

11
40

BYLAWS

of

PONDEROSA HEIGHTS HOMEOWNERS ASSOCIATION, INC.

A Montana Non-Profit Corporation

ARTICLE I

NAME, LOCATION, APPLICABILITY

SECTION 1. Name. The name of the corporation is Ponderosa Heights Homeowners Association, Inc. Ponderosa Heights Homeowners Association, Inc. has been formed pursuant to the Montana Non-profit Corporation Act (Mont. Code Ann. §§ 35-2-113 – 35-2-1402) as a non-profit mutual benefit corporation.

SECTION 2. Offices.

- A. **Principal Offices.** The principal office of Ponderosa Heights Homeowners Association will be located at 620 Addison, Missoula, Montana 59801. Ponderosa Heights Homeowners Association, Inc.'s most current Annual Report, filed with the Montana Secretary of State, shall identify the location of the principal office. Any change in the location of the principal office shall be adopted by a resolution of the Board, noted in the meeting minutes, and a statement of change shall be filed with the Montana Secretary of State as required by the Montana Nonprofit Corporation Act. The mailing address for Ponderosa Heights Homeowners Association, Inc. is P.O. Box 3851, Missoula, Montana 59806.
- B. **Registered Office.** The registered office of the corporation may be, but need not be, identical with the principal office in the State of Montana and the address of the registered office may be changed from time to time by the Board of Directors.

SECTION 3. Application. These Bylaws are applicable to the development of real property described as Ponderosa Heights Major Subdivision (“the Property”). These Bylaws are also applicable to all Members of Ponderosa Heights Homeowners Association, Inc., and all Members, tenants, employees, and other persons who use the facilities of the Property in any manner.

ARTICLE II
OWNERS

SECTION 1. Membership. Every person or entity who owns an interest in the real estate described in the Articles of Incorporation shall be a member (“Owner”) of Ponderosa Heights Homeowners Association, Inc. Ownership of interest in the real estate shall be the sole qualification for membership in Ponderosa Heights Homeowners Association, Inc. Each Owner shall have the rights, duties and obligations set forth in the Restrictions, the Articles, the Bylaws, and any rules adopted by the Board of Directors in accordance with the Restrictions and the Bylaws. Each Owner shall be entitled to one vote on any business which shall lawfully come before the Owners. Such Owners shall also be eligible to hold office in Ponderosa Heights Homeowners Association, Inc. and shall be eligible for such benefits as the Board of Directors from time to time shall determine.

SECTION 2. Annual Meeting. The annual meeting of the Owners shall be held on the 1st day of February in each year for the transaction of such business as may come before the meeting. The business of such meeting will be the election of certain Board directors and officers pursuant to Article III, Section 3 and Article IV, Section 1, together with any such other business as shall lawfully come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Montana, such meeting shall be held on the next succeeding business day.

SECTION 3. Special Meetings. Special meetings of the Owners for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, the Board of Directors, or not less than one half of all the Owners of Ponderosa Heights Homeowners Association, Inc. entitled to vote at the meeting. The members of Ponderosa Heights Homeowners Association, Inc. reserve the right to add additional property to the Articles of Incorporation and to the Bylaws.

SECTION 4. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Montana, as a place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of Ponderosa Heights Homeowners Association, Inc. in the State of Montana, but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the Owners represented thereat.

SECTION 5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than fifty (50) days before the day of the meeting, either personally or by mail, by or at the direction of the President or the Secretary, or the persons calling the meeting, to each Owner entitled to

vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Owner at his address as it appears on the records of Ponderosa Heights Homeowners Association, Inc., with postage thereon prepaid.

SECTION 6. Quorum. Ten percent (10%) of Ownership votes entitled to be cast must be represented at a meeting of the Owners to constitute a quorum on that matter.

SECTION 7. Manner of Acting. At any meeting at which a quorum is present, the vote of a majority of the Owners represented in person shall decide any question brought before such meeting unless the question is one upon which, by expressed provisions of law or the Articles of Incorporation or these Bylaws a different vote is required, in which case such expressed provisions shall govern and control the decision of such question.

SECTION 8. Proxies. At all meetings of Owners, a Owner entitled to vote may vote by proxy appointed in writing by the Owner or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of Ponderosa Heights Homeowners Association, Inc. before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 9. Informal Action by Owners. Any action required by the Articles of Incorporation or Bylaws of Ponderosa Heights Homeowners Association, Inc., or any provision of law, to be taken at a meeting, or any other action which may be taken at a meeting, may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by a majority of the Owners entitled to vote with respect to the subject matter thereof.

SECTION 10. Removal. A Owner may be removed from office by the affirmative vote of a majority of the directors for any reason deemed sufficient by such majority.

SECTION 11. Fees. Monthly Association fees, if any, shall be paid by each Owner in an amount to be determined by the Board of Directors, and as further set forth in the Declaration of Unit Ownership for Ponderosa Heights Homeowners Association, Inc.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. Annual Meeting. The annual meeting of the Board of Directors shall be held on the 1st day of February in each year, following the annual shareholders

meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Montana, such meeting shall be held on the next succeeding business day.

SECTION 2. General Powers. The affairs of Ponderosa Heights Homeowners Association, Inc. shall be managed by its Board of Directors, except as otherwise provided by law or by the Articles of Incorporation. Where inconsistent, the Articles of Incorporation shall control.

SECTION 3. Number, Tenure and Qualifications. The initial number of directors for Ponderosa Heights Homeowners Association, Inc. shall be three (3). Each director shall hold office until the next annual meeting of the Owners, and until his successors shall have been duly elected and qualified.

SECTION 4. Regular Meetings. A regular meeting of the Board of Directors shall be held at a place designated by the Board of Directors, either within or without the State of Montana, at the time and date above specified. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Montana, for the holding of additional regular meetings without notice other than such resolution.

SECTION 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The President may fix any place, either within or without the State of Montana, as a place for holding any special meeting of the Board of Directors called by him. Any such meeting otherwise called shall be held at the principal office of Ponderosa Heights Homeowners Association, Inc. unless all directors consent that it be held at some other place.

SECTION 6. Notice of Special Meeting. Written notice stating the place, day, and hour of a special meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five (5) days no more than fifty (50) days before the date of meeting, either personally or by mail, by or at the discretion of the President, or the Secretary, or the persons calling the meeting, to each director entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Owner at his address as it appears on the records of Ponderosa Heights Homeowners Association, Inc., with postage thereon prepaid. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the sole purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7. Conduct of Meetings. The President shall call all meetings of the Board of Directors to order and shall act as Chairman of the meeting. The Secretary of Ponderosa Heights Homeowners Association, Inc. shall act as the Secretary of all meetings with the Board of Directors, but in the absence of the Secretary, the presiding

officer may appoint any Assistant Secretary or any director or other person present to act as Secretary of the meeting.

SECTION 8. Quorum. A majority of the number of directors fixed by Section 3 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 9. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by Montana Corporation Law, the Articles of Incorporation, or Bylaws of Ponderosa Heights Homeowners Association, Inc.

SECTION 10. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled until the next succeeding annual election by the affirmative vote of the majority of the directors then in office although less than a quorum.

SECTION 11. Reimbursements. Owners of the Board of Directors may, upon approval of the majority of the Board, be paid the necessary expenses, if any, of attendance at each meeting of the Board or any committee thereof.

SECTION 12. Presumption of Assent. A director of Ponderosa Heights Homeowners Association, Inc. who is present at a meeting of the Board of Directors, or a committee thereof, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof or shall forward such dissent by certified mail to the Secretary of Ponderosa Heights Homeowners Association, Inc. immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 13. Committees. The Board of Directors may, by resolution, create any committee so long as no committee of directors shall be empowered to act in lieu of the entire Board of Directors with respect to the election of officers or the filling of vacancies in the Board of Directors.

SECTION 14. Removal. A director may be removed from office by the affirmative vote of a majority of the Owners entitled to vote, for any reason deemed sufficient by such majority.

SECTION 15. Informal Action by Directors. Any action required by the Articles of Incorporation or By-Laws of Ponderosa Heights Homeowners Association, Inc., or any provision of law, to be taken at a meeting, or any other action which may be taken at a meeting, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all directors entitled to vote with respect to the subject matter thereof such consent showing the same force and effect as a unanimous vote.

ARTICLE IV

OFFICERS

SECTION 1. Number. The principal officers of Ponderosa Heights Homeowners Association, Inc. shall be the President, Vice-President and Secretary/Treasurer. All officers shall be elected at the annual meeting of Board of Directors. In the event that there shall be a vacancy in an office, such vacancy may be filled by a person who receives a majority vote of the Board of Directors. Unless defined herein, the duty of such officers shall be as from time to time defined by the Board of Directors.

SECTION 2. Election and Term of Office.

- A. Initially there shall be three offices for Ponderosa Heights Homeowners Association, Inc.. The term for officers for the three offices will expire at the first annual Board of Directors' meeting after their election. At each annual Board of Directors' meeting thereafter, officers shall be chosen for a term of two (2) years, to succeed those whose term expires.
- B. If the election of officers shall not be held at the annual meeting, such election shall be held as soon thereafter by mail vote as conveniently may be. Each officer shall hold office until his successors shall be duly elected or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.
- C. Officers are eligible for re-election.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in their judgment, the best interests of Ponderosa Heights Homeowners Association, Inc. will be served. Election or appointment shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the principal executive officer of Ponderosa Heights Homeowners Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of Ponderosa Heights Homeowners Association, Inc. He or she shall, when present, preside at all meetings of the Owners and of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of Ponderosa Heights Homeowners Association, Inc. thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of Ponderosa Heights Homeowners Association, Inc., or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President, and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 7. Secretary/Treasurer. The Secretary/Treasurer shall: (a) keep the minutes of the Board of Directors meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of Ponderosa Heights Homeowners Association, Inc. and see that the seal of Ponderosa Heights Homeowners Association, Inc. is affixed to all documents, the execution of which on behalf of Ponderosa Heights Homeowners Association, Inc. under its seal is duly authorized; (d) perform all duties incident to the office of the secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors; (e) have charge and custody of and be responsible for all funds and securities of Ponderosa Heights Homeowners Association, Inc.; (f) receive and give receipts for monies due and payable to Ponderosa Heights Homeowners Association, Inc. from any source whatsoever, and deposit all monies in the name of Ponderosa Heights Homeowners Association, Inc. in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (g) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

 200613054
Page: 7 of 11
06/05/2006 10:51A
Missoula County Vickie M Zeier BL Bk-775 Pg-1017

ARTICLE V

INDEMNIFICATION

Ponderosa Heights Homeowners Association, Inc. shall indemnify any director or officer, or former director or officer of Ponderosa Heights Homeowners Association, Inc., against expenses actually or necessarily incurred by him in connection with the defense of any civil, criminal or administrative action, suit or proceeding in which he is made a party or with which he is threatened by reason of being or having been or because of any act as such director or officer, within the course of his duties or employment, except in relation to matters as to which he shall be adjudged in such actions, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Ponderosa Heights Homeowners Association, Inc. shall also be reimbursed to any director or officers the reasonable cost or settlement of any such action, suit or proceeding, if it shall be found by a majority of a committee composed of the directors not involved in the matter in controversy (whether or not a quorum) that it was to the interest of Ponderosa Heights Homeowners Association, Inc. that such settlement be made and that the director or officer was not guilty of negligence or misconduct. The right of indemnification herein provided shall extend to the estate, executor, administrator, guardian and conservator of any deceased former director or officer or person who himself would have been entitled to indemnification. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such director or officer may be entitled under any statute, agreement, or otherwise, Ponderosa Heights Homeowners Association, Inc. shall have the power to purchase insurance to pay for its obligations set forth herein.

ARTICLE VI

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize any officer(s) or agent(s) to enter into any contract or execute and deliver any instrument or deed in the name of and on behalf of Ponderosa Heights Homeowners Association, Inc., and such authority may be general or confined to specific instances.

SECTION 2. Loans. No funded indebtedness shall be contracted on behalf of Ponderosa Heights Homeowners Association and no evidence of such indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of Ponderosa Heights Homeowners Association, Inc. shall be signed by such officer(s) or agent(s) of Ponderosa

200613054
Page: 8 of 11
06/05/2006 10:51A
BK-775 Pg-1017
Missoula County Vickie M Zeiser BL

Heights Homeowners Association, Inc. and in such manner, including facsimile signature, as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of Ponderosa Heights Homeowners Association, Inc., not otherwise employed, shall be deposited from time to time to the credit of Ponderosa Heights Homeowners Association, Inc. in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII

PROHIBITED TRANSACTIONS

Neither Ponderosa Heights Homeowners Association, Inc., nor its officers or directors, shall have any power to cause Ponderosa Heights Homeowners Association, Inc. to lend any part of its income, without the receipt of adequate security and a reasonable rate of interest: (1) to pay any compensation, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered; (2) to make any part of its services available on a preferential basis; (3) to make any substantial purchase of securities or other property, for more than adequate consideration in money or money's worth; (4) to sell any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth; or (5) to engage in any other transaction which results in a substantial diversion of its income to any person who has made a substantial contribution to Ponderosa Heights Homeowners Association, Inc., a brother, sister, spouse, ancestor or lineal descendant of such a person, or a Ponderosa Heights Homeowners Association, Inc. directly or indirectly controlled by such a person. Any transaction which violates the foregoing prohibitions shall be absolutely void as to Ponderosa Heights Homeowners Association, Inc. and the officers or directors who authorized or effected the same shall be jointly and severally liable in their individual capacities to revoke or rescind the transaction and to restore Ponderosa Heights Homeowners Association, Inc. and its income to the condition prevailing before the transaction was attempted.

ARTICLE VIII

OWNERSHIP CERTIFICATES AND INTEREST TRANSFERS

SECTION 1. Ownership Certificates. Certificates representing Ownership in Ponderosa Heights Homeowners Association, Inc. may be in such form as may be approved by the Board of Directors. If the Board of Directors decides to issue certificates, such certificates shall be signed by the President and the Secretary/Treasurer and shall be sealed with the seal of Ponderosa Heights Homeowners Association, Inc.



All certificates for Ownership shall be consecutively numbered or otherwise identified. The name of the person or persons to whom the certificates are issued, together with the number of Ownerships and the date of such issue, shall be entered on the books of Ponderosa Heights Homeowners Association, Inc. In the event that a certificate shall be lost, destroyed or mutilated, a substitute certificate may be issued to its holder of record upon such terms and indemnity to Ponderosa Heights Homeowners Association, Inc. as the Board of Directors may prescribe.

SECTION 2. Restrictions on the Transfer of a Ownership. The transfer of Ownerships in Ponderosa Heights Homeowners Association, Inc. can only be made pursuant to the following conditions: (a) an Ownership may not be voluntarily or involuntarily transferred, by operation of law or otherwise, except to the extent permitted by this section; and (b) no Ownership may be sold to the public except in conjunction with a Owner's sale of the real property that constitutes Ownership in Ponderosa Heights Homeowners Association, Inc.

ARTICLE IX

MAINTENANCE AND ASSESSMENTS

Maintenance and assessments shall be conducted as deemed necessary and appropriate by Ponderosa Heights Homeowners Association, Inc.

ARTICLE X

FISCAL YEAR

The fiscal year of Ponderosa Heights Homeowners Association, Inc. shall begin on January 1st of each year.

ARTICLE XI

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Montana Corporate Law or under the provisions of the Articles of Incorporation or Bylaws of Ponderosa Heights Homeowners Association, Inc., a waiver thereof in writing, signed at any time, whether before or after the meeting or corporate act, by the person or persons entitled to such notice, shall be deemed equivalent to the giving of such notice.



ARTICLE XII

AMENDMENTS

The Articles of Incorporation and Bylaws of Ponderosa Heights Homeowners Association, Inc. may only be amended by an affirmative vote of two-thirds (2/3) of the Ownership at any meeting. No amendment shall substantially change the original purposes of Ponderosa Heights Homeowners Association, Inc.

ARTICLE XIII

LEGAL FEES

Any legal expenses incurred by Ponderosa Heights Homeowners Association, Inc. after the date of the initial Articles of Incorporation, Bylaws and minutes of the first meeting will be paid by Ponderosa Heights Homeowners Association, Inc.'s Ownership.

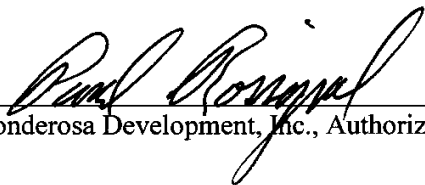
ARTICLE XIV

INVALIDITY OF PROVISIONS

If any one or more of the provisions of the within Bylaws are adjudged void by any court of competent jurisdiction, such adjudication shall not impair the effect or suspend the operation of any of the other provisions of these Bylaws.

CERTIFICATE

I, the undersigned, duly elected and qualified Director of Ponderosa Heights Homeowners Association, Inc., a Montana non-profit corporation, do hereby certify that the foregoing Bylaws were adopted in a manner prescribed by the laws of the State of Montana, on the 25 day of MAY, 2006.



Ponderosa Development, Inc., Authorized Representative



200613054
Page: 11 of 11
05/05/2006 10:51A
Bk-775 Pg-1017