

**RESTATED BY-LAWS OF THE BAXTER MEADOWS
HOMEOWNERS' ASSOCIATION**

This document replaces pp. 16 through 23 of those By-Laws recorded on April 3, 2003 as part of Document No. 2103136, records of Gallatin County, Montana.

Baxter Meadows Development, L.P. does hereby adopt the following By-Laws of the Baxter Meadows Homeowners' Association which applies to Baxter Meadows Phase I. Baxter Meadows has also adopted and recorded a Restated Declaration of Residential Protective Covenants and Restrictions for Baxter Meadows Phase I (the "Covenants"), and the Baxter Meadows Design Review Guidelines and Regulations (the "Design Guidelines") which operate and should be construed in conjunction with these By-Laws.

I. MEMBERSHIP

A. MEMBERSHIP

Every owner of property in Baxter Meadows Phase I shall be a member of the Baxter Meadows Homeowners' Association (the "HOA"). Membership shall be appurtenant to and may not be separate from the ownership of any lot subject to assessment. Each lot owner shall be responsible for advising the HOA of his or her acquisition of ownership and his or her current address. Each owner shall be bound by these By-Laws and the duly passed Resolutions of the HOA. The HOA may be incorporated as a non-profit homeowners' association.

B. CLASSES

There shall be two classes of members in the HOA, Class A and Class B members, which are defined as follows:

CLASS "A": Class A membership shall be all lot owners in Phase I with the exception of Class B members named below. Class A members shall be entitled to one vote for each lot owned if such lot is occupied by a single family dwelling or if such lot is vacant. At the time construction of a multi-family dwelling or business/commercial structure on any lot is completed and ready for occupancy, there shall be one vote for each of the following:

One vote per each separately titled individual dwelling unit (e.g. condominium unit)

One vote for each separately titled individual business unit (IBU) up to 2500 square feet plus one vote per each additional complete increment of 2500 square feet. The following examples would apply:

1 vote:	1000 s.f. IBU
1 vote:	2700 s.f. IBU
2 votes:	5000 s.f. IBU
2 votes:	6000 s.f. IBU
3 votes:	7500 s.f. IBU
3 votes:	9000 s.f. IBU



CLASS "B": The Class B member shall be Baxter Meadows Development, L.P., who shall be entitled to seventy-five percent (75%) of the votes. Class B membership shall cease and be converted to Class A membership when 3/4 of the lots being of the original RS and R3 residential lots in Baxter Meadows are sold to third parties. Thereafter, Baxter Meadows Development, L.P. shall become a Class A member and shall be entitled to one vote for each unsold platted lot.

II. OPERATIONS

A. MEETINGS

Written notice of any meeting called for the purpose of taking any action authorized hereunder shall be mailed to all members not less than 10 days nor more than 45 days in advance of the meeting. A general description of the items to be considered at such a meeting shall be contained in the notice. At such meeting called, the presence of members or of proxies entitled to cast fifty-one percent (51%) of all the votes of Class A and Class B members combined shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

B. DIRECTORS AND OFFICERS

Members of the HOA shall annually elect three (3) Directors from its membership who shall be responsible for the overall operations of the HOA as described herein. The Directors shall also have the power and responsibility of setting an annual budget. Such Directors shall be elected by a majority of the total votes of Class A and Class B members represented in person or by proxy at an annual meeting of the HOA, or in the absence of an annual meeting, at any meeting at which a quorum is present. The Directors shall serve a term of one year, but may be removed from time to time at any regularly called meeting of the HOA by a vote of two thirds (2/3) of the total votes of Class A and Class B members represented at any meeting in person or by proxy at the meeting, provided that a quorum is present, or immediately, upon termination of the Director's membership. Nothing shall prohibit the re-election of any Director for consecutive terms. The Directors are authorized to manage the business of the HOA and are authorized to take such actions as shall be necessary and reasonable to carry out the functions of the HOA. The Directors shall elect a president and secretary/treasurer from among the Directors or the members to serve as the officers of the HOA. The Directors may also elect such other officers as they deem necessary. The duties of these officers shall be established by the Board of Directors.

The initial Board of Directors shall consist of Gerald R. Williams, Rebekah Williams, and Thomas Miller who shall serve until new directors are duly elected by the HOA. Gerald R. Williams shall serve as the president of the HOA, Thomas Miller as secretary, and Rebekah Williams as treasurer, until successors are duly elected by the HOA.

C. RULES AND REGULATIONS

The HOA may adopt such additional rules and regulations as shall be reasonable and necessary to carry out its authority and duties under the terms of these By-Laws, the Covenants, or the Design Guidelines, provided that such additional rules and regulations are



first adopted by a majority of the Board of Directors and then submitted to a meeting of the HOA for a vote by delivering notice of the meeting together with a copy of the additional rules and regulations to the last known address of each lot owner at least thirty days before the meeting. Additional rules and regulations shall be adopted by a two-thirds (2/3) majority vote of the total votes of all Class A and Class B members represented in person or by proxy at any meeting at which a quorum is present and all members have been notified that such rules or regulations will be up for discussion. Additional rules and regulations shall be effective 30 days after the same are executed and recorded by the Board of Directors of the HOA with the Clerk and Recorder for Gallatin County, Montana, and mailed to each lot owner at their last known address.

III. DESIGN REVIEW BOARD

A. COMPOSITION.

The Design Review Board for Baxter Meadows shall initially be composed of Gerald R. Williams, Michael McGullam, and Gregory J. Allen. These members shall serve until twenty-five lots in Baxter Meadows have been conveyed to third parties. After that time, the Design Review Board shall be composed of not more than three (3) members selected by the Board of Directors of Baxter Meadows Homeowners' Association. Two (2) of the members of the Design Review Board shall be members of Baxter Meadows Homeowners' Association, and one (1) shall be a disinterested, outside third party. Each member of the Design Review Board shall serve for a term of one year, unless re-appointed.

Each member of the board shall have one vote. Action approved by the vote of two of the three members shall be the act of the Design Review Board. A written permanent record shall be kept of all action taken by the Board which shall include the date, the action taken, and a short statement of the reason for such actions.

B. ADDITIONAL PROCEDURES AND DESIGN REGULATIONS

The Design Review Board shall proceed in accordance with the provisions of the Design Guidelines, and shall have the authority to assess a fee for design review, adopt construction regulations and such other regulations as shall be reasonable and necessary to exercise its authority and its duties set forth in this Declaration, the Design Guidelines, the Covenants and the By-Laws.

Any additional procedures or design regulations adopted by the Design Review Board shall not be effective until thirty days after mailing a copy of the additions to the last known address of the current site owners.

C. FINAL PLANS

Approval by the Design Review Board neither represents, nor shall the Design Review Board offer any opinion as to whether plans and specifications conform to building codes or State and Local Regulatory requirements. Approval does not include examination for errors or omissions. Appropriate plans shall be submitted to the City of Bozeman for building plan review approval and necessary fees and permits paid for and be obtained.



Approval granted by the Design Review Board for any plans shall remain effective only in the event that construction is commenced within six (6) months of the date of the approval, after which time the approval shall lapse and be of no further force or effect.

D. ADDITIONS, CHANGES, REFINISHING

No additions, changes, (including remodeling) or changes of any portion of the home site except the interior structures of the residence shall be commenced without approval of the Design Review Board. The approval shall be sought by submissions of final working plans and drawings. No preliminary plans need be submitted.

E. CERTIFICATE OF COMPLIANCE

Before any owner may occupy or otherwise use a residence or other structure in the Baxter Meadows, the owner must obtain a Certificate of Compliance from the Design Review Board in the form set forth in the Design Guidelines, acknowledging compliance with the Design Guidelines in the design and construction of any residence or other structure built within the boundaries of Baxter Meadows. A Certificate of Occupancy must also be obtained from the City of Bozeman.

F. COMMUNICATIONS

Communications with the Design Review Board shall be initiated by directing inquiries and submissions to:

DESIGN REVIEW BOARD
Baxter Meadows
P.O. Box 81487
Billings, Montana 59108

IV. ASSESSMENTS

A. LEVYING ASSESSMENTS

The Directors shall have the authority to levy assessments on each lot and the owner thereof for the purposes of improvement, repair and maintenance of roads, common areas, snow removal, administration, accounting and legal fees. Assessments shall be made on a per vote basis as established in these By-Laws. However, once Baxter Meadows Development, LP has sold 50 percent of the original Lots, for purposes of assessment only, it shall be assessed as if it were a Class A member.

There shall be three types of assessments:

- 1) "Annual Assessments", which shall be a pro-rata portion of anticipated expenses for the coming year based upon the budget prepared by the Directors;
- 2) "Capital Improvement and Compliance Assessments" approved by a two-thirds (2/3) majority of the total votes of Class A and Class B members; and
- 3) "Emergency Assessments" levied at the discretion of the Directors without submitting the assessment to a vote of the members, in order to rectify and/or



address emergencies. Each type of assessment is described below. The total assessment shall be divided and paid by the owners of each lot, on a per vote basis including unsold lots owned by Developer.

The Owner of each lot, hereby covenants and agrees, by the acceptance of a deed therefore (regardless of whether it shall be so expressed in such deed) to all matters set forth in these By-Laws, the Covenants, the Design Guidelines and the Design Board Declaration, and to pay to the HOA such assessments as the HOA shall levy against each lot. No owner shall be entitled to a reduced assessment because such owner does not reside upon the property or does not use the roads or other amenities. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his or her lot or because he or she believes that these By-Laws are not being properly enforced.

Assessments shall be due and payable in the method determined by the Board of Directors. An assessment shall be a charge upon the land and shall be a continuing lien upon the property and lot upon which the assessments are made. Each assessment shall also be a personal obligation of the person who is the owner of the property at the time the assessment falls due.

Upon delivery of the notice of assessment to the owner, the assessment shall be a lien upon the owner's lot until paid. The HOA 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 recording the notice of the lien, the HOA may foreclose the lien in a manner set forth under Montana law for the foreclosure of liens against real property. The recording of the notice of lien shall be notice to all third parties of the assessment outstanding against the lot.

The HOA may bring an action at law against the owners personally obligated to pay the same or may foreclose the lien against the property. In the event of an action to collect a past due assessment, the HOA shall be entitled to recover any or all of the following costs, in addition to the amount of the past due assessment: (1) the costs of filing the lien including interest at the rate of the then prevailing prime rate of interest plus two percent (2%) from the date due; (2) all costs of the action; (3) reasonable attorneys fees incurred in preparation for filing the lien; (4) reasonable attorneys fees incurred in preparing and prosecuting the action.

The sale, transfer or encumbrance of any lot shall not affect the assessment lien or the personal liability of the owner except to the extent such lien is extinguished by Montana law. No sale, transfer or encumbrance shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof, provided that if the assessment lien has not been recorded with the Clerk and Recorder of Gallatin County, a good faith purchaser or encumbrancer without actual notice of the outstanding assessment shall take the property free of the lien.

B. ANNUAL ASSESSMENTS

The owner of each lot, including Baxter Meadows Development, L.P. with respect to all unsold lots, shall be assessed annually for a pro-rata portion of anticipated expenses for the coming year based upon the budget prepared by the Directors. After the initial Annual Assessment is set, the assessment against any lot shall not be increased more than 20 percent (20%) per year without the approval of 80% of the total votes of Class A and Class B members represented at any meeting in person or by proxy, unless the increase is required to comply with a mandatory rule, regulation, or order of municipal, county, state or federal government.

The Annual Assessments provided for herein shall commence as to each lot on the date of closing on the sale of such lot from Baxter Meadows Development, L.P. to a third party. The Board of Directors shall fix the amount of the annual assessment against each lot based upon a budget of the estimated expenses of the HOA for each year. At least thirty (30) days in advance of the due date of each annual assessment, written notice of the annual assessment and the due date shall be mailed to every lot owner at their last known address. The due dates shall be established by the Board of Directors. The HOA shall, upon demand, and for a reasonable charge, furnish a certificate signed by the Directors of the HOA, setting forth whether the assessment of a specified lot has been paid.

C. CAPITAL IMPROVEMENTS AND COMPLIANCE ASSESSMENTS

- i) **Capital Improvements.** The HOA may levy assessments for construction or reconstruction or unexpected repair or replacement of a capital improvement or equipment for use consistent with the purposes of the HOA.
- ii) **Compliance.** The HOA may levy assessments for purposes of defraying costs, including legal fees to enforce any protective covenant or to exercise any authority or responsibility granted to the HOA, including but not limited to enforcement of all rules and regulations adopted by the HOA, or to pay for the necessary repair or maintenance of a property or residence which an owner has otherwise refused to repair or maintain.

D. EMERGENCY ASSESSMENTS

Emergency assessments shall be levied only to meet the costs and expenses precipitated by a condition which must be remedied promptly to ensure the safe and adequate discharge of the responsibilities of the HOA. This may include items which would otherwise be considered as Capital Improvement and Compliance Assessments, if the Board determines (1) that the capital improvement or compliance action is absolutely necessary; and (2) that circumstances make it impractical to put the matter to a vote of the members due to timing or other constraints. Any improvements or other work required by local, state, or federal agencies which must be completed in a timely fashion and cannot be included in the Annual Assessment for the following year shall also be considered Emergency Assessments.

V. FORECLOSURE AND EXECUTION

As further security for payment of assessments levied by the HOA, the HOA may, in addition to foreclosing upon the lien as described above, execute upon a judgment through all remedies provided at law and equity, including sale of the liened parcel in accordance with the laws of the State of Montana. At such a sale, the HOA may bid upon and acquire such lot.

VI. ACCUMULATION OF REMEDIES

All remedies provided under the Covenants, these By-Laws, and the Design Guidelines, as well as all of the rules and regulations of the HOA and remedies and authority granted to individual owners to enforce covenants shall be cumulative and shall be in addition to, and not in substitution of, all other rights and remedies which the HOA may have under law.

In addition, any owner, Baxter Meadows Development, L.P. or the HOA, may bring an action for damages for injunctive relief to abate a nuisance, to restrain any threatened or prospective



violation or continuing violation of any portion of these By-Laws, the Covenants, or the Design Guidelines. In any such enforcement action, the prevailing party shall be entitled to recover all costs, court costs, costs of discovery and reasonable attorney fees.

VII. NOTICES

Each owner shall register with the HOA, a current mailing address and shall promptly notify the HOA of any change. All notices, demands, and other communication to any owner shall be sufficient for all purposes if personally served or if delivered by postage pre-paid United States Mail, Certified, return receipt requested, addressed to the owner at the last mailing address registered with the HOA.

VIII. SEVERABILITY

Invalidity or un-enforceability of any provision of this instrument determined by a Court shall not affect the validity or enforceability of any other provision.

IX. NO WAIVER

Failure to enforce any provision, restriction, covenant or condition of these By-Laws, the Covenants or the Design Guidelines shall not create a waiver of any such provision, restriction, covenant or condition or of any other provision, restriction, covenant or condition.

X. AMENDMENT OR TERMINATION

These By-Laws shall remain in effect until amended or terminated which shall occur only upon the affirmative vote of three fourths (3/4) of the total votes of all Class A and Class B members of the HOA.

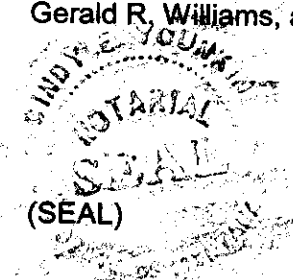
IN WITNESS WHEREOF, the By-Laws have been executed this 13th day of Sept, 2004.

BAXTER MEADOWS DEVELOPMENT, L.P.

[Signature]
Gerald R. Williams, Limited Partner

STATE OF MONTANA)
 : ss.
COUNTY OF GALLATIN)

This instrument was acknowledged before me on Sept 13, 2004, by Gerald R. Williams, as Limited Partner of Baxter Meadows Development, L.P.



[Signature]
Notary Public for the State of Montana
Print Name: Cindy E. Younkin
Residing at: Bozeman
My Commission Expires: 9-13-2007