

BYLAWS
OF
GRASSY MOUNTAIN RANCH

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BYLAWS
OF
GRASSY MOUNTAIN RANCH

ARTICLE I.

NAME AND LOCATION

The name of the corporation is GRASSY MOUNTAIN RANCH OWNERS' ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in Meagher County, Montana or such other places as the Association shall designate.

ARTICLE II.

DEFINITIONS

1. **Association** shall mean and refer to GRASSY MOUNTAIN RANCH OWNERS' ASSOCIATION, a Montana nonprofit, mutual benefit corporation, its successors and assigns. The Association is a nonprofit corporation formed under the Laws of the State of Montana; is a legal entity and has standing to be a party to an action in any State or Federal Court. The Articles of Incorporation of GRASSY MOUNTAIN RANCH OWNERS' ASSOCIATION, INC. were filed with the Montana Secretary of State and a certificate of incorporation issued on the 16th day of May, 1995.

2. **Board** shall mean and refer to the Board of Directors of the Association.

3. **Common Area** shall include road easements and any property owned by the Association.

4. **Declarant** shall mean and refer to YELLOWSTONE BASIN PROPERTIES, a Montana Corporation, its successors and assigns. The Declarant is also referred to as the "Developer".

5. **Declaration** shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions of Grassy Mountain Ranch. The Declaration is also referred to as the CCRs.

6. **Tract** shall mean and refer to any Tract of real property appearing on filed Final Plats of Grassy Mountain Ranch with the property described on the attached Exhibit A.

7. **Member** Each Tract owner is a member of the Association. Each Tract has one vote.

8. **Mortgage** shall mean and refer to a mortgage, trust indenture, deed of trust or any other security arrangement encumbering a Tract.

9. **Mortgagee** shall mean and refer to the mortgagee under a mortgage, the beneficiary of a deed of trust, contract seller, or beneficiary under a Montana Trust Indenture.

10. **Owner** shall mean and refer to the record owner, including Tracts owned by the Developer, whether one (1) or more persons or entities, of fee simple title to any Tract which is a part of the Property and is subject to this Declaration, including contract purchasers who have a possessory interest pursuant to their contract to purchase, but excluding contract sellers or mortgagees or persons having such interest merely as security for the performance of an obligation.

If the Developer or any Tract owner sells a Tract, the Seller will still be considered Owner of the Tract, until a deed, notice of purchaser's interest, or abstract of contract for deed, containing the address of the new owner, is recorded with the County Clerk & Recorder and a copy of the recorded document delivered to the Association. A Contract Seller or Vendor is jointly and severally responsible along with the Vendee or Purchaser for performance of the CCRs, including the obligation for payment of dues or assessments.

11. **Property** shall mean and refer to Final Plats approved and filed within the property described in the attached Exhibit "A".

12. **Recreational Vehicle.** A vehicle designed for use as a temporary dwelling for travel, recreation and vacation use; provided, that a recreational vehicle occupied on a Tract for longer than sixty days (60) in any one year shall be deemed to be a mobile home.

13. **Residential Use.** The occupying of a dwelling for living purposes.

14. **Signs.** Any man-made structure, object, device, or part thereof, situated out of doors, or prominently visible from outside the building on which it is situated, which identifies, advertises, displays or otherwise attracts attention to either itself or some other object, person, institution, organization, business, product, service, event, activity, location, thing or happening of whatever nature, and by any means, including words, letters, numerals, figures, designs, symbols, fixtures, colors, mottos, illumination, projection, contrast, conspicuous and the like.

15. **Single Family.** One or more persons living together as a single, non-profit, house-keeping unit, as distinguished from a group occupying a hotel, motel, club, fraternity or sorority, commune and the like.

16. **Subdivision.** A division of land, or land so divided, resulting in the creation of two or more tracts of land out of a single, larger tract in order that title to, possession or occupancy of the tract(s) so created may be sold, rented, leased or otherwise conveyed or transferred and shall include any re-subdivision.

17. **Tract.** The term "Tract" or "Lot" shall mean and refer to any plot of land which is or has been made subject to these Bylaws or other Declarations which require the Tract Owner to be a member of the Association and is shown as a separate lot or tract upon any recorded Final Plat of any portion of the property described in the attached Exhibit "A".

18. **Turn-over date.** The "turn-over date" is the date that the Developer (YBP) turns over the Owners' Association to the Owners. The turn-over date is whenever 80% of the Property described in the attached Exhibit "A" is sold or whenever all improvements, including roads, are completed, whichever is later.

ARTICLE III.

MEETINGS OF MEMBERS AND MEMBERSHIP RIGHTS

1. **Annual Meetings.** The Developer will appoint all directors of the Association until the turn-over date. The "turn-over date" is the date that the Developer (YBP) turns over the Owners' Association to the Owners. Subsequent regular annual meetings of the Members shall be held on the date determined by the Board. Such meeting shall be held at the time determined by the Board. Annual meetings of Members shall be held within the Properties or at such other location in Montana as designated by the Board of Directors, as may designated in the notice of meeting.

2. **Special Meetings.** Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by the president or by a majority of a quorum of the Board, or by the written request of five percent (5%) or more of the voting power of the Members.

3. **Notice of Meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting by mailing a copy of such notice by first class, postage prepaid, at least ten (10) but not more than fifty (50) days before such meeting to each Member entitled to vote at the meeting of Members, addressed

to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and those matters which the Board at the time of the mailing of the notice intends to present for action by the Members.

4. **Quorum.** A Quorum shall constitute the Members of the Association present at a meeting in person or represented by Proxy.

5. **Proxies.** Each Member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or the Member's duly authorized agent and filed with the secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution. The transfer of title to any Tract shall void any outstanding proxy pertaining to the voting rights of the membership appurtenant to that Tract. Any such form of proxy or written ballot shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except that a candidate for election to the Board need not be named in a proxy or written ballot. The proxy or written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

6. **One vote per Tract.** Each Tract, as evidenced by a COS or Plat recorded with the Clerk and Recorder of Meagher or Broadwater County, shall have one vote even though the Tract is owned by more than one person. Multiple owners of a Tract shall designate the person to vote in person or by proxy.

7. **Presumption of Notice.** A recitation in the minutes of any membership meeting that notice of such meeting had been properly given shall be prima facie evidence that such notice was given.

8. **Parliamentary Procedures.** Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt.

ARTICLE IV.

SELECTION AND TERM OF OFFICE OF DIRECTORS

Until the turn-over date, the Developer will appoint the Directors of the Association. Following the turn-over date, the

following provisions will apply to the election, selection and organization of the Board of Directors.

1. **Number.** The affairs of the Association shall be managed by a Board of Directors initially consisting of three (3) directors. The Board of Directors, by a majority vote, have the right to increase the number of directors to five (5).

After the turn-over date the Owner of Tract 1 (Dude Ranch) may appoint one director to the Board of Directors.

After the turn-over date and prior to the Developer's Enforcement Responsibility Date, the Developer will appoint one of the three directors to the Board of Directors. The Developer's Enforcement Responsibility Date is the date on which the Board of Meagher County Commissioners allows the sole responsibility for the CCRs to pass to the Association from the Developer under the provisions set forth in the CCRs and the conditions of approval of the Grassy Mountain Ranch Subdivision on file in the office of the Clerk and Recorder of Meagher County, Montana.

After the turn-over date the Owners will elect all members of the Board not appointed by the Developer or the Owner of Tract 1.

2. **Term of Office.** If more than one director is elected by the Owners, their terms will be staggered to expire on different years. All directors shall hold office until successors are elected and qualified.

3. **Removal.** Except for the Board members appointed by the Developer and the Owner of Tract 1 (Dude Ranch), the entire Board may be removed from the Board, with or without cause, by a majority vote of the Members. Subject to Section 2 of Article V, unless the entire Board is so removed, an individual director shall not be removed if the number of votes against the resolution for his removal or not consenting in writing to his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected. In the event of death or resignation of an elected director, his successor shall be selected by the remaining members of the Board and the person selected shall serve for the unexpired term of the predecessor director.

4. **Compensation.** Directors will not be paid for their services as director. This provision does not prevent a director from being a paid employee or paid independent contractor of the Association. Directors may, in the sole discretion of the Board

of Directors, be reimbursed for their out of pocket expenses in performing their duties as directors.

5. **Indemnity.** The Association shall indemnify any present or former director or officer of the Association to the fullest extent authorized under Montana law, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding if the director or officer gives the Association a sufficient undertaking to repay the Association such amount expended on the director's or officer's behalf. If it is ultimately determined that such person was lawfully entitled to be indemnified under this provision the undertaking shall be returned and the director or officer is not required to repay the funds advanced by the Association.

6. **Limitation of Director Liability.** Pursuant to Section 35-2-213(2)(e), M.C.A., the directors of the Association are not personally liable to the Corporation or its members for monetary damages for breach of a directors's duties to the corporation and its members, except:

a) For a breach of a director's duty of loyalty to the Corporation or its members;

b) For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

c) For a transaction from which a director derived an improper personal benefit; or,

d) Under Sections 35-2-418 (conflict of interest), 35-2-435 (no loans nor guarantees to directors or officers) or 35-2-436 (liability for unlawful distributions), M.C.A.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

1. **Nomination.** Nomination for election to the Board may be made by the Nomination Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall be appointed by the President of the Association. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion determine, but not fewer than the number of vacancies that are to be filled.

2. **Election.** Election to the Board shall be by secret written ballot. Any Member shall have the right to cumulate his or her votes (subject only to any procedural requirements of Montana laws) and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he or she is entitled, or to distribute his or her

votes on the same principle among as many candidates as he or she shall think fit. Any Member wishing to cumulate his or her votes shall have give notice of such intent at the meeting prior to the voting. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

ARTICLE VI.

MEETINGS OF DIRECTORS

1. **Regular Meetings.** Regular meetings of the Board shall be held monthly unless the Board determines by its resolution to hold less frequent meetings. Regular Board meetings shall be held at least quarterly. Board meetings shall be held at such place and hour within the Properties or as such other place as may be fixed from time to time by resolution of the Board. However, Board meetings may be held by telephone. Notice of all such meetings shall be communicated to the directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to the holding of the meeting.

2. **Special Meetings.** Special meetings of the Board shall be held when called by the president of the Association, or by any two (2) directors, other than the president, after the notice is given to each director as stated below.

Written notice of the time and place of special meetings and the nature of any special business to be considered shall be delivered personally to the directors or sent to each director by letter mailed first class, or by telegram, charges prepaid, or by facsimile, addressed to the director at the address shown upon the records of the Association or, if the address is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at least four (4) days prior to the time of the holding of the meeting. In case such notice is delivered personally, it shall be delivered at least seventy-two (72) hours prior to the time of the holding of the meeting. Such mailing, telegraphing, facsimile or delivery as above provided shall constitute personal lawful notice to such director. Notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

3. **Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

4. **Attendance.** Regular and special meetings of the Board shall be open to all Members; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other matters of business of a similar nature. Only members of the Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall first be announced in open session.

5. **Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting to be held after regular call and notice if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

6. **Notice of Adjournment.** Notice of any adjournment of any directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

7. **Action Without Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action to be taken or actually taken by the Board shall be given to the Members of the Association within three (3) days after all written consents have been obtained. Said explanation shall be given in the same manner as provided in Section 1 of this Article for the giving of notice of regular meetings of the Board. Failure to give such notice shall not render the action to be taken or actually taken invalid.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board shall have the power to:

- a) adopt and publish rules and regulations to promote and facilitate the purposes of the Association, including the enforcement of the CCRs.
- b) perform all lawful functions of the Association.

ARTICLE VIII.

OFFICERS AND THEIR DUTIES

1. **Enumeration of Officers.** The officers of this Association shall be a president and vice president, who shall at all times be members of the Board, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create. Except for the president and vice-president, officers of the Association are not required to be members of the Board.

2. **Election of Officers.** The election of officers shall be by the Board of Directors and the nomination and election shall take place at the first meeting of the Board following each annual meeting of the Members.

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

4. **Special Appointments.** The Board may elect 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 may from time to time determine.

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.

6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

7. **Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

8. **Duties.** The duties of the officers are as follows:

President

(a) The president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board; shall be ex-officio a member of all standing committees, including the Architectural Committee and executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by the Bylaws.

Vice President

(b) The vice president shall act in the place and stead of the president in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board. The vice president shall have such other duties as from time to time may be prescribed for him or her by the Board or by the Bylaws.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association, if any, and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; keep proper books of account; at the request of the Board or as may otherwise be required by these Bylaws, cause an annual review of the Association's books to be made by a certified public accountant at the completion of each fiscal year; and shall

prepare an annual budget and a statement of income and expenditures as required by these Bylaws.

9. **Signing Checks, Etc.** All checks, notes, leases and legal documents of the Association shall be signed by at least two persons who hold offices of this Association, and one such person must be the president or the vice president. The Board may designate a professional property management person or company to pay the Association's operating expenses from a trust account established pursuant to resolution of the Board of Directors.

10. **Compensation.** No officer of the Association shall receive compensation for his services performed in the conduct of the business of the Association. However, any officer may, in the sole discretion of the Board, be reimbursed for his actual expenses incurred in the performance of their duties.

ARTICLE IX.

COMMITTEES

The Board shall appoint an Architectural Review Committee (ARC), as provided in the CCRs. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes and obligations.

a) Until the Turn-over Date the Developer will appoint the members of the ARC. After the Turn-over date and prior to the Enforcement Responsibility Date the Developer is entitled to appoint a person to the ARC.

b) The Owner of Tract 1 (Dude Ranch) is entitled to appoint a person to the ARC.

ARTICLE X.

BOOKS AND RECORDS

The books, minutes of meetings of Members and of the Board and committees, records, membership register (including mailing addresses and telephone numbers), and papers of the Association shall during reasonable business hours be subject to inspection by any Member or by his or her duly appointed representative, and by a Mortgagee holding mortgage encumbering a Tract. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost. The Board shall establish reasonable rules with respect to:

- a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- b) Hours and days of the week when such an inspection may be made;
- c) Payment of the costs of reproducing copies of documents requested by a Member.

Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records, documents and Common Area of Association.

ARTICLE XI.

ASSESSMENTS

As more fully provided in the CCRs, each Owner of a Tract is obligated to pay to the Association annual dues and special assessments set by the Board of Directors which are the personal obligation of the Owner of record at the time the dues or assessments are due and also secured by a continuing lien upon the property against which the assessment is made.

ARTICLE XII.

CORPORATE SEAL

A formal corporate seal may be used, but it is not required.

ARTICLE XIII.

AMENDMENTS

- a) The Bylaws may be amended by a majority vote of the Directors.
- b) All amendments to the Bylaws must be approved by the Board of County Commissioners of Meagher County.
- c) Amendments to these Bylaws may not change the purposes and intent of the CCRs or abrogate the duties and obligations of the Association.
- * d) No amendment of these Bylaws may change or increase the obligations or rights of Yellowstone Basin Properties, Inc. or Tract 1 ("Dude Ranch") without its express written consent, as the case may be.

ARTICLE XIV.

BUDGET AND DUES

1. The Board of Directors shall prepare, at least annually, the following financial reports on a timely basis:

a) Statement of Income and Expenses for the Association.

b) Balance Sheet, showing all assets and liabilities.

c) Budget for each year. The budget must show expected income to the Association and expected expenses necessary to fulfill the duties and obligations of the Association. A copy of each annual budget of the Association must be submitted to the Meagher Board of County Commissioners. The Budget must be adequate to meet the obligations of the Association.

2. Dues and Assessments

a) Income from the Property must be used before the dues of Members are used or increased.

b) The Association must charge dues to Owners to meet the duties and obligations of the Association. Any such dues or charges are a personal obligation of the Tract Owner. Each Tract Owner must pay dues to the Association. The Association may file a lien against the Owner's Tract for any dues or charges that are delinquent. Until the "turn-over date", the Developer is exempt from paying dues on Tracts still owned by the Developer. Following the "turn-over date", the Developer will pay dues on all Tracts owned by Developer.

c) The initial dues of the Association shall be \$100.00 per Tract per annum and shall remain \$100 per annum until the turn-over date. Each owner will owe dues on the next fiscal year following the closing of the purchase of their Tract. Annual dues to the Association are due on or before the annual meeting of the members of the Association. All dues paid by Owners shall be held in a reserve account until the turn-over date. The Developer will pay all costs of the Association prior to the turn-over date, including road improvements and road maintenance. The Developer may retain the income from the Property, including grazing fees, until the turn-over date.

d) On the turn-over date the Developer has agreed with Meagher County that there shall be \$25,000.00 in the Association, including the grazing lease money paid in the year of the turn-over.

THESE BY-LAWS WERE ADOPTED BY THE BOARD OF DIRECTORS ON THE 24
DAY OF JULY, 1998.

[Signature]
Board Member

[Signature]
Board Member

[Signature]
Board Member

AMENDMENT TO BYLAWS OF
GRASSY MOUNTAIN RANCH OWNERS' ASSOCIATION, INC.
a Montana Nonprofit Corporation

Pursuant to the ARTICLE XIII, "AMENDMENTS", which reads in part:

". . .

- a) The Bylaws may be amended by a majority vote of the Directors.
- b) All amendments to the Bylaws must be approved by the Board of County Commissioners of Meagher County.
- c) Amendments to these Bylaws may not change the purposes and intent of the CCRs or abrogate the duties and obligations of the Association.

. . ."

the Directors have the power to amend the Bylaws. Therefore, the following amendments have been made:

Article VII. Powers and Duties of the Board of Directors, shall be amended to read as follows:

The Board shall have the power to

- a) adopt and publish rules and regulations to promote and facilitate the purposes of the Association, including the enforcement of the CCRs.
- b) perform all lawful functions of the Association.
- c) following the "turn-over" date the Board of Directors has an obligation to provide an annual budget for the Association which budget shall include road maintenance and a weed control program satisfactory to Meagher and Broadwater Counties.

ARTICLE XIII. AMENDMENTS, paragraph b) shall be amended to read as follows:

- b) All amendments to the Bylaws must be approved by the Board of County Commissioners of Meagher County and the Board of County Commissioners of Broadwater County.

IN WITNESS WHEREOF, the undersigned, consisting of all the Directors of Grassy Mountain Ranch, have adopted and executed these Amended Bylaws effective the ____ day of _____, 1997.

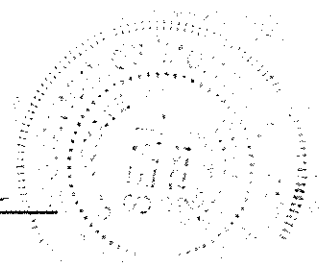
Amendment to Bylaws

Grassy Mountain Ranch

39-743

Patrick Rondeau
Patrick Rondeau, Director

Bonnie Noble
Bonnie Noble, Director



The above Amendment is hereby approved by the Board of County Commissioners of Meagher County, Montana.

Chairman

STATE OF MONTANA
COUNTY OF BROADWATER

J ss.

I, _____, do hereby certify that the within
instrument was presented in my office on
the 19th day of Mar. a.d.
1978 at the hour of 2 o'clock
P.M. of the day of _____ 742 of
book 39 of Micro
Records of Broadwater County, State
of Montana.

Elaine Browley
County Clerk and Recorder
By Chris Youmans
Deputy

Fee \$ 12.00

Amendment of Laws

Grassy Mountain Ranch

AMENDMENT TO BYLAWS
OF
GRASSY MOUNTAIN RANCH OWNERS' ASSOCIATION, INC.,
a Montana Nonprofit Corporation

WHEREAS, the Bylaws of the Grassy Mountain Ranch Owners' Association provide, in Article XIII thereof, that such Bylaws may be amended by a majority vote of the Board of Directors of the Association, upon the approval of the County Commissioners of Meagher County and Broadwater County, Montana, and

WHEREAS, the Board of Directors of the Association has adopted, by majority vote, the following amendment;

NOW, THEREFORE, the Bylaws of the Grassy Mountain Ranch Owners' Association are amended as follows:

1. Section 2 of ARTICLE IV is amended to read, in full, as follows:

"2. Qualifications and Term of Office. Each elected director must be a Tract Owner as defined in Article II. No more than one person in any single family may serve as a director at one time, regardless of the number of tracts owned by any member or members of a single family.

If more than one director is elected by the Owners, their terms will be staggered to expire on different years. All directors shall hold office until their successors are elected and qualified."

2. No other portion of the Bylaws of the Grassy Mountain Ranch Owners' Association shall be affected by this Amendment.

CERTIFICATE OF AMENDMENT OF BYLAWS

I, Margaret A. Rousseau, secretary of Grassy Mountain Ranch Owners' Association, Inc., incorporated under the laws of the State of Montana, hereby certify the foregoing is a full, true and correct copy of the amendment to the bylaws of this corporation duly and regularly adopted at a meeting of the board of directors of the corporation, which meeting was duly and regularly called and held in all respects as required by law at the principal office of the corporation, on the 10 day of January, 2004, at which meeting a majority of the directors of the corporation were present, in person or by proxy, and voted in favor of such bylaws.

Margaret A. Rousseau

In witness whereof, I have set my hand as such secretary and affixed the seal of the corporation on this 10 day of January, 2004.

(SEAL)

Margaret A. Rouman Secretary

CERTIFICATE OF APPROVAL - MEAGHER COUNTY

The undersigned certifies that the foregoing Amendment to the Bylaws of Grassy Mountain Ranch Owners' Association was approved by the County Commissioners of Meagher County, Montana, the 18th day of May, 2004.

By Herbert J. Lounsbury

CERTIFICATE OF APPROVAL - BROADWATER COUNTY

The undersigned certifies that the foregoing Amendment to the Bylaws of Grassy Mountain Ranch Owners' Association was approved by the County Commissioners of Broadwater County, Montana, the 24 day of May, 2004.

By James C. Hohn