

After recording return to:
Human Resources Development Council
of District IX, Inc.
32 South Tracy Ave.
Bozeman, MT 59715-4659

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Eric Semerad - Gallatin County, MT MISC

Declaration of Covenant

This Declaration is made this 16 day of August, 2019 by Human Resources Development Council Of District IX, Inc., a Montana corporation with address of 32 South Tracy Ave., Bozeman MT 59715 ("Declarant"), as owner of the following property the real property described in **Exhibit A**, which is incorporate herein

WHEREAS, Declarant intends to develop, sell and convey the above-described real property, hereinafter referred to as "Willow Springs "; and,

WHEREAS, Declarant desires to subject all of said real property, together with the lots contained therein, to the covenants, conditions, restrictions and reservations herein set forth and referred to as "Covenants";

NOW, THEREFORE, Declarant does hereby establish, dedicate, declare, publish and impose upon the property the following Protective and Restrictive Covenants, which shall run with the land, and shall be binding upon and be for the benefit of all persons claiming such property, their grantors, legal representatives, heirs, successors and assigns, and shall be for the purpose of maintaining a uniform and stable value, character, architectural design, use, and development of the Property. Such Covenants shall apply to the entire Property, and all improvements placed or erected thereon, unless otherwise specifically excepted herein. The Covenants shall inure to and pass with each and every parcel, tract, lot or division. Said Covenants follows:

DEFINITIONS

Section 1. The term "Association" shall mean the Willow Springs Owners' Association, its successors and assigns. The Association may be incorporated as a Montana non-profit corporation, with its members as the lot lessees pursuant to the Leased Land Interest as defined in the Ground Lease, more particularly described in Article V, Section 4 below ("Ground Lease").

Section 2. The term "member" shall mean any home owner or lot lessee. Each member, owner, or lessee agrees to abide and be bound by these Covenants, the Articles of Incorporation, the Bylaws and the Resolutions of the Association, if any.

Section 3. The terms "owner" and/or "lot lessee" shall mean any person or entity owning a fee simple interest in a townhome as defined in the Ground Lease, a contract purchaser, or a holder of a Land Lease Interest as defined in the Ground Lease, whether one or more persons or entities, owning a home or leasing a lot, but excluding those having a mortgage or an interest merely as security for the performance of an obligation; provided, however, that prior to the first conveyance of a home for value, the term "owner" shall mean "Declarant" or its successors or assigns. The term "person" hereinafter shall include any person, persons or entities.

Section 4. The term "contract purchaser" shall mean a person buying a home pursuant to a contract for deed, Montana Trust Indenture or mortgage.

Section 5. The term "units" shall mean all of the **townhome** units declared pursuant to the Montana Unit Ownership Act within the Property.

Section 6. The term "Directors" shall mean the Board of Directors of the Association, and shall, after the term of appointment set forth in the Bylaws, consist of three lot lessees who shall be elected at the annual meeting by a simple majority of the members of the Association. The Board of Directors shall be elected for a term set by a simple majority of the membership, but not less than one year. Any vacancy in the Board of Directors occurring before the next annual meeting of the members shall be filled by the remaining Directors.

The Directors shall have the authority to act on behalf of the Association and its members as shall be reasonably necessary to carry out the purposes of the Association and enforce these Covenants. The Directors shall act by majority vote. The officers of the Association shall follow the directions of the majority vote of the Directors.

Section 7. The term "open space" means that area set designated on the final plat as future open space for the use of the property owners.

Section 8. The term "home" shall mean the residential housing units, together with the common elements interest, as defined in the Ground Lease.

Section 9. The term "lot" shall mean the solid material of the earth, whether soil, rock, or other substance and shall be separate from the improvements thereon as set forth in the definition of "Land" in the Ground Lease.

Section 10. For the purposes of these covenants, "common areas and facilities" include:

1. Public and/or private parkland;
2. Boulevard strips in public rights-of-way along internal and external subdivision streets and adjacent to parks and/or open space;
3. Common open space;
5. Pathways;

6. Lighting;
7. Stormwater facilities, and
8. Irrigation facilities installed in common areas.

Section 11. Other definitions may be found throughout these covenants and those definitions are binding upon all owners and lot lessees. Any term not specifically defined shall be deemed to have a common and ordinary meaning.

ARTICLE II OWNERS' ASSOCIATION

Section 1. In accordance with City of Bozeman minimum requirements for contents of subdivision covenants (38.220.310.B.1) an association is hereby established and known as "Willow Springs Owners' Association" hereinafter referred to as the "Association." Said Association may be incorporated under a different name as may be approved by the Montana Secretary of State.

Section 2. Every owner or contract purchaser of a home shall be a member of the Willow Springs Owners' Association. Membership shall be appurtenant to and may not be separate from the ownership of any home. Each owner shall be responsible for advising the Association of their acquisition of ownership, of their mailing address, and of any changes of ownership or mailing address. The initial address of the Association shall be 32 South Tracy Avenue, Bozeman MT 59715. The address of the Association may be changed by the Board of Directors upon notice to the owners.

Section 3. For the purpose of determining membership, at any meeting a person or entity shall be deemed to be a member upon the recording of a duly executed deed to that owner, or upon the recording of a Notice of Purchaser's Interest or an Abstract of Contract for Deed showing a contract purchase by an owner. The legal title retained by the vendor selling under contract shall not qualify such vendor for membership.

Foreclosure of a mortgage, trust indenture or the termination or foreclosure of a contract for deed wherein title is vested in the mortgage, beneficiary or original seller on a contract, or repossession for any reason of a lot or unit sold under a contract shall terminate the vendee's membership, whereupon all rights to such membership shall vest in the legal owner.

Section 4. The annual meeting of the Association shall occur on the date set forth in the Bylaws and in all events the first annual meeting shall be held within the 12 month period after the sale of the first tract of record from the Declarant to a bona fide purchaser.

Any special meetings may be called by the President, or in the absence of the President, by the Vice-President. In addition, a special meeting shall be held upon call of fifty percent (50%) of the owners. Special meetings shall require seven (7) days' notice, in writing. Notice of annual and special meetings shall be mailed to owners at the address for each owner as provided pursuant to Section 2 of this Article. The presence of members representing 50% of the total votes of the membership shall constitute a quorum. Proxy votes are allowed so long as the proxy is provided to the Association not less than twenty-four (24) hours prior to the meeting, is signed by the lot lessee(s), is dated and clearly identified the party or person entitled to exercise the vote.

At the annual meeting, the members shall review and approve a budget for the next year, shall elect Directors to fill any expired term or vacant position, and shall conduct such other business as shall be reasonable or necessary to carry out the purpose of the Association. The members shall have the authority to set the number of Directors, which number shall not be less than three nor

More than seven. The presence of members representing 30% of the total votes of the membership shall constitute a quorum.

The membership shall vote on the matters presented to them in the following manner: each lot/tract or parcel shall have one (1) vote regardless of the number of members or owners of said lot/tract or parcel.

Passage of any motions shall require a simple majority of the members present.

Section 5. The annual meeting of the Board of Directors shall be held immediately after the annual meeting of the members. At the annual meeting, the Directors shall elect a President, Vice-President and Secretary-Treasurer for the Association from among the Directors, except that the Secretary-Treasurer may be a member who is not a Director.

Section 6. The Board of Directors shall serve for a term to be set by a simple majority of the membership, which shall not be for less than one year. Each director shall serve until replaced by his or her successor. Any vacancy on the Board of Directors occurring before the next annual meeting of the members shall be filled by the remaining directors.

Section 7. The Board of Directors shall have the power and responsibility of acting on behalf of the Association and its members as shall be reasonably necessary to carry out the purposes of the Association, including but not limited to take such actions as shall be necessary or reasonable to care for, protect and maintain the common open space and boundary fences, to enforce these Covenants; to collect assessments; to set annual and/or special meetings; and to act in any other matters set forth herein or which may serve the development, including the formation of special improvement districts, either public or private, for such improvements as the Association shall approve.

The Directors shall act by simple majority vote.

Section 8. The duties of each of the offices shall be as follows:

A. President. The President shall preside over all meetings of the Association. He or she shall call the membership together whenever necessary. The President shall be the general administrative and executive officer of the Association, and shall perform such duties as may be specified, and exercise such powers as may be delegated to the office of President by the Board of Directors.

B. Vice-President. The Vice-President shall exercise the powers of the President in the absence of the President.

C. Secretary-Treasurer. The Secretary shall give notice of all meetings of the Association, and shall keep a record of the proceedings of the meetings of the Association. The

Secretary shall be authorized to sign on behalf of the Association, all records, documents and instruments when such are authorized to be signed by the Association.

The Treasurer shall keep and maintain adequate and correct accounts of the accounts, properties, and business of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains and losses of the Association. The Treasurer shall prepare and report such periodic accountings as shall be required by the Association.

Section 9. A vacancy in any office of the Association shall be filled by appointment by the Board of Directors until the next annual meeting or the successor is duly appointed or elected.

Section 10. In accordance with City of Bozeman minimum requirements for contents of subdivision covenants (38.220.310.B.8) the permission of the City Commission is required before the Association can be dissolved or boundaries altered.

ARTICLE III ANNUAL AND SPECIAL ASSESSMENTS

Section 1. Assessments.

Each owner, whether or not it shall be so expressed in any deed or contract, is deemed to have agreed to these Covenants, and to pay to the Association:

- (1) Annual assessments or charges; and,
- (2) Special assessments for capital improvements and reserve assessments, such assessments to be established and collected as hereinafter provided; and
- (3) Fines as may be established by the Board of Directors and enforcement by levying and filing a lien against the townhome unit.

The annual, special and reserve assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the townhome unit, and shall be a continuing lien upon the unit against which each such assessment is made. Each assessment, together with the interest, costs and reasonable attorney's fees, shall be the personal obligation of the owner of such unit at the time when the assessments are due.

Section 2. Purpose of Assessments.

The assessments levied by the Association shall be used to promote the recreation, health, safety, convenience and welfare of the owners, for the improvement, roads, parking maintenance and snow removal, storm water detention basin, drainage/infiltration facilities, sewer and water services for the Association, site lighting maintenance and repair, site lighting electrical bills and costs, repair and operation costs, open space repair and maintenance, taxes assessed against areas for parking and open space and for any other purposes, expressed or implied, in these Covenants.

Section 3. Amount and Approval of Assessments.

The maximum annual assessment per lot or unit which may be made by the Association in every calendar year shall not substantially exceed the projected and budgeted actual and reasonable costs to be incurred by the Association during the coming year in carrying out the purposes herein set forth, and may include a reasonable reserve for contingencies. The amount of the annual assessments shall be fixed by the Board of Directors of the Association in the following manner:

At each annual meeting of the members of the Association, the Directors shall present a proposed budget of the estimated expenses for the Association for the coming year to the members for review, discussion, amendment, comment and approval. The members shall approve or amend the proposed budget by a majority vote of the members present or voting by proxy. After the annual meeting, the Board of Directors shall set the amount of the assessments and the date(s) due for the coming year to cover the budget approved in the manner herein set forth.

Section 4. Special Assessments for Capital Improvements and Reserve Assessments.

In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or other capital improvements on the properties and open space, including fixtures and personal property related thereto, provided that any such assessment shall have the approval of thirty percent (30%) or more of all of the votes of the members who are present at a meeting duly called for that purpose. Special assessments may be levied to be paid over one or more years.

The Association may levy reserve assessments for the replacement and upkeep of the improvements enjoyed by the Association members. Reserve assessments need not be levied against all lots during any budget cycle provided that any such assessment shall have the approval of thirty percent (30%) or more of all of the votes of the members being assessed, who are present at a meeting duly called for that purpose.

Section 5. Rate of Assessment.

Annual assessments shall be fixed by the Directors at a uniform rate. Assessments may be collected on a monthly, quarterly or annual basis, or any other regular basis as shall be determined by the Board of Directors of the Association. Special assessments shall be fixed at the same rate for each lot affected by the special assessments.

Section 6. Date of Commencement of Annual Assessments: Due Dates.

Except as herein provided, the annual and special assessments provided for herein shall be due on the date determined by the Board of Directors. The Board of Directors shall fix the amount of the annual assessments against each lot at least thirty (30) days in advance of the due date of each annual assessment, and at least ninety (90) days in advance of a special assessment and reserve

assessments. Written notice of the annual and special assessments shall be mailed or personally delivered to every member subject thereto, at their last known mailing address.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the owners obligated to pay the same or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the open space or by abandonment of their lot.

Upon delivery of the notice of assessment to the owner, the assessment shall be a lien upon the owner's lot until paid. The Association may record a notice of the lien with the Clerk and Recorder of Gallatin County, Montana. In the event of non-payment within thirty (30) days after the recording of the notice of lien, the Association may foreclose the lien in the manner set forth under Montana law for the foreclosure of liens against real property. The Association is entitled to collect during an action for delinquent assessments any and all reasonable attorney's fees and costs accrued prior to and in association with the collection of delinquent assessments.

Section 8. Sale or Transfer of a Lot or Unit.

The sale, transfer or encumbrance of any lot shall not affect the assessment lien if recorded in the records of Gallatin County, Montana, or the personal liability of the owner responsible for the assessment. No sale or transfer to a third party with actual or constructive knowledge of an assessment shall relieve such new owner from the liability for any outstanding assessments, or from any assessments thereafter becoming due, or from the recorded lien thereof. A person or entity purchasing a lot shall be responsible for checking with the Association for any outstanding assessments against said lot before the closing upon the purchase.

Section 9. Assessment as Lien

A portion of the assessments levied by the Board of Directors of the Association shall become a lien on the lots within the Property in the event the taxes become delinquent.

Section 10. Means of Receiving and Processing Complaints

In accordance with City of Bozeman minimum requirements for contents of subdivision covenants (38.220.310.B.3) the Association shall provide a means of hearing grievances of owners and to respond appropriately thereto. The HRDC, District IX will provide management for the Land Trust Property and administration of the Association. As such, the HRDC will establish and hold meetings at regularly scheduled times, hold such meetings open to all owners or their agents, and provide a mechanism for members to file complaints.

**ARTICLE IV
ASSOCIATION OBLIGATIONS**

All Common Areas, as depicted on the final plat shall be reserved in perpetuity as Common Areas. Each Owner shall have the right to use and enjoy the common areas and facilities, if any. The Association shall be fully responsible for all liability insurance, taxes, assessments and maintenance of all Common Areas and facilities. The Association shall assess each Lot Owner their proportionate share of these expenses, based upon the formula set forth herein for all other assessments.

Section 1. The Association shall be responsible for the operation, maintenance and repair of:

improvements,

roads/streets,

parking including snow removal,

storm water detention basin,

drainage/infiltration facilities,

sewer and water services for the Association controlled areas,

site lighting maintenance and repair,

site lighting electrical bills and costs,

all stormwater management facilities including the underground stormwater infiltration chambers and stormwater detention/retention basins,

open space repair and hardscape and landscape maintenance,

taxes assessed against areas for parking and open space, and
for any other purposes, expressed or implied, in these Covenants.

Section 2. Control of Noxious Weeds

The control of Noxious Weeds by the Association on those areas for which the Association is responsible and the control of Noxious Weeds by individual owners on their respective lots shall be as required by the Montana Noxious Weed Control Act (§ 7-22-2101, MCA through § 7-22-2153, MCA as amended) and the rules, regulations and management Plans of the Gallatin County Weed District. Both unimproved and improved lots shall be managed for Noxious Weeds. In the event a Landowner does not control the Noxious Weeds after 10 days' notice from the Association, the Association may cause the Noxious Weeds to be controlled. The cost and expense associated with such weed management shall be assessed to the lot and such assessment may become a lien

if not paid within thirty (30) days of the mailing of such assessment. The Association is responsible for control of state and county declared Noxious Weeds in the subdivisions parks, open spaces, community areas, trails, and roadways. Nothing herein shall require or obligate the Gallatin County Weed District to undertake any management or enforcement on behalf of the Association or Landowners that is not otherwise required by law of the Gallatin County Weed District Management Plan

Section 3. Insurance of the Board of Directors

The Association shall be responsible for liability insurance in an amount to be determined by the Board of Directors of the Association.

Section 4. Transfer of Ownership from Declarant to Association

Ownership and control of common areas shall transfer to the Association when 95% of the townhome units have sold or when Declarant transfers the ownership of the same, whichever occurs first. The Association shall be responsible for acquiring and maintaining appropriate liability insurance on the same.

**ARTICLE V
PROPERTY USE AND RESTRICTIONS**

Section 1. Allowed Uses

The subdivision property is currently zoned R-3. Zoning may be subject to period change by the City of Bozeman. Zoning should be verified by review of the current zoning map and regulations. All uses, permitted and conditional are allowed to be developed on each lot or tract within the Willow Springs shall comply with the zoning designation together with permitted and conditionally permit uses authorizes uses; any limiting, directing or prohibiting covenants and the Design Guidelines. Whenever these covenants and the zoning conflict, the more restrictive shall prevail and be enforced.

No alteration of the soils, construction, destruction and change may be made to any portion of any lot or tract without approval from the Willow Springs Architectural Review Committee (“ARC”) in compliance with these covenants, the Design Guidelines and the City of Bozeman.

Uses may be changed, altered, amended, reduced or eliminated by Declarant during the first twenty (20) years after recordation of these covenants.

Section 2. Affordable Housing Plan

All property within Willow Springs is subject to and encumbered by the City of Bozeman approved permanent affordable housing plan, which is attached hereto and incorporated herein as **Exhibit B**. This affordable housing plan subjects all property within Willow Springs to permanent restrictions as set forth in Exhibit B.

Section 3. Design Standards, Setbacks, and Additional Covenants

Lots within Willow Springs are subject to specific design standards, unique building setbacks from property lines and additional covenants to manage impacts to the adjacent wetlands. These standards may be found in Willow Springs Preliminary PUD 17-546, Final PUD 19-194 and Plat 19-229. Owners are advised that these are specific to Willow Springs and are in place of the general development standards of the City of Bozeman Zoning. If any development standard of the City of Bozeman is not included in the Willow Springs Preliminary PUD 17-546, Final PUD 19-194 and Plat 19-229, then the City of Bozeman general development standards apply. Modification of the special standards required by this section requires submittal and approval of a modification to the Hoover Way Planned Unit Development by the City of Bozeman. Modification is strongly discouraged. It is the obligation of the Owner to be fully informed as to these standards before beginning any home or site design process. Approval by the Willow Springs design and architectural review committee does not bind the City of Bozeman to approve construction plans.

Section 4. Ground Lease

In order to preserve the subdivision's permanent affordable housing designation, all property within Willow Springs shall be subject to a ground lease. Owners shall acquire title to improvements only and will receive a leasehold interest in the underlying lot, which lot shall remain titled in the name of the Human Resources Development Council of District IX, Inc.,

Section 5. Ownership of all common open space areas and trails, and responsibility of maintenance thereof and for city assessments levied on the common open space lands shall be that of the Willow Springs Property Owners Association. Maintenance responsibility shall include, in addition to the common open space and trails, all vegetative ground cover, boulevard trees and irrigation systems in the public right-of-way boulevard strips along all external perimeter development streets and as adjacent to public parks or other common open space areas. All areas within the subdivision that are designated herein as common open space including trails are for the use and enjoyment by residents of the development and the general public. The property owners' association shall be responsible for levying annual assessments to provide for the maintenance, repair and upkeep of all common open space areas and trails.

Section 6. The subdivision is in a known area of high groundwater. No crawlspaces or basements may be constructed. Sump pumps are not allowed to be connected to the sanitary sewer system or the drainage system. Sump pumps may not be discharged onto streets or into curb and gutter.

Section 7. Building finished floor grades must be at a higher finished grade calculated by a minimum of 2% slope above the adjacent curb and gutter to allow drainage and avoid placement of spoil materials onto adjacent lots as homes are constructed. Lots may not be constructed at significantly higher grade than the adjacent lots, which subsequently creates a drainage issue from one lot to another.

**ARTICLE VI
CITY OF BOZEMAN REQUIRED COVENANTS**

Any covenant which is included herein as a condition of preliminary plat approval and required by the City Council may not amended or revoked without the mutual consent of the simple majority of owners in accordance with the amendment procedures in these covenants and the governing body of the City of Bozeman.

Recitals.

The City of Bozeman (“City”) is an intended beneficiary of the Covenants in this section and Covenants required as a condition of preliminary plat and shall be entitled to enforce them as set forth herein. The Covenants in this section and Covenants required as a condition of preliminary plat may not be amended or revoked without the written consent of the City. Any covenant which is included herein as a condition of the preliminary plat approval and required by the City of Bozeman shall not be amended or revoked without the mutual consent of the owners, in accordance with the amendment procedures in the Declaration, and the City Commission.

Section 1. Restrictions on Encumbrance and Resale

Declarant has recorded an Affordable Housing Plan as a condition of preliminary plat. In addition, the City has provided funding assistance to Declarant for the construction of Willow Springs (the “Grant”). Declarant has stated its intention in the Affordable Housing Plan that the Willow Springs land be held in a Community Land Trust (CLT) administered by Declarant. As a condition of the Affordable Housing Plan and the Grant, Declarant agreed to comply with certain resale restrictions with regards to the Willow Springs lots, including subjecting the lots to the Covenants of this section and leasing the homes to purchasers pursuant to the Ground Lease.

A. Ground Lease. Declarant will perform its responsibilities under each Ground Lease and monitor and enforce compliance with the terms of each Ground Lease. Terms of the Ground Lease affecting Landlord’s enforcement rights, resale of lots, or any other provision affecting an interest of the City may not be amended without prior written consent of the City.

B. Stewardship of Land. Declarant will oversee the use of the lots and shall convey the right to use the lots so as to facilitate access to affordable housing by income-qualified people. Declarant will convey rights to use the lots on terms that will preserve affordable access to the lots and the units for future income-qualified residents of the community.

C. Encumbrance of Land. The decision to mortgage or otherwise encumber the lots shall require the approval of Declarant’s Board of Directors. Any such encumbrance shall be subordinated to any ground lease on the lots.

D. Sale of Land. The sale of land does not conform to the purposes of a CLT. Accordingly, the Willow Springs land shall not be sold except in extraordinary circumstances, and then only in accordance with the following guidelines:

- i. Lots may be sold pursuant to a resolution adopted by an affirmative vote of at least two thirds of the entire Board of Directors of Declarant, upon a finding that the location of character of the lot is determined to be such that the charitable purposes of the Declarant are best served by selling the land and applying the proceeds to the support of other activities serving those purposes.
- ii. If any of the lots are to be sold to any person or entity other than a not-for-profit corporation or public agency sharing the purposes of the CLT, any ground lessees on that land shall have the opportunity to exercise a right of first refusal to purchase the land that they have been leasing from the CLT.

E. Ownership of Housing and other Improvements on the Land, and Limitations on Resale.

- i. Preservation of Affordability. It is a purpose of the Declarant to preserve the affordability of housing and other improvements for income-qualified people in the future. Accordingly, the Ground Lease will include, as a condition of the lease, housing on the land may be resold only to the Declarant or to another income-qualified person and only for a price limited by a “resale formula” as described in Section (b) below.
- ii. The Resale Formula. Declarant shall restrict the price that ground lessees may receive when they sell housing and other improvements located on the land that is leased to them by the Declarant, in accordance with the following principles:
 - 1) To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold.
 - 2) To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other income-qualified people at the time of the transfer of ownership.

F. Remedies of City.

- i. If Declarant defaults in the performance of any of its obligations under Article VI, Section 1 of this Declaration or breaches any covenant, agreement or restriction set forth therein, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by City (or for an extended period approved in writing by City, if the default or breach stated in such notice can be corrected, but not within such 60-day period, unless Declarant does not commence such correction or commences such correction within such 60-day period but thereafter does not diligently pursue the same to completion within such extended period), City shall be entitled to apply to any court having jurisdiction of the subject matter for specific performance of this Declaration, for an injunction against any violation of this Declaration, for the appointment of a receiver to take over and operate the lot(s) owned by such party in accordance with the terms of this Declaration, or for such other relief as may be appropriate, it

being acknowledged that the beneficiaries of the obligations of Declarant hereunder cannot be adequately compensated by monetary damages in the event of their default. City or shall be entitled to its reasonable attorneys' fees in any such judicial action in which City shall prevail.

- ii. Each right, power and remedy of City provided for in this Declaration now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by City of any one or more of the rights, powers or remedies provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by City of any or all such other rights, powers or remedies.

G. Equitable Lien. Declarant acknowledges that the City has invested in each lot to provide for their use as to provide affordable housing to income-qualified persons pursuant to these Restrictive Covenants. Accordingly, Declarant acknowledges and agrees that during the term of this Declaration, the City shall have an equitable lien ("City's Equitable Lien") against each lot and that the City shall have all rights and privileges pertaining thereto, should Declarant fail to comply with these Restrictive Covenants following the notice and cure period set forth in Section 1.F. The City's Equitable Lien shall be subordinate to each Ground Lease executed before, during or after the term pursuant hereto and to any Permitted Mortgage (as defined in the Ground Lease) entered into before, during or after the term thereunder. Following any foreclosure of the City's Equitable Lien, each such Ground Lease and Permitted Mortgage shall continue in full force and effect, provided that the City, or its designee, shall be entitled to exercise all landlord remedies authorized under the Ground Lease and the tenant under the Ground Lease shall recognize the City or its designee as landlord under the Ground Lease. At the expiration of the term of this Declaration, the City's Equitable Lien shall automatically terminate and shall be of no further force or effect.

ARTICLE VII ARCHITECTURAL & LANDSCAPE REGULATIONS

Section 1. Architectural and Landscape Design Guidelines and Review Process

All architectural design and landscaping was approved as part of the PUD process. A design Manual was established to deal with and approve any future/ necessary changes, updates, repairs or replacements. Refer to the most current design manual, available through the HRDC, IX for current design application and approval process."

**ARTICLE VIII
TERM AND ENFORCEMENT**

Section 1. The term of the provisions of these Covenants shall be binding for a term of ten (10) years from the date of these Covenants and may be modified, altered or amended during that period by the Declarant or Declarant's successor at Declarant or Declarant's successor's option or upon vote of the owners of eighty percent (80%) of the lots or Unit. After the initial ten (10) year period, the Covenants shall continue amended, revoked or terminated, in writing by the owners of eighty percent (80%) of the Owners of lots or Units.

Section 2. Enforcement of these Covenants shall be by proceedings either at law or in equity against any person or persons violating, or attempting to violate, any Covenant; and the legal proceedings may either be to restrain violation of these Covenants, to recover damages, or both.

Should any lawsuit or other legal proceeding be instituted by the Association or an owner against an owner alleged to have violated one or more of the provisions of these Covenants and should the Association or owner enforcing the provisions of the covenants be wholly or partially successful in such proceedings, the offending owner shall be obligated to pay the costs of such proceeding, including reasonable attorney's fees for all time associated with the action.

Section 3. The failure of Declarant, the Association or an owner, to enforce any Covenant or restriction contained herein shall not be deemed a waiver or in any way prejudice the rights to later enforce that Covenant, or any other Covenant thereafter, or to collect damages for any subsequent breach of Covenants.

The waiver or approval of a variance of a Covenant provision by the Board of Directors, or non-action of the Association or Declarant in the event of a violation of a Covenant by a particular owner or lot, shall not be deemed to delete or waive the Covenant or enforcement thereof as it pertains to other owners or lots.

Section 4. Invalidation of any one of these Covenants by judgment or by Court order shall in no way affect any of the other Covenants or provisions, all of which shall remain in full force and effect.

Section 5. In any conveyance of the above-described real property or of any lot thereon, it shall be sufficient to insert a provision in any deed or conveyance to the effect that the property is subject to protective or restrictive Covenants without setting forth such restrictions and Covenants verbatim or in substance in said deed nor referring to the recording data. All of the above-described real property and lots shall be subject to the restrictions and Covenants set forth herein, whether or not there is a specific reference to the same in a deed or conveyance.

Section 6. A breach of any of the foregoing restrictions or Covenants shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon any lot or portion of the real property or any improvements thereon. However, the Covenants shall be binding upon and shall inure to the benefit of any subsequent owner whose title thereto was acquired by

foreclosure, trustee sale or otherwise.

Section 7. Except for and exclusive of covenants required by the City of Bozeman, after the initial ten (10) year term for these Covenants, the provisions of these Covenants may be changed or amended or additional Covenants added, in whole or in part, by the Association upon approval of eighty percent (80%) of the members of the Owners' Association at a meeting duly noticed and called for this purpose; provided that, the easements for roads, utilities and common areas shall not be changed without the unanimous consent of all of the owners affected by the change.

The President or Vice-President shall execute and record the amendment, change or addition with the Clerk and Recorder of Gallatin County, Montana.

Any change of these Covenants shall be effective upon the filing and recording of such an instrument in the office of the Gallatin County Clerk and Recorder. Any change in these Covenants shall not affect existing structures and uses of the lots or units.

ARTICLE VIII ENFORCEMENT

Section 1. For any violation or threatened violation of the Declarations, Bylaws, Rules or Regulations, or Design Manual, the Board of Directors (on behalf of the Association) or any Owner may bring a legal proceeding for monetary, injunctive, and/or other relief and damages. The prevailing party shall be entitled to an award of all attorney fees (including fees for fees and fees on appeal) and all costs and expenses related to or arising from the issues raised in the proceeding.

- A. Before the Board of Directors may bring a legal action, the Board of Directors shall provide notice of the violation or threatened violation to the Owner.
- B. The notice shall specify the violation and the time period in which the violation must be cured.
- C. The notice shall be served upon the Owner via mail, email, or personal delivery. The notice is deemed served on the date it is personally delivered or emailed, or 3 days after it is mailed, whichever date comes first.
- D. Owner has 10 days after service of the notice to submit a written letter to the Board of Directors setting forth all reasons why the Owner believes a violation has not occurred. The Owner shall attach to the letter all documentary evidence and, if applicable, a list of witnesses in support of the Owner's position.
- E. If the Owner submits a timely response, the Board of Directors shall review the Owner's response and determine whether a violation has occurred. If the Owner fails to timely submit a written letter to the Board of Directors, then the violation will be deemed to have occurred.
- F. If a violation is deemed to have occurred, any action or proceeding authorized by the Declaration, Bylaws, Rules and Regulations, Design

Manual or by law or equity may be taken against the Owner. Such action may include, but is not limited to any or all of the following: suspending voting rights, assessing fines, charging interest, filing a lien, filing a lawsuit, and assessing payment for all attorney fees and all costs and expenses.

- G. Even if a violation is determined or deemed to have occurred, the Board of Directors may make a business judgement decision to not take action or initiate a proceeding against the Owner.

Section 2. The Board of Directors (on behalf of the Association), may also record a lien against any Owner for all unpaid assessments, fees, fines, attorney fees, other costs and expenses, and interest on all outstanding amounts owed at the rate of 12% per annum. Said lien should be a charge on any Townhome owned by the Owner and shall be a continuing lien until all amounts owed are fully paid.

- A. Such lien shall be superior to all other liens and encumbrances, except for tax and special assessment liens placed by a statutory authority, other statutory liens.
- B. Such lien shall attach from the date the notice of the assessment, fee, or fine is first served, the date it first becomes due, or the date the lien is filed, whichever happens first.
- C. The Board of Directors may foreclose the lien against the Lot in the manner set forth under Montana law for the foreclosure of liens against real property, and may also bring an action against the Owner personally obligated to pay all such amounts.

Section 3. Any money due on a **Townhome Unit** or owed by an Owner that remains unpaid at the time the Owner's Townhome is purchased by or transferred to a successive owner, shall also be the personal obligation of any successive owner, regardless of the fact that the amount first became due while the Townhome was owned by a prior owner. Every successive owner has a duty to contact the Association's Board of Directors before taking title to a Townhome to learn if there any unpaid amounts due on the Townhome or against the prior owner.

Section 4. In addition to the remedies outlined in this Article, the Board of Directors (on behalf of the Association) reserves the right to assert and/or pursue any other remedy in which it may be entitled to under the Declaration, these Covenants, the Rules and Regulations, the Design Manual, or at law or in equity.

Section 5. Failure to enforce Covenants. The failure to enforce any provision contained in this Declaration shall not be deemed a waiver or in any way prejudice the rights to later enforce that same provision or any other provision.

Article XIII **Additional Covenants Required by the City**

Section 1. In accordance with Sec. 38.220.310.B.4 of the City of Bozeman Municipal Code, the common areas and facilities, as designated on a final plat or approved PUD site plan, shall be preserved in perpetuity.

IN WITNESS WHEREOF, Declarant has hereunto set its hand as of this 16 day of August, 2019.

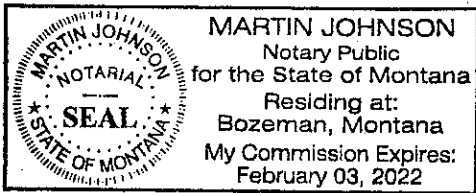
DECLARANT: Human Resources Development Council of District IX, Inc.

By: [Signature]
Its: President / CEO

STATE OF MT)
) : ss.
County of Gallatin)

On this 16 day of August, 2019, before me, the undersigned, a Notary Public of the State of Montana, personally appeared Heather Grenier being the President / CEO of Human Resources Development Council Of District IX, Inc., known to me to be the person that executed the within instrument on behalf of the corporation and acknowledged to me he/she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the day and year first above written.



[Signature]
NOTARY PUBLIC for the State of MT
Printed Name: Martin Johnson
Residing at Bozeman MT
My Commission expires Feb. 03 2022

Exhibit A

Willow Springs Subdivision

Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 35, T 01 S, R 05 E, PMM

City of Bozeman, Gallatin County, Montana

Plat # J-653

After recording return to:
Human Resources Development
Council of District IX, Inc.
32 South Tracy Ave.
Bozeman, MT
59715-4659

2684240

Page: 1 of 2 06/05/2020 02:59:01 PM Fee: \$14.00
Eric Semerad - Gallatin County, MT MISC



**Amendment to Declaration of Covenant for Willow Springs
Subdivision**

Reference is made to the Declaration of Covenant for Willow Springs Subdivision, dated August 16, 2019, and recorded August 19, 2019 as Document No. 2654877, records of Gallatin County Montana, wherein Human Resources Development Corporation, as declarant, set forth a Declaration of Covenant for Willow Springs Subdivision in Gallatin County, Montana.

The Declaration of Covenant for Willow Springs Subdivision are hereby amended as follows:

- 1. Article IV "Association Obligations" Section 1 shall be deleted in its entirety and the following shall be substituted in its place:**

The Association shall be responsible for the operation, maintenance and repair of:

improvements,

non-public roads/streets,

parking including snow removal,

storm water detention basin,

drainage/infiltration facilities,

sewer and water services for the Association controlled areas,

site lighting maintenance and repair,

site lighting electrical bills and costs,

all stormwater management facilities including the underground stormwater infiltration chambers and stormwater detention/retention basins,

open space repair and hardscape and landscape maintenance,

taxes assessed against areas for parking and open space, and for any other purposes, expressed or implied, in these Covenants.

- 2. Correct typo in Section 1 of Definitions from “jot lessees” to “lot lessees”.
- 3. Article VIII “Term and Enforcement” Section 1 shall be deleted in its entirety and the following shall be substituted in its place:

Section 1. The term of the provisions of these Covenants shall be binding for a term of ten (10) years from the date of these Covenants and may be modified, altered or amended during that period by the Declarant or Declarant’s successor at Declarant or Declarant’s successor’s option or upon vote of the owners of eighty percent (75%) of the lots or Unit. After the initial ten (10) year period, the Covenants shall continue amended, revoked or terminated, in writing by the owners of eighty percent (75%) of the Owners of lots or Units.

IN WITNESS WHEREOF, Declarant has hereunto set its hand as of this 4th day of June, 2020.

Declarant: Human Resources Development Council of District IX, Inc.

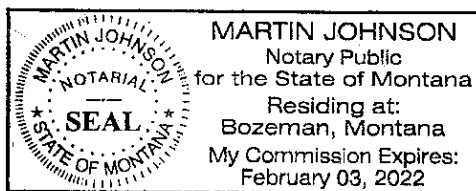
By: [Signature]
 Its: PRESIDENT CEO

STATE OF MONTANA)

:SS

COUNTY OF _____)

This instrument was acknowledged before me on this 4 day of June 2020, by Heather Grenier, authorized representative of the Human Resource Development Council of District IX, Inc.



Notary Public for the State of Montana
 Printed name: Martin Johnson
 Residing at Bozeman, Montana
 My Commission expires: Feb 03 2022

After recording return to:
Human Resources Development
Council of District IX, Inc.
32 South Tracy Ave.
Bozeman, MT
59715-4659

2684621

Page: 1 of 2 06/09/2020 02:56:40 PM Fee: \$14.00
Eric Semerad - Gallatin County, MT MISC



**Amendment to Declaration of Covenant for Willow Springs
Subdivision**

Reference is made to the Declaration of Covenant for Willow Springs Subdivision, dated August 16, 2019, and recorded August 19, 2019 as Document No. 2654877, records of Gallatin County Montana, wherein Human Resources Development Corporation, as declarant, set forth a Declaration of Covenant for Willow Springs Subdivision in Gallatin County, Montana.

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- non-public roads/streets,**
- parking including snow removal,**
- storm water detention basin,**
- drainage/infiltration facilities,**
- sewer and water services for the Association controlled areas,**
- site lighting maintenance and repair,**
- site lighting electrical bills and costs,**
- all stormwater management facilities including the underground stormwater infiltration chambers and stormwater detention/retention basins,**
- open space repair and hardscape and landscape maintenance,**
- taxes assessed against areas for parking and open space, and for any other purposes, expressed or implied, in these Covenants.**

- 2. Correct typo in Section 1 of Definitions from "jot lessees" to "lot lessees".
- 3. Article VIII "Term and Enforcement" Section 1 shall be deleted in its entirety and the following shall be substituted in its place:

Section 1. The term of the provisions of these Covenants shall be binding for a term of ten (10) years from the date of these Covenants and may be modified, altered or amended during that period by the Declarant or Declarant's successor at Declarant or Declarant's successor's option or upon vote of the owners of seventy-five percent (75%) of the lots or Unit. After the initial ten (10) year period, the Covenants shall continue amended, revoked or terminated, in writing by the owners of seventy-five percent (75%) of the Owners of lots or Units.

IN WITNESS WHEREOF, Declarant has hereunto set its hand as of this 9th day of June, 2020.

Declarant: Human Resources Development Council of District IX, Inc.

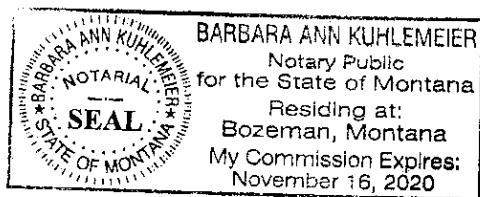
By: [Signature]
 Its: President/CEO

STATE OF MONTANA)

:SS

COUNTY OF _____)

This instrument was acknowledged before me on this 9th day of JUNE 2020, by Heather Grenier, authorized representative of the Human Resource Development Council of District IX, Inc.



Notary Public for the State of Montana
 Printed name: Barbara Ann Kuhlemeier
 Residing at Gallatin County, Montana
 My Commission expires: November 16, 2020
Barbara Ann Kuhlemeier

After recording return to:
HRDC of District IX, Inc.
Attn: Community Development
32 South Tracy Ave.
Bozeman, MT 59715-4659

2684622

Page: 1 of 8 06/09/2020 02:56:40 PM Fee: \$56.00
Eric Semerad - Gallatin County, MT MISC



**BYLAWS OF
WILLOW SPRINGS OWNERS ASSOCIATION**

The following shall prevail throughout these Bylaws in the interpretation thereof unless specific provisions direct otherwise:

ARTICLE I
NAME

WILLOW SPRINGS OWNERS ASSOCIATION is the incorporated organization which is to be governed by and which is empowered to act in accordance with these Bylaws. Hereinafter said corporation shall be referred to as the "Association.

ARTICLE II
ADDRESS

The address of the initial principal office of the Association shall be: 32 South Tracy Ave., Bozeman, Montana 59715, as owner of the following property the real property described as:

Willow Springs Subdivision

Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 35, T 01 S, R 05 E,
PMM City of Bozeman, Gallatin County, Montana
Plat# J-653

ARTICLE III
POWERS

The Association shall have all the powers of a nonprofit corporation enumerated and set forth in Title 35, Chapter 2, M.C.A. The purposes of the Association are those set forth in the Articles of Incorporation.

ARTICLE IV
MEMBERSHIP INTEREST

Every person, group of persons, partnership, corporation, or association who is a fee owner of a Home and a lessee of the Leased Land Interest, both as defined in the Ground Lease more particularly described in Article XIX(3) below, within the boundaries of the area described as

Willow Springs on file and of record in the office of the County Clerk and Recorder of Gallatin County, Montana, shall be a member of the Association. By this provision, each lot, tract and parcel as shown on the plat and amendments thereto shall entitle the lessee of one membership interest in the Association.

Multiple lessees of a single parcel of real property would have collectively one such membership or voting interest. If more than one lot, parcel, or tract is leased, the lessee or lessees thereof would have one membership or voting interest for each separate parcel of real property.

Membership interest shall run with the land so that said interest is an incident to the Leased Land Interest beginning when lease rights are acquired and terminating when such rights are divested. Accordingly, no member shall be expelled, nor shall he be permitted to withdraw or resign while possessing a Leased Land Interest.

ARTICLE V MEETINGS

There shall be an annual meeting of the membership. The annual meeting date shall be set by Resolution adopted by the Board of Directors and the hour and place of such meeting shall be contained in the notice of meetings as hereinafter described. The annual meeting shall be the time for the conduct of any and all legitimate business of the Association, including review and approval of the budget for the next year, election of directors and presentation of reports. Voting at all meetings shall be in the manner prescribed in these Bylaws.

Special meetings may be called at any time upon the initiative of the President, or in the absence of the President, by the Vice-President. In addition, a special meeting shall be held upon owners' call of fifty percent (50%) of the lots. Special meetings shall require seven (7) days notice, in writing. Notice of annual and special meetings shall be mailed to owners at the address for each owner.

The presence of members, in person or by written proxy, representing 60% of the total votes of the membership shall constitute a quorum.

Proxy votes are allowed so long as the proxy is provided to the Association not less than twenty-four (24) hours prior to the meeting, is signed by the lot owner(s), is dated and clearly identified the party or person entitled to exercise the vote.

All meetings both annual and special shall be presided over by the President of the Board of Directors or his appointed representative.

Any meeting may be adjourned by the Board of Directors at their discretion, but any meeting adjourned before all its business is disposed of shall be reconvened within thirty (30) days of such adjournment upon due notice given.

Resolutions as hereinafter described may be introduced by any member at any annual

meeting provided such resolution in written form is presented to the Secretary of the Board no later than ten (10) days prior to the date of such meeting.

Written notice of all meetings, annual and special, shall be mailed to every member of record no later than ten (10) days and not more than fifty (50) days before the date of the meeting. It shall be the duty of each member to advise the Association of his current address. In the absence of such notice, the member's address shall be the address of record with the Gallatin County Assessor's office.

ARTICLE VI **VOTING**

Each membership interest as defined in these Bylaws shall have one (1) vote on all matters to come before the Association meeting. Voting of such interest shall be in the manner provided by the Board of Directors and in these Bylaws. Voting may be in person or by proxy.

ARTICLE VII **RESOLUTIONS**

All matters that are the business and concern of the Association may be presented to the Association and meetings of the Association in the form of resolutions directed to the Board of Directors. Such resolutions as are passed by a simple majority of the said membership interest of record and eligible to vote shall be binding on the Board of Directors. Such binding resolution shall have the effect of compelling the Board of Directors to take positive action in response to the general inclination of the resolution. However, the scope, extent and specific character of all such action shall be within the final discretion of the Board of Directors.

ARTICLE VIII **POWERS AND DUTIES OF BOARD**

The Board of Directors shall have the following powers and duties:

- A. To enter into contracts and agreements as are necessary to affect the business of the Association.
- B. To provide for the construction, installation, acquisition, replacement, operation, maintenance, and repair by the Association of equipment, common open space, hardscape, landscape and other services and functions of the Association. Contracts for such work with third parties which provide for a term or duration in excess of one year must be approved by a majority of the members, which approval may be ratified at the annual or any special meeting of the Association.
- C. To make and establish rules and regulations for the governance of facilities and the performing of such functions, the taking of such action and operating in such areas as are within the jurisdictions of the Association.
- D. To make assessments as described in these Bylaws and the Covenants on file and of record in the office of the County Clerk and Recorder of Gallatin County, Montana.
- E. To take necessary and appropriate action to collect assessments from members,

- including the filing of liens and prosecuting foreclosures as provided in these Bylaws.
- F. To call meetings of the Association, both annual and special, and to preside over such meetings and to give appropriate notice of such meetings as required by these Bylaws.
 - G. To formulate and introduce resolutions at the meetings of the Association.
 - H. To hold meetings of the Board of Directors as are necessary to conduct Association affairs.
 - I. To exercise ultimate decisional power in and on all matters affecting the Association.
 - J. To pay the expenses of the Association, including all taxes or assessments and to contract and pay for such insurance as may be necessary in the best interests of the Association, and to provide for the use and disposition of the insurance proceeds in the event of loss or damage.
 - K. To fill vacancies on the Board by agreement of the two remaining members, should the vacancy not, however, be filled by the Board, it may be filled by an election at an annual or special meeting wherein each membership interest shall have one (1) vote.
 - L. To maintain lists of members.
 - M. To keep records in a good and businesslike manner of all assessments made, all expenditures, and the status of each member's payments of assessment; and to make such records accessible at reasonable times to all members.
 - N. To promote, conserve and preserve the premises.
 - O. To do any and all things necessary to carry into effect these Bylaws and to implement the purposes as stated in the Articles of Incorporation and to do any and all things necessary to require compliance with and enforce the Declaration of Covenants, Conditions and Restrictions which by reference therein are made a part of these Bylaws.
 - P. To deal with agencies, officers, boards, commissions, departments and bureaus or other governmental bodies in a federal, state, county and local basis to carry out the above powers, duties and responsibilities.
 - Q. To establish accounts for operating and/or development funds as set out in the Covenants.

ARTICLE IX
ASSESSMENTS

The Association, acting through the Board of Directors, shall have the power to levy assessments on its members. The assessments levied by the Association shall be used exclusively to promote recreation, health, safety and welfare of the subdivision and for the improvement of the maintenance of the common open spaces, landscape and hardscape maintenance, liability insurance, Association employees' wages, mailing costs and other related expenses incurred on behalf of the Association as further described hereafter.

The assessments shall be levied consistent with the Declaration of Protective Covenants for

Willow Springs.

ARTICLE X
BUDGETS

No more than 30 days before the annual meeting and no less than 15 days before the annual meeting, the Board shall prepare and mail to each member a budget for expenses for the forthcoming calendar year. The Board shall cause a copy of an operating statement to simultaneously be prepared showing income and disbursements for the preceding fiscal year.

ARTICLE XI
QUORUM

Meetings of the Association shall be convened at the time and place contained in the notice of such meeting only if a quorum of the membership interest is present either in person or by proxy. A quorum shall consist of thirty percent (30%) of the total membership interest of the Association qualified and eligible to vote at the time. Any membership interest may be represented by the owner thereof or by his agent who has written authority to so act.

ARTICLE XII
VOTING INTEREST

Whenever any lot, tract or parcel is owned or leased by two or more persons or by an entity, such person or persons or entity must, prior to a meeting where voting may be allowed, among and between themselves determine who is entitled to vote the membership interest and in what manner it shall be voted. If, in the judgment of the Board, a bona fide and irreconcilable dispute arises as to the voting or right to vote a membership interest, such interest may be declared to be a dispute and for the time such interest is in dispute, it shall have no voting rights.

ARTICLE XIII
SECRETARY

The Secretary of the Board of Directors shall maintain a record of all membership interests in the Association. In order to make a determination of membership interest for any purpose stated in these Bylaws or the laws of the State of Montana, the Board may order the record closed for a stated period of time. Notice of assessments and liability for assessments shall be in the name of the registered owner on the membership list at the time assessments are declared by the Board.

ARTICLE XIV
BOARD MEMBERS

The Board of Directors shall be established consistent with the Covenants for Willow Springs.

Until seventy-five percent (75%) of the lots have been sold and title transferred to Owners or ten (10) years after the final plat approval, whichever occurs later, the Declarant reserves the right to

appoint and remove all members of the Board and to exercise the powers and responsibilities otherwise assigned by the Declaration of the Association. By express written declaration, Declarant shall have the option to at any time turn over to the Association the total responsibility for electing and removing members of the Board.

Members of the Board and their officers, assistant officers, agents and employees acting in good faith on behalf of the Association:

(1) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith;

(2) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such;

(3) shall have no personal liability in tort to any Owner or any person or entity, except for their own willful misconduct or bad faith;

(4) shall have no personal liability arising out of the use, misuse or condition of the Property which might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as such.

ARTICLE XV
TERM

The terms of office for Board shall be set by a vote of a simple majority of the membership.

ARTICLE XVI
COMMITTEES

Pursuant to the Title 35, Chapter 2, M.C.A. and subject to the restrictions stated therein the Board may appoint committees to act for the Board and to exercise the authority of the Board on matters referred to them by the Board. Such committees may be dissolved at any time by the Board of Directors.

ARTICLE XVII
INSURANCE

The Board may purchase insurance policies to protect the property of the Association against casualty loss and to protect the Association and the Board members, when acting in their official capacity, from liability. The extent and specific nature of coverage shall be determined by the Board.

ARTICLE XVIII
COVENANTS

No acts by the Association or by the Board of Directors shall be contrary to the Covenants on file with the Clerk and Recorder of Gallatin County, Montana, and amendments thereto. On its own initiative, the Board may take such action as it deems necessary, including the taking of legal action and initiating suit to enforce the Covenants.

ARTICLE XIX
OTHER DOCUMENTS

All property within Willow Springs is subject to additional restrictions in order to preserve its permanent affordable housing designation. Such additional encumbrances are:

- (1) Declaration of Covenants.
- (2) Permanent Affordable Housing Plan. All property within Willow Springs is subject to and encumbered by the City of Bozeman approved permanent affordable housing plan, which is attached hereto and incorporated herein as Exhibit ___. This affordable housing plan subjects all property within Willow Springs to permanent restrictions as set forth in Exhibit ___.
- (3) Ground Lease. All property within Willow Springs shall be subject to a ground lease. Owners shall acquire title to improvements only and will receive a leasehold interest in the underlying real property, which real property shall remain titled in the name of the Willow Springs Property Owners Association.

ARTICLE XX
OFFICERS

The officers shall be appointed consistent with these Bylaws and thereafter elected according to the terms of the Covenants.

ARTICLE XXI
COMPENSATION

Board members shall be reimbursed for any out-of-pocket expenses incurred while acting in their official capacity.

ARTICLE XXII
SEVERABILITY

A determination of invalidity of any one or more of the provisions or conditions hereof by judgment, order, or decree of a court shall not affect in any manner the other provisions hereof, which shall remain in full force and effect.

ARTICLE XXIII
INTERPRETATION AND AMENDMENT

The Board of Directors shall have the power to interpret all the provisions of these Bylaws and such interpretation shall be binding on all persons. These Bylaws may be amended from time to time whenever at least a simple majority of the membership interests shall have voted in favor of such amendment.

Adopted this 9th day of June, 2020.

HRDC, DIST IX, INC.

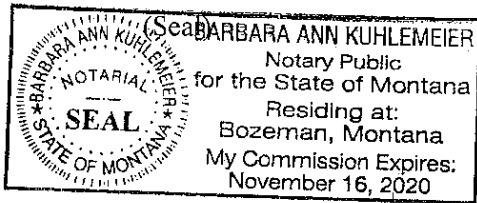
By: [Signature]
Name: Heather Grenier
Title: President/CEO

STATE OF MONTANA)

) SS

COUNTY OF GALLATIN _____)

This instrument was acknowledged before me on June 9th, 2020 by **Heather Grenier**,
President/CEO, HRDC IX, Inc.



Barbara Ann Kuhlemeier

Barbara Ann Kuhlemeier

[Type or Print Name]

Notary Public for the State of Montana

Residing at Gallatin County, MT

My commission expires November 16, 2020