

BYLAWS OF
LION MOUNTAIN SEWER SYSTEM ASSOCIATION, INC

ARTICLE I

NAME AND LOCATION

Section 1. The name of the corporation is **LION MOUNTAIN SEWER SYSTEM ASSOCIATION, INC.** (the "**Association**").

Section 2. The principal office of the Association shall be located in Flathead County, Montana, at such place as may be designated by the Board from time to time.

ARTICLE II

DEFINITIONS

Section 1. "**Declaration**" shall mean and refer to that certain "Declaration of Conditions, Covenants and Restrictions for Lots Served by the Lion Mountain Sewer System Association, Inc." recorded in the office of Clerk and Recorder of Flathead County, Montana as Instrument No. 9334110390, as amended from time to time.

Section 2. "**Owner**" or "**Member**" shall mean and refer to every person or entity holding membership in the Association.

Section 3. "**Board**" or "**Board of Directors**" shall mean the Board of Directors of the Association.

Section 4 "**Articles**" shall mean the Articles of Incorporation of the Association, as amended from time to time.

Section 5. All other capitalized terms shall have the same meaning as set forth in the Declaration unless otherwise defined herein.

ARTICLE III

MEMBERSHIP

Section 1. Membership. As more fully provided in Section 5 of the Declaration, every person or entity who is an Owner of any Lot covered by the Declaration shall be a Member of the Association. Membership is appurtenant to each Lot and upon ceasing to be the Owner of a Lot, such person or entity shall cease to be a Member. There shall be only one Membership per Lot and if a Lot is owned by more than one person, the co-owners shall share such single Membership.

Section 2. Assessments. Each Member shall pay such membership fees, periodic dues and assessments in such amounts and at such times as determined by the Board in accordance with Section 8 of the Declaration.

Section 3. Transfer. No Membership held by any Owner shall be transferred other than as provided in Section 5 of the Declaration.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of three (3) Directors. Each Director shall be an Owner or the principal of an entity that is an Owner.

Section 2. Term. Each Director so elected shall serve for a term of two (2) years.

Section 3. Procedures for Nomination, Election and Removal. Procedures for nominating, electing and removing Directors shall be as follows:

(a) **Election.** All Directors shall be elected at a regular or special meeting of Members at which a quorum is present either in person or by proxy. A Member may nominate one or more persons to stand for election.

(b) **Removal.** Except as otherwise provided herein, a Director may not be removed from office prior to the expiration of that Director's term of office.

(c) **Removal for Cause.** The Board may declare vacant the office

of a Director who has been (1) declared of unsound mind by a final order of Court, (2) convicted of a felony, or (3) found by a final order or judgment of any Court to have breached any duty imposed by law relating to a Director's standard of conduct while in office. A Director may be removed on one of the foregoing grounds by either the vote of a majority of Directors present at a duly constituted meeting or the unanimous written consent of all other Directors without a meeting.

(d) **Removal without Cause.** Any one or more of the Directors may be removed without cause at any duly noticed meeting of Members by the affirmative vote of seventy-five percent (75%) of the voting power of the Members.

Section 4. Vacancies. In the event of death, resignation or removal of a Director, his or her successor shall be selected by the Members in accordance with Section 3(a).

Section 5. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties if and to the extent the other Directors authorize such reimbursement.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held annually at a location in or near Whitefish, Montana, at such time as may be fixed from time to time by resolution of the Board. Notice of the time and place of such regular meetings of the Board shall be communicated to each Director at least five (5) calendar days prior to the meeting.

Section 2. Special Meetings. Special Board meetings may be called by written notice signed by the President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any business proposed to be considered. Except in case of emergency, notice of the time and place of such meeting shall be sent to all Directors at least three (3) days prior to the scheduled date of the meeting. However, notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 3. Open Meetings. Regular and special Board meetings shall be open to all Members. Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by the Board. The Board may adjourn a meeting and reconvene in executive session to consider litigation, matters that relate to the formation of contracts with third parties, or personnel matters. Any matter discussed in executive session shall be generally noted in the Board minutes. In any matter relating to the discipline of a Member, the Board shall meet in executive session attended by the Member involved if so requested by that Member. The general nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4. Action without Meeting and Meetings by Telephone. Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors consent in writing to such action. Such written consent shall be filed with the Board minutes. Such action by written consent shall have the same force and effect as a unanimous vote of Directors. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another.

Section 5. Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business and the acts of the majority of the Directors present at a meeting at which a quorum is present shall constitute the acts of the Board.

Section 6. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of the appropriate notice. Attendance by a Director at any Board meeting shall be a waiver of notice. If all Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

Section 7. Adjournment. A majority of Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to another time and place. If a meeting is adjourned for more than twenty-four (24) hours, notice of adjournment shall be given prior to the time of the adjourned meeting to any Directors who were not present at the time of the adjournment.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers and Duties. The Board shall have the power and duty to:

(a) Enforce any of the provisions of the Declaration, these Bylaws, the Articles, and any Association rules or regulations adopted pursuant to Section 9 of the Declaration;

(b) Pay any real and personal property taxes and other charges assessed against the Common Elements referenced in Section 6 of the Declaration;

(c) Maintain in force such policies of insurance as the Board deems necessary or advisable;

(d) Contract for goods, materials, and/or services for the Common Elements or otherwise in furtherance of the Association's purposes;

(e) Maintain and otherwise manage and keep the Common Elements in reasonable condition and repair in accordance with all requirements of all applicable laws, codes and governmental requirements;

(f) If and to the extent necessary or advisable, adopt Association rules and regulations in accordance with Section 9 of the Declaration;

(g) Levy and enforce the collection of assessments on the Owners in accordance with the provisions of the Declaration; and

(h) Perform any other acts authorized by the Declaration, the Articles, or these By-Laws.

ARTICLE VII

COMMITTEES

Section 1. Appointment. The Board may appoint such committees as it deems appropriate to carry out its purposes.

Section 2. Complaints. It shall be the duty of each committee to receive complaints from Members on any matter involving Association

functions, duties and activities within its field of responsibility.

ARTICLE VIII

MEETINGS OF MEMBERS

Section 1. Regular Meetings. Regular meetings of Members shall be held at least once every two years on a date and at a time determined by the Board. Regular meetings shall be held at a meeting place in or near Whitefish, Montana to be determined by the Board.

Section 2. Special Meetings.

(a) **Persons Authorized to Call.** Special meetings of Members shall be promptly called by the Board upon:

(i) the vote for such a meeting by a majority the Board;
or

(ii) receipt of a written request for a special meeting signed by Members representing at least twenty-five percent (25%) of the total voting power of Members.

(b) **Calling Meetings by Members.** If a special meeting is requested by Members, the request shall specify the general nature of the business proposed to be transacted and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to each Director. The Board shall promptly notify all Members that a meeting will be held, and the place, time and date for such meeting, which date shall be not less than twenty (20) nor more than sixty (60) days following the receipt of the request.

Section 3. Notice of Members' Meetings.

(a) **General Notice Contents.** All notices of meetings of Members shall be sent or otherwise given in accordance with this Section 3 of this Article VIII not less than fifteen (15) nor more than ninety (90) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business in that case may be transacted, or (ii) in the case of the regular meeting, those matters which the Board, at the time of giving the notice, intends to present for action by the Members, but any proper matter may be presented at the meeting for such action. The notice of any meeting at which Directors are to be elected shall include the names, addresses, and

brief biographical sketches (if available) of all those who have then been nominated to stand for election.

(b) **Manner of Giving Notice.** Notice of any meeting of Owners shall be given by first-class mail, charges prepaid, addressed to each Member either at the address of that Owner appearing on the books of the Association or the address given by the Member to the Association for the purposes of notice.

Section 4. Quorum. The presence at a meeting of Members (either in person, by telephone, or via video conferencing or similar arrangements) or proxy entitled to cast at least fifty percent (50%) of the voting power of all Members shall constitute a quorum for any action, except as otherwise provided in the Articles, the Declaration, or these Bylaws. If a quorum is not present in person or by proxy at any such meeting, Members entitled to vote thereat shall have power to adjourn the meeting without notice, other than announcement at the meeting, to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of all Members. If, after adjournment, a time and place are fixed for the adjourned meeting or if for any reason a new date is fixed for the adjourned meeting, notice of the time, place and date of the adjourned meeting shall be given to the Members in the manner prescribed for regular meetings.

Section 5. Unanimous Written Consent of Members. Any action required or permitted to be taken by the Members may be taken without a meeting, if at least seventy-five percent (75%) of all Members shall consent in writing to the action. Such written consent or consents shall be filed with the Secretary of the Association and maintained in the Association's records.

Section 6. Waiver by Attendance. Attendance by a Member at a meeting shall also constitute a waiver of notice of that meeting except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but which were not so included in the notice of the meeting, if that objection is expressly made at the meeting.

Section 7. Proxies. Every Member entitled to vote has the right to do so either in person or by one (1) or more persons authorized by written proxy executed by such Owner and filed with the Secretary

of the Association.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President, a Secretary, a Treasurer and such other officers as may be elected or appointed by the Board in accordance with Section 4 of this Article IX.

Section 2. Election of Officers. The election of officers shall take place at each annual meeting of the Directors.

Section 3. Term. The officers of the Association shall be elected annually by the Board, and each shall hold office for one (1) year unless he shall sooner resign, be removed or otherwise become disqualified to serve.

Section 4. Special Appointments. The Board may elect or appoint such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board from time to time may determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. The Board shall promptly fill a vacancy in any office. The person elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. Any number of offices may be held by the same person.

Section 8. Duties.

(a) **President.** The President shall be the chief executive officer of the Association and shall have, subject to the control of the Board, general supervision, direction, and control of the business and officers of the Association. The President shall

preside at all meetings of the Board. The President also shall have such other powers and duties as may be prescribed by the Board.

(b) **Secretary.** The Secretary shall keep, or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of all meetings and actions of the Board and of the Members, with the time and place of holding, whether regular or special, how authorized, the notice given, and the proceedings thereof. The Secretary shall give, or cause to be given, notice of all the meetings of the Board required by these Bylaws or by law to be given, shall keep the seal of the corporation in safe custody, shall keep appropriate current records showing the Members of the Association and their addresses, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Association. The Treasurer shall cause all moneys and other valuables to be deposited in the name and to the credit of the Association with such depositaries as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board. The Treasurer shall render to the President and Directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Association. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE X

INSPECTION OF BOOKS AND RECORDS

The Association shall make its books and records available to all Members for inspection and copying at the expense of the requesting Member on reasonable prior written request.

ARTICLE XI

AMENDMENTS

These Bylaws may be amended at a regular or special meeting of Members by the vote of Members representing seventy-five percent (75%) or more of the total voting power of the Association.

ARTICLE XII

CONFLICTS BETWEEN MANAGEMENT DOCUMENTS

In the event of any conflict between the Articles and these Bylaws, the Articles shall control. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall control.

The undersigned, being the Secretary of Lion Mountain Sewer System Association, Inc. hereby certifies that these By-Laws were duly adopted on _____, ____.
