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BYLAWS OF JOSEPHINE CROSSING
OWNERS' ASSOCIATION
(a non-profit corporation)

The initial Board of Directors of JOSEPHINE CROSSING OWNERS' ASSOCIATION, a Montana non-profit corporation, ("the Association"), hereby adopts the following Bylaws:

DEFINITIONS

In the interpretation of these Bylaws the following definitions shall apply:

"Developer" means McCall Development, Inc., or any person or entity to whom McCall Development, Inc. transfers or assigns its development rights hereunder.

"Original Declaration" means the Declaration of Conditions, Covenants and Restrictions for Josephine Crossing, to which these Bylaws are attached.

"Subdivision" is Josephine Crossing Subdivision, all filings, located in Yellowstone County, Montana.

OFFICES

1. **Principal Office.** The principal office of this Association is situated at 1536 Mallowney Lane, Suite 100, Billings, Montana 59101. The Board of Directors may change the principal office.

MEMBERS

2. **Membership.** Developer and each subsequent owner of the lots described on Exhibit "B" attached to the Original Declaration shall be a Member of the Association, together with the owners of additional Lots which are subjected to the provisions of the Original Declaration.

Co-owners, or joint owners of a Lot shall be deemed to

EXHIBIT "D"

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be one Member for the purposes of voting and assessment. If any Lot is subsequently subdivided, the owners of each subdivided Lot shall be members of the Association. Upon sale or transfer of any lot, the membership shall transfer to the new owner(s).

3. **Classes of Membership and Voting Rights.** The Association initially shall have two classes of membership: Single Family Lot Members, and the Developer. They are each defined as follows:

- (a) Single Family Lot Members. Single Family Lot Members shall be all owners of residential single-family lots, except the Developer if it owns any single family lots. Single Family Lot Members shall have one equal vote for each Lot owned.
- (b) Developer Member. McCall Development, Inc., or all assignees of the development rights of McCall Development, Inc., shall be the Developer Members of the Association. The Developer Members shall have one vote for each lot owned by it.

Class voting shall be required on all issues which require a vote of the Members. Resolutions must be approved by a majority of the Members in each class entitled to vote, or by 2/3 of the Members of each class present and entitled to vote at the time the vote is taken, whichever is less.

4. **Annual Meeting.** The annual meeting of the Members for election of Directors, approval of an annual budget, and for the transaction of such other business as may properly come before them shall be held at the principal office of this Association or at such other place that shall be set forth in the Notice of meeting. The annual meeting shall be held on the first Saturday of June, 2007, at 1:00 o'clock P.M. and on the first Saturday of June of each and every year thereafter.

5. **Notice of Annual Meeting.** The Secretary-Treasurer of this Association shall give written notice stating the place, day and hour of the meeting by delivering the same not less than ten (10) days prior to the date of the meeting if notice is personally delivered, or not less than thirty days,





nor more than fifty (50) days before the date of the meeting, if notice is delivered by mail, to each Member of record entitled to vote at such meeting. The notice shall be deemed delivered when deposited, postage prepaid, in the United States mail addressed to the Member at the Member's address as it appears on records of the Association.

6. **Special Meeting.** Special meetings of the Members may be called by the Board of Directors or by not less than 25% of all Members in each class entitled to vote at the meeting. Notice of said special meeting shall be given in the same manner as notice for the annual meeting as outlined in Section 5 above, except that the notice, in addition to all other requirements, must state the purpose or purposes for which the meeting is called. No business other than that specified in the Notice of Meeting shall be transacted at any such special meeting.

7. **Quorum of Members.** A majority of the Members in each class, represented in person or by proxy, shall constitute a quorum at a meeting of Members. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If a quorum is present, the affirmative vote of the majority of Members represented at the meeting and entitled to vote on the subject matter shall be the act of the Members unless the vote of a greater number is required by the Articles of Incorporation, these Bylaws, or the Original Declaration or any amendment thereto.

If a meeting cannot be organized because a quorum is not present, those present may adjourn the meeting from time to time until a quorum is present and at which time any business may be transacted that could have been transacted at the meeting as originally called.

8. **Proxies.** Every proxy must be dated and signed by the Member and given to the Secretary-Treasurer before or at the time of the meeting. No proxy shall be valid after the





expiration of eleven (11) months from the date of its execution. Every proxy shall be revocable by the Member executing it. Said revocation must be in writing, dated and signed by the Member and given to the Secretary-Treasurer before or at the time of the Association's next meeting.

9. **Order of Business.** The order of business at all meetings of the Members shall be as follows:

- (a) Proof of notice of meeting or waiver of notice.
- (b) Reading of minutes of preceding meeting.
- (c) Reports.
- (d) Business.

10. **Conduct of Meetings.** Meetings shall be conducted in accordance with Roberts Rules of Order.

11. **Informal Action.** Resolutions required or permitted to be approved by Members may be approved without a meeting of Members if the written resolution is signed by at least 51% of the Members in each class entitled to vote and by the Developer, as a Member of the Association, and filed with the corporate records.

BOARD OF DIRECTORS

12. **Directors.** The Association shall be governed by a Board of five persons, all of whom shall be Members of the Association and who shall be elected by majority vote of the Members present at the annual meeting. Until sale by Developer of 75% of the land area in the Subdivision, Single Family Lot Members shall elect two Directors, and the Developer Members shall elect the remaining three Directors. After sale by Developer of 75% of the land area in the Subdivision, the Single Family Lot Members shall elect three of the Directors, and the Developer Members shall elect two Directors until all land in the Subdivision is sold by Developer. When there is no longer a Developer Member, the



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Single Family Lot Members shall elect all Directors. The Directors shall serve without compensation.

13. **Term.** Five Directors shall be elected at the first annual meeting of the Association. The term of the Directors elected by the Developer Member shall be fixed for one year. The term of the Directors elected by the Single-Family Lot Members shall be fixed at two years. At the expiration of the initial term of each Director, an election shall be held by the class entitled to elect a new Director; all successor Directors shall serve two-year terms. A Director may be re-elected to successive terms.

14. **Initial Directors.** Until the first annual meeting, BRADLEY R. McCALL, GREGORY J. McCALL and CAROLEE McCALL shall serve as the only Directors.

15. **Powers and Duties of Directors.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all acts and things as are not by law, by these Bylaws, by the Original Declaration, or by amendments to that Declaration directed to be exercised and done by the Members.

- (a) The Directors shall have the power to contract for improvements to and maintenance of the Common Property of Josephine Crossing Subdivision described in the original Declaration or subsequent Amendments to that Declaration, and such other maintenance as may be required by vote of a majority of the members of each class entitled to vote.
- (b) The Board shall have the power to levy and collect General and Special assessments for the purposes set forth in the original Declaration, and any amendments thereto.
- (c) The Board shall prepare an annual budget and obtain contractors' bids for insurance, and/or maintenance for which the Association is responsible.
- (d) The Board shall have the authority to take appropriate legal action to collect delinquent assessments, to file a lien against any Lot having delinquent assessments, and to levy penalties and interest in accordance with the Original Declaration and amendments thereto.

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- (e) The Board shall have the power to enter into and carry out contracts as necessary to its duties herein.
- (f) The Board shall have authority to pay Members of the Architectural Review committee a reasonable fee for their services.
- (g) The Board shall have the power to establish a bank account for the Association and to keep records in accordance with common accounting procedures.
- (h) The Board shall have the power to employ and pay a Secretary-Treasurer, a management company, an accountant, an attorney and such other persons as it deems necessary or advisable. The Board may delegate its responsibilities to a management company but shall be obligated to supervise the actions of that management company.
- (i) The Board shall have the power to appoint an Architectural Review Committee for the Association subject to the requirements set forth in the Original Declaration as amended from time to time.
- (j) The Board shall file annual corporate reports with the Montana Secretary of State and pay the required fee, arrange for preparation and filing tax returns for the Association and pay any taxes due.
- (k) The Board shall have the power to enforce the provisions of the Original Declaration and any amendments to that Declaration.

16. **Removal of Directors.** At any regular or special meeting of the Association called for that purpose, any Director may be removed for good cause by a vote of a majority of the Members in the Class which elected the Director. In the event of such removal, a successor may then and there be elected to fill the vacancy thus created by the Members of the class which removed the Director.

17. **Vacancies in Board of Directors.** Vacancies in the Board of Directors caused by resignation of a Director shall be filled by a vote of the Members of the class which elected the Director who resigned. Each person so elected shall serve for the remainder of the term of the resigning Director.



18. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held during each calendar year. Notice of such regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, e-mail, or facsimile at least three days prior to the date of such meeting.

19. **Special Meetings.** Special meetings of the Board of Directors may be called by any Director or by the President on three days' notice to each Director. Notice may be given personally, or by mail, telephone, e-mail, or facsimile and shall state the time, date, place, and purpose of the meeting.

20. **Telephone Meetings.** Directors may have telephone meetings so long as all Directors are present or are given the opportunity to be present, and so long as each Director is able to speak to and be heard by the others.

21. **Quorum.** A quorum of the Board for transaction of business at any meeting shall be a majority of the Directors.

22. **Proxies.** Only Directors will be allowed an official vote. No proxies shall be allowed under any circumstances.

23. **Conduct of Meetings.** Unless otherwise agreed by all Directors, meetings shall be conducted in accordance with Roberts Rules of Order.

OFFICERS

24. **Designation.** The Officers of this Association shall be a President, a Vice-President, and a Secretary-Treasurer.

25. **Election and Term of Officers.** The Officers shall be elected by the Board of Directors for a one-year term. Officers may be re-elected for successive terms. The President and Vice-President shall be Members of the Association; the Secretary-Treasurer need not be a Member of the Association. Directors may also serve as Officers but are not required to do so.





26. **Payment of Officers.** The President and Vice-President shall serve without salary; the Secretary-Treasurer may be paid a reasonable salary, as determined by the Board.

27. **Removal of Officers.** Any Officer may be removed at any time with or without cause by vote of a majority of the Directors then in office.

28. **Filling Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by a vote of a majority of the Board of Directors. The newly elected Officer shall serve for the unexpired portion of the term.

29. **President.** The President shall be the chief executive officer of this Association and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the affairs of this Association. The President shall preside at all meetings of the Board of Directors and of the Members.

30. **Vice-President.** In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, the Vice-President shall have all the powers of the President and shall be subject to all the restrictions upon the President.

31. **Secretary-Treasurer.** The Secretary-Treasurer shall keep the minutes of every meeting held and conduct such correspondence as the Board deems necessary. The Secretary-Treasurer shall have the care and custody of and be responsible for all funds and securities of this Association and shall deposit such funds and securities in the name of this Association in such bank or safe deposit companies as the Board of Directors may designate. The Secretary-Treasurer shall also have authority to pay all bills of the Association as directed by the President or the Board of Directors. The Secretary-Treasurer shall keep at the principal office of this Association accurate books of accounts of all its business and transactions and shall at

all reasonable hours exhibit books and accounts to any Director or Member of this Association. The Secretary-Treasurer shall render a report of the condition of the finances of this Association, at each regular meeting of the Board of Directors and regular meeting of Members and shall perform all other duties incident to the office of Secretary-Treasurer.

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

32. **Contracts and Instruments.** The President or Vice-President shall sign and approve all contracts and instruments on behalf of this Association after authorization has been granted and approval obtained from a majority of the Board of Directors.

33. **Checks and Drafts.** All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness, issued in the name of or payable to this Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by any two of the Officers of this Association.

34. **Depository.** All funds of this Association shall be deposited from time to time to the credit of this Association in such banks, trust companies, or other depositories as the Board of Directors may select.

DEVELOPER RIGHTS

35. **Administration.**

(a) Right of Developer to Disapprove Actions. The Developer shall have a unilateral right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Developer would tend to impair rights of Developer under the original Declaration or these Bylaws, or interfere with development or



construction of any portion of the Subdivision, or diminish the level of services being provided by the Association. The Developer may exercise this right to disapprove in order to block proposed action or to require reversal of actions taken in violation of this Section. The Developer may not use its unilateral right to disapprove to reduce the level of services which the Association is obligated to provide; to prevent capital repairs; or to block any action or expenditure required to comply with applicable laws and regulations.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsection (b) below have been met and either the Developer has waived its right to disapprove, in writing, or a 15-day period has expired without the Developer exercising its right to disapprove after delivery of written minutes of the meeting. Any action taken in violation of this Section or in disregard of the Developer's exercise of such right of disapproval shall be outside the scope of the Association's authority and invalid and the Developer shall be entitled to pursue any and all remedies available at law or in equity, including damages or injunctive relief, to remedy such violation of its rights hereunder. In the event of such action, the prevailing party shall be entitled to collect its costs and attorney fees incurred in the action.

(b) Notice. The Developer shall be given written notice of all meetings to be held and actually held by the Association, the Board or the committee, and all proposed actions approved or to be approved at those meetings, or by written consent in lieu of a meeting. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address the Developer has registered with the Secretary of the Association. The notice shall set forth with reasonable particularity the decisions made at such meeting. The Developer shall also be given minutes of





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each such meeting, stating the actions approved at the meeting.

(c) Opportunity to be Heard. The Developer, as a Member of the Association, shall be given the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right to disapproval set forth herein.

MISCELLANEOUS PROVISIONS

36. **Waiver of Notice.** Whenever any notice is required to be given under the provisions of law or under the provisions of the Articles of Incorporation or these Bylaws, or the Original or Supplemental Declaration, a waiver thereof in a writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

37. **Amendment of Bylaws.** Class voting shall be required for any amendment to these Bylaws. Any amendment must be approved by a majority of the members of each membership class or two-thirds of the vote cast by the Members of each class, whichever is less. In addition, any amendment to these Bylaws must be approved, in writing, by Gregory J. McCall and by Bradley R. McCall until this right is relinquished by each of them in a writing signed by each. Amendments to these Bylaws shall become effective upon recordation with the Yellowstone County Clerk and Recorder unless a later effective date is specified therein.

38. **Transfer of Membership.** One Single Family Lot Membership is attached to each of the lots subject to the Original Declaration, as amended from time to time. Single Family Lot Memberships shall not be transferable except upon transfer of a Lot. Said Membership is appurtenant to and runs with the Lot.

39. **Expulsion of Members.** Members may not be expelled

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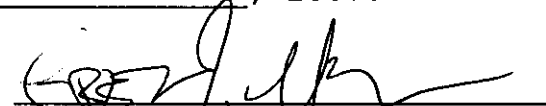
from the Association, their voting rights cannot be canceled and no Member may withdraw from the Association so long as that Member owns a Lot subject to the provisions of the Original Declaration, as amended from time to time.

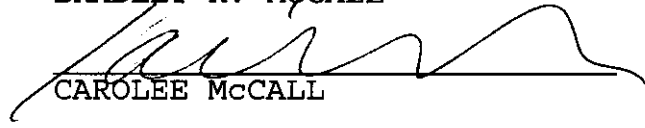
40. **Reimbursement of Costs and Expenses.** All Officers and Directors shall be reimbursed their costs and expenses directly incurred in work performed in furthering the purposes of this Association.

41. **Dissolution.** The Association shall be dissolved only if improvements or maintenance required to be done by the Association is assumed by some other entity. In the event of dissolution of the Association, the funds of the Association shall be divided equally among its Members after payment of all debts of the Association.

BYLAWS DATED 3-20, 2007.

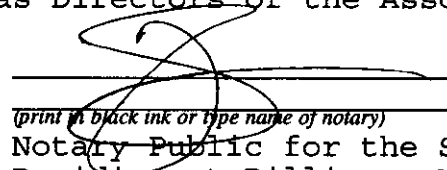

BRADLEY R. McCALL


GREGORY J. McCALL


CAROLEE McCALL

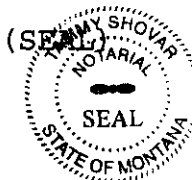
STATE OF MONTANA)
) : ss.
County of Yellowstone)

This instrument was acknowledged before me on March 20, 2007 by BRADLEY R. McCALL, GREGORY J. McCALL and CAROLEE McCALL as Directors of the Association.


(print in black ink or type name of notary)

Notary Public for the State of Montana
Residing at Billings, Montana

My Commission Expires _____, 20__



TAMMY SHOVAR
NOTARY PUBLIC MONTANA

Residing in Laurel, Montana
MY COMM. EXPIRES AUG. 8, 2008

