DECLARATION

The undersigned has filed, along with these Bylaws, a Declaration whereby the properties known as the WILLOW CREEK CONDOMINIUM, PHASE II are submitted subject to Title 70, Chapter 23, M.C.A. The Declaration shall govern the acts, powers, duties and responsibilities of the Association of Unit Owners, 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 these Bylaws and the Declaration, each Unit Owner has the right to membership in the Association of Unit Owners and any Unit Owner may be on the Board of Directors of the WILLOW CREEK CONDOMINIUM, PHASE II.

The WILLOW CREEK CONDOMINIUM, PHASE II Association of Unit Owners and its Board of Directors shall have the primary and final authority on all matters solely affecting the condominium area, subject to the laws, rules and regulations of the City of Bozeman, the County of Gallatin, and the State of Montana.

IN WITNESS WHEREOF, the undersigned, as the owner of record of all of the condominium units and 100% of the voting interests of the WILLOW CREEK CONDOMINIUM, PHASE II as of the date hereof, 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:

Ken LeClair
Winifred Steele

And, the undersigned and the said Board hereby declare and affirm the adoption of the foregoing Bylaws on the 3rd day of February, 1993.

Ken LeClair

Winifred Steele

STATE OF MONTANA)
: ss.
County of Gallatin)

On this 3rd day of February, 1993, before me, a Notary Public for the State of Montana, personally appeared KEN LECLAIR and WINNEFRED STEELE, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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



[Signature]
Notary Public for the State of Montana
Residing at: Bozeman Montana
My commission expires: 11-12-94

258780



State of Mont., County of Gallatin, ss Filed for record FEBRUARY 3, 19 93
at 10:16 A.M., and recorded in Book 129 of MISCELLANEOUS page 2912
Shelley M. Cheney Recorder. By Camie Brancamp Deputy

FEE: \$186.00
RT: AMERICAN LAND TITLE CO