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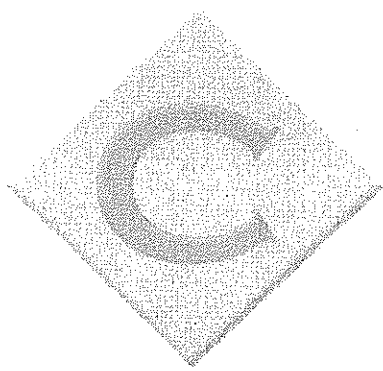
404 Prohibited Structures

State of Montana } SS This instrument file 333194 was filed in my
County of Carbon } office this 20 day of June 2008
at 1:02 o'clock P.m.
Linda M. Ladvala
County Clerk - Recorder
by [Signature]
Fees 448.00

333194

DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
AND
PROPERTY OWNERS ASSOCIATION AGREEMENT FOR
DIAMOND C LINKS SUBDIVISION

DIAMOND  LINKS



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This DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, PROPERTY OWNERS ASSOCIATION AGREEMENT, AND ASSIGNMENT OF RIGHTS RELATING TO DIAMOND C LINKS SUBDIVISION ("Declaration") is made this 15 day of JUNE 2008, by DIAMOND C LINKS, LLC, whose address for the purpose of this Declaration is Diamond C Links, LLC, 101 Terrace Drive, Lake Geneva, WI 53147-5033, hereinafter referred to as "Declarant," and is also made by and consented to by the additional parties who are referred to hereafter as the "Consenting Owners." This Declaration shall be effective and binding on all Lots, as this term is defined below, immediately upon the recording of this Declaration in the office of the Clerk and Recorder of Carbon County, Montana and, in the case of the Consenting Owners, upon the recording of a consent form indicating the Consenting Owner's intent to make his or her property subject to this Declaration.

RECITALS

WHEREAS, the Declarant is the owner of the following lots in Diamond C Links Subdivision ("Subdivision") located in Carbon County, Montana:

Lots 1-3, 7, 12-44, 49, Block 8; Lots 1-14, 21-22, 24, 29-30, Block 9; Lots 1-2, 5-6, 9-32, Block 10; and Lots 1-14, 16-28, Block 11 all of Diamond C Links Subdivision, Plat No. 1448 6th Amended, in the City of Red Lodge, Carbon County, Montana, according to the official plat on file in the office of the clerk and recorder of said county under Document No. 324431.

WHEREAS, Declarant is also the owner of the following property in the Diamond C Links Subdivision that in combination with the lots specifically described above and the lots owned by the Consenting Owners shall hereafter be known collectively as the "Lots":

Lot 12A, 12B, 12C, 12D, and 12E, Block 7 according to the Preliminary Plat of Amended Plat of Lot 12, Block 7 of Diamond C Links Subdivision approved by the Red Lodge City Council on May 22, 2007, which currently make up Lot 12, Block 7 of Plat No. 1448 6th Amended referenced above. Lot 12, and upon filing of the Final Plat of Amended Plat of Lot 12, Block 7 of Diamond C Links Subdivision, Lots 12A through 12E, shall hereafter be collectively referred to as the "Lot 12 Parcels."

WHEREAS, the Lots and all property located within the Subdivision are located generally within the boundaries of Red Lodge Country Club Estates Subdivision and specifically within the boundaries of the Plat of Red Lodge Country Club Estates 4th Filing filed of record with the Carbon County Clerk and Recorder on February 13, 1997 as Document No. 280355; and

WHEREAS, the Lots and all property located within the Subdivision were and remain subject to the Amended Declaration of Covenants, Conditions, and Restrictions of Red Lodge Country Club

Estates (hereafter "RLCCE Amended Declaration") recorded December 16, 2002, under Document No. 305096; and

WHEREAS, the Red Lodge Country Club Estates Property Owners Association (RLCCEPOA) and all record owners of property located within Red Lodge Country Club Estates Subdivision are entitled to enforce the RLCCE Amended Declaration in accordance with the terms of that declaration; and

WHEREAS, the Declarant and Consenting Owners intend to establish and declare the following building and use covenants, conditions and restrictions and property owners agreement that shall be applicable to the Lots and the Subdivision to protect the value and desirability of the Lots for the benefit of all Lot owners; and

WHEREAS, the Declarant and Consenting Owners intend that this Declaration shall establish covenants, conditions and restrictions that supplement and are in addition to those established by the RLCCE Amended Declaration and that do not contradict, terminate, or modify the existing covenants; and

WHEREAS, the Declarant and Consenting Owners intend that these covenants, conditions, and restrictions and this agreement shall run with the land and shall be binding upon the Declarant, Consenting Owners, and all persons or entities that hereafter acquire an interest in any of the Lots; and

WHEREAS, the grantees of any interest in a Lot subject to this Declaration covenant and agree that by acceptance of a conveyance of any interest in such a Lot they shall faithfully observe and abide by all of the covenants, conditions, restrictions and agreements set forth in this Declaration; and

WHEREAS, it is intended that the affairs of the Subdivision will be governed by the Diamond C Links Property Owners Association, Inc. ("DCLPOA" or "Association") in accordance with the articles of incorporation and bylaws of the Association and also by the RLCCEPOA in accordance with the articles of incorporation and bylaws of that corporation; and

WHEREAS, the Declarant and Consenting Owners agree that all Lot owners shall be required to be members of the DCLPOA and of the RLCCEPOA and shall pay any assessments that may be properly levied by either or both corporations in accordance with their governing documents; and

NOW, THEREFORE, the Declarant hereby establishes the following Declaration of Covenants, Conditions, and Restrictions and Property Owners Association Agreement of Diamond C Links Subdivision.

DECLARATION AND AGREEMENT

ARTICLE I – OTHER DEFINITIONS

1.1. **Association.** "Association" shall mean and refer to Diamond C Links Property Owners Association, Inc., its successors and assigns.

1.2. **Board or Board of Directors.** "Board" or "Board of Directors" shall mean the Board of Directors of the Association as more particularly defined in the bylaws of the Association.

1.3. **Consenting Owners.** "Consenting Owners" shall mean the Owner of any Lot other than the Declarant. Consenting Owners are entities or persons who purchased a lot from the Declarant prior to the execution of this Declaration and who desire to make the lot subject to this Declaration. Each Lot owned by a Consenting Owner shall be identified on a separate consent form that shall be signed by the Consenting Owner and filed of record with the Clerk and Recorder of Carbon County, Montana.

1.4. **Declarant.** "Declarant" shall mean and refer to Diamond C Links, LLC, a Montana limited liability company, and any of its successors and assigns to whom the Declarant has assigned its rights arising hereunder or to whom such rights have devolved by operation of law.

1.5. **Lot.** "Lot" shall mean and refer to any of the lots owned by Declarant and specifically identified in the first and second recital above and the lot of any Consenting Owner that is identified on a consent form signed by the Consenting Owner(s) and indicating the owner(s) intent to make the lot subject to this Declaration. "Lot" does not include any property located in the Subdivision that is not subject to this Declaration. There may be property in the Subdivision that is not owned by Declarant or a Consenting Owner that is not a "Lot" and therefore not subject to this Declaration.

1.6. **Owner.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple or equitable title to any Lot which is part of the properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

1.7. **RLCCE Amended Declaration.** "RLCCE Amended Declaration" shall mean the Amended Declaration of Covenants, Conditions, and Restrictions of Red Lodge Country Club Estates recorded December 16, 2002, under Document No. 305096 and any subsequent restatement or amendments thereto properly adopted in accordance with the terms of the RLCCE Amended Declaration and Montana law. A copy of the RLCCE Amended Declaration labeled "Exhibit A" is attached to this Declaration.

1.8. **RLCCE Declarant.** The "RLCCE Declarant" is the declarant established under the RLCCE Amended Declaration and any successor and assignee of the same.

1.9. **Subdivision.** "Subdivision" shall mean Diamond C Links Subdivision located in Carbon County, Montana as described in the official plat on file in the office of the Clerk and Recorder of said County under Document #324431 and any subsequent amendment of said plat.

ARTICLE II – SCOPE OF THIS DECLARATION

2.1. **Real Estate Benefited and Burdened by Declaration.** The covenants, conditions, and restrictions described herein apply to the Lots and any portion of the Subdivision owned by a party who has consented hereto in writing or who hereafter consents to this Declaration in writing. Declarant reserves the right to unilaterally amend this Declaration in order to include and address any additional lots and blocks that may be added to the Subdivision by subsequent filings, resubdivision,

or other means. The terms of this Declaration shall run with the land, including any future Lots that are created or become a part of the Subdivision. All portions of the Subdivision and the Lots now or hereafter subject to this Declaration shall be deemed to be conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to this Declaration. This Declaration is declared and agreed to be in furtherance of a general plan for the Subdivision for improvement and sale of the Lots and is established for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Subdivision and the Lots.

2.2 Persons Benefited and Bound by Declaration. All persons, corporations, or other entities who hereafter acquire any interest in a Lot or any portion of the Subdivision subject to this Declaration shall be taken and held to agree and covenant with the owner(s) of the other Lots and with their heirs, devisees, trustees, personal representatives, successors, and assigns, to conform to and observe the terms of this Declaration. This Declaration shall be binding upon and inure to the benefit of Declarant and the Consenting Owners and all persons, corporations, or other entities hereafter acquiring any interest in and to such real property or any portion thereof, and their respective heirs, devisees, trustees, personal representatives, successors and assigns.

ARTICLE III – ARCHITECTURAL REVIEW COMMITTEE AND REVIEW PROCEDURES

3.1 Review Required. All structures proposed to be built or placed upon a Lot or within any part of the Subdivision subject to this Declaration shall first be reviewed by the Architectural Review Committee (“Review Committee”) for compliance with this Declaration, the RLCCE Amended Declaration, and any amendments to either declaration. The Owner must obtain written approval in writing by the Review Committee prior to the commencement of construction. Unless otherwise specified in this Declaration, the Review Committee may, in its sole discretion, approve or disapprove any structure proposed to be built or placed upon any Lot based on its interpretation and application of this Declaration for any reason that is not grossly arbitrary or clearly capricious. Owners shall not build or place on any Lot an unapproved structure, and any such structure built shall immediately be taken down and removed at the Owner’s expense.

3.2 Committee Members. The members of the Review Committee shall be appointed by the Declarant until the authority of the Declarant is transferred to the board of directors of the Association in accordance with this Declaration. Declarant shall determine the number and tenure of committee members. Unless the Declarant determines otherwise, the Review Committee shall include three members, and each member shall serve for one year unless reappointed by the Declarant. Unless the Declarant determines otherwise, the term of each committee member shall run from the annual meeting of the Association to the next annual meeting. The members of the Review Committee need not own property in the Subdivision. The Review Committee may appoint Owners, professionals, or community members to serve as paid or unpaid advisors to the Review Committee. At least one member of the Review Committee shall be an architect licensed in Montana or any other state. The review fee described in Article 3.6 shall be paid to the architect for his or her services unless otherwise determined by the Review Committee. When reasonably possible the Review Committee shall also endeavor to obtain the advice of persons with knowledge and experience related to construction, design, and related fields. Unless specially approved by the Declarant, no committee member shall be entitled to receive any compensation for services performed pursuant to this Declaration. If one or more members or agents of Declarant are appointed to serve on the Review Committee, the Declarant and its agents may act solely in the interest of Declarant and owe no duty to any other person or

Owner when reviewing and acting upon any request for approval.

3.3 Enforcement of Amended Declaration and Review by RLCCEPOA. Declarant shall review construction plans in the Subdivision for compliance with the terms of the RLCCE Amended Declaration and this Declaration and shall have authority to enforce the requirements of the RLCCE Amended Declaration and this Declaration. Nothing in this Declaration shall diminish the authority or power of the RLCCE Declarant, RLCCEPOA, or other reviewing authority established under the RLCCE Amended Declaration to also review the construction plan for compliance with the RLCCE Amended Declaration or to enforce the requirements of that declaration. Lot owners shall obtain approval from the RLCCE Declarant, RLCCEPOA, or other reviewing authority established under the RLCCE Amended Declaration prior to commencing construction of any building or other structure in the Subdivision in accordance with the terms of the RLCCE Amended Declaration.

3.4 Application for Approval of Plans. Owners shall submit final plans and specifications to the Review Committee for approval prior to erecting, placing, or altering any building, fence, wall, parking area or other improvement on any Lot. The requirements and procedures for submitting such plans and obtaining the necessary approval shall be the same as those described in Article X, Section 1 of the RLCCE Amended Declaration attached hereto. Specifically, no improvements, including buildings, fences, walls or parking areas shall be erected, placed, altered, maintained or permitted to remain on any Lot by any Owner, tenant, or occupant until final plans and specifications shall have been submitted to and approved in writing by the Review Committee. Such final plans and specifications for exterior improvements shall be submitted in duplicate over the authorized signature of the Owner of the Lot or the Owner's authorized agent. Such plans and specifications shall be in such form and shall contain such information as may be required by the Review Committee, but shall in any event include the following:

- a. A site development plan of the Lot showing the nature, grading scheme, kind, shape, composition, and location of all structures with respect to the particular Lot and adjoining Lots (including proposed front, rear and side setback lines), and the number and location of all parking spaces and driveways on the Lot;
- b. A building elevation plan showing dimensions, exterior materials and colors;
- c. A landscape plan of the Lot showing the nature, grading scheme, kind, size, shape, composition and location of all landscape items, including but not limited to plants, vegetation, ground cover and automatically controlled underground irrigation system, with respect to the particular Lot and adjoining Lots; and
- d. Drawings that show existing elevations of lot corners and finished grade elevations at the building or structure, all referenced to a common base point.

3.5 Basis for Approval. In reviewing and approving plans submitted by the Owners the Review Committee shall apply the requirements and criteria described in Article X, Section 2 of the RLCCE Amended Declaration except to the extent additional or more stringent requirements or criteria are described in this Declaration, in which case the Review Committee shall apply the requirements and criteria of both declarations. More specifically, approval must be based, among other things, upon adequacy of site dimensions, adequacy of structural design, conformity and harmony of external design with neighboring structures, effect of location and use of proposed improvements upon neighboring Lots, appropriate lighting with sensitivity to misdirection of light and glare, excessive brightness and the potential for light trespass upon neighboring streets, adequacy of screening of mechanical, air conditioning and other rooftop installations, and conformity of the plans

and specifications to the purpose and general plan and intent of this Declaration. Roofing and siding materials shall comply with Article 4.9 and 4.10 below. In addition, no plans will be approved that do not provide for the underground installation of power, electrical, telephone and other utility lines from the property line to buildings. No plans will be approved that do not provide installation of an automatically controlled underground irrigation system. The Review Committee shall not arbitrarily withhold its approval of any plans or specifications. Except as otherwise provided in this Declaration, the Review Committee shall have the right to disapprove any plans or specifications submitted hereunder on any grounds that are not arbitrary or capricious including, but not limited to, the following:

- a. Failure to comply with any of the restrictions set forth in this Declaration;
- b. Failure to include information in such plans and specifications as may have been reasonably requested by Declarant;
- c. Objection to the exterior design or color, the appearance, or materials employed in any proposed structure;
- d. Objection on the grounds of incompatibility of any proposed structure or use with existing structure or uses upon other Lots, or other property in the vicinity of the subject property;
- e. Objection to the location of any proposed structure with reference to other Lots, or other property in the vicinity;
- f. Objection to the landscaping or grading of any Lot;
- g. Objection to the finish, proportions, style or architecture, height, or appropriateness of any structure;
- h. Objection to the number or size of parking spaces, or the design of the parking area;
- i. Failure to follow procedures or criteria set forth in any current set of supplementary design or review guidelines that may be published from time to time by the Review Committee to set forth procedures and further instructions for review of plans and the standards and criteria that the Review Committee expects to follow in reviewing proposed construction (provided that this requirement shall not be construed as preventing the Review Committee at its option from waiving or amending provisions of any such design or review guidelines at any time or with respect to any application);
- j. Any other matter that, in the judgment of the Review Committee, would render the proposed improvements or use inharmonious with the general plan for improvements of the Subdivision or with improvements located upon other Lots or property in the vicinity.

3.6 Review Fee and Other Review Costs. The Review Committee may establish and collect fees for the review of plans on the same terms as those described in Article X, Section 3 of the RLCCE Amended Declaration. Unless otherwise determined by the Review Committee, the review fee shall be one hundred and fifty dollars (\$150). All such fees shall be paid when the plans are submitted, and the Review Committee shall not consider the application until the review fee is paid. In addition to the standard review fee, the Review Committee may also require that applicants compensate the Association for any reasonable architectural, engineering, or other fees paid by the Association to third parties to obtain information or advice necessary to properly review an application. Unless waived by the Review Committee, payment of all fees described herein shall be a condition to final approval of the applicant's plans.

3.7 Result of Inaction. Written approval of plans and specifications by the Review Committee shall be required in all cases, and there shall be no presumption of approval if the Review

Committee fails to approve, disapprove, or conditionally approve the plans within any time period after the plans and specifications have been submitted.

3.8 Approval. The Review Committee shall approve, disapprove, or conditionally approve plans and specifications as submitted or as altered or amended. Upon approval or conditional approval by the Review Committee of any plans and specifications submitted, a copy of such plans and specifications, together with any conditions, shall be deposited for permanent record with the Review Committee, and a copy of such plans and specifications, bearing such approval together with any conditions, shall be returned to the applicant who submitted the same.

3.9 Commencement of Work. Upon receipt of approval from the Review Committee pursuant to this Declaration, the Owner or occupant, or both, to whom the approval is given, shall, as soon as practicable, satisfy all conditions of such approval and shall diligently proceed with the commencement and completion of all approved excavation, construction, refinishing, and alterations. In all cases significant and material work shall commence within one (1) year from the date of approval, and if work is not so commenced, approval shall be deemed revoked unless the Review Committee, pursuant to written request made and received prior to the expiration of the one (1) year period, extends the period of time within which work must be commenced by delivering written notice of such extension to the applicant.

3.10 Completion of Work After Approval. Owners shall complete work on any improvements governed by this Declaration within two (2) years from the date of approval of the plans and specifications by the Review Committee, except for so long as such completion is rendered impossible (but not merely inconvenient or costly) or unless work upon the proposed improvements would impose a great hardship upon the applicant due to strike, fire, national emergency, natural disaster or other supervening force beyond the control of and not reasonably foreseeable by the applicant. The Review Committee may, upon written request received prior to the expiration of the two (2) year period, extend the period of time within which work must be completed. If construction consists of multiple dwellings developed in different phases, the owner of any undeveloped Lot must keep them mowed and maintained. Failure to comply with this section shall constitute a breach of this Declaration and shall subject the party to the enforcement procedures set forth in this Declaration.

3.11 Declarant Not Liable. Declarant and its successors or assigns shall not be liable for any damage, loss or prejudice of any kind suffered or claimed by any Owner, person, or entity on account of or relating to the following:

3.11.1 The approval or disapproval of any plans, drawings or specifications;

3.11.2 The construction or alteration of any building or other improvements or performance of any work conducted in the Subdivision, whether or not such construction, alteration or work is carried out pursuant to or in compliance or non-compliance with any plans, drawings or specifications reviewed or not reviewed by Declarant or any agent or person associated with Declarant;

3.11.3 The development of any Lot within Diamond C Links Subdivision; or

3.11.4 Any mistake in judgment, negligence, nonfeasance, action or inaction, or for the enforcement or failure to enforce any provision of this Declaration.

Every Owner or occupant of any Lot by acquiring its interest therein agrees that it will not bring any action or suit against Declarant to recover any such damages or to seek equitable relief because of the same.

3.12 Notice of Violation and Duty to Remove. If any improvement shall be erected, placed or maintained upon any Lot in violation of this Declaration such alteration, erection, placement, maintenance or use shall be deemed to have been undertaken in violation of this Declaration, and upon written notice from Declarant any such improvement so altered, erected, placed, maintained or used shall be removed and any such use shall cease so as to conform to this Declaration. Should such removal or cessation not be accomplished within thirty (30) days after receipt of such notice then the party in breach of this Declaration shall be subject to the enforcement procedures described or referenced herein.

3.13 Transfer of Declarant's Review Powers to DCLPOA. When Declarant or any assignee of Declarant's rights hereunder ceases to own more than twenty percent (20%) of the Lots in the Subdivision, Declarant shall be deemed to have assigned all rights, powers, and duties arising under this Article III, including the right and responsibility to appoint members of the Review Committee and determine their number and term, to the DCLPOA, except as otherwise provided in this Declaration. Notwithstanding any such assignment Declarant (or its assignee) shall at all times be entitled to appoint at least one voting member of the Review Committee as long as Declarant (or its assignee) owns three or more Lots in the Subdivision.

ARTICLE IV – BUILDING AND SITE RESTRICTIONS

Any residence, building, or other structure that the Review Committee determines fails to meet the following restrictions (or upon completion is likely to fail) will not be approved by the Review Committee and shall not be erected, placed, or allowed to remain on any Lot.

4.1 RLCCE Amended Declaration Generally. All Lots shall be subject to and shall comply with the restrictions contained in the RLCCE Amended Declaration in addition to the express covenants, conditions and restrictions of this Declaration, which may be more restrictive or supplement those established by the RLCCE Amended Declaration. With the exception of the Lot 12 Parcels, and except to the extent more stringent requirements are imposed by this Declaration, all Lots in the Subdivision shall be deemed to be located in Area No. 1 and shall be subject to the use restrictions for Area No. 1 lots described in Article III of the RLCCE Amended Declaration. With the exception of the Lot 12 Parcels, only single-family detached dwellings may be erected, altered, placed or permitted on any Lot, and no two-family duplex dwelling may be erected, altered, placed or permitted on any Lot. The requirements of the RLCCE Amended Declaration are incorporated in this Declaration, and the Review Committee may reject any plans or specifications if, in the discretion of the Review Committee, they fail to satisfy the requirements of the RLCCE Amended Declaration. All rights and powers reserved to the RLCCE Declarant under the RLCCE Amended Declaration (Red Lodge Grizzly Peak, Inc.) are hereby also reserved to this Declarant (Diamond C Links, LLC) for purposes of enforcing the terms of this Declaration and the RLCCE Amended Declaration relative to the Lots of the Subdivision.

4.2 Residential Uses Only. Lots shall be used for residential purposes only and shall not be used for any business or commercial purpose that is reasonably apparent to or materially impacts any other Lot owner, including, but not limited to, any trade, profession, manufacturing, sales, distribution, store, office, school, day care center, church, hospital, treatment center, half way house, theatre, saloon, repair shop or entertainment place. No commercial trucks, commercial trailers, business vehicles, merchandise, building materials or equipment shall be parked or stored outside of an enclosed structure on a Lot. No business-related activities are permitted that generate noise, pollution, or traffic by any person other than the Lot owner. An incidental, personal home office or studio inside the residence is allowed as long as it does not violate the restrictions and prohibitions described above and conforms to all zoning codes, building codes, and other government regulations.

4.3 Multi-Family Uses Permitted (Lot 12 Parcels). The Lot 12 Parcels may be used for multi-plex, condominium, townhouse, apartment or other multi-family residential purposes in addition to single family homes. The requirements applicable to Area No. 2 (Multi-Family) described in RLCCE Amended Declaration Article IV (pages 4-5) shall also apply to the Lot 12 Parcels. Specifically, the finished grade around any building or structure shall not exceed the highest existing lot corner elevation plus eight inches, and from the finished grade no building or structure shall exceed thirty-five (35) feet in height measured to its highest point. The Declarant (under either the RLCCE Amended Declaration or under this Declaration) may in its discretion deny approval of the plans if the height of the building or structure unreasonably interferes with the view, elevations, or general aesthetic considerations of nearby Lots of the Subdivision or the declarants (under both the RLCCE Amended Declaration and this Declaration) allow a variance of the height restriction if the height of the building does not unreasonably interfere with the view, elevations or general aesthetic considerations of nearby Lots of the Subdivision. All Lot 12 Parcels shall comply with City of Red Lodge zoning regulations and ordinances, including any that impose off-street parking and setback requirements. Although the Lot 12 Parcels occupy land that was designated as part of Area No. 3 (Commercial) in the RLCCE Amended Declaration (former Lot 29, Block 7 depicted on the Plat of Red Lodge Country Club Estates 4th Filing, Document No. 280355), the Lot 12 Parcels shall only be used for non-commercial, residential purposes as described herein.

4.4 Prohibited Structures. Mobile homes, manufactured homes, pre-fabricated homes, modular homes, straw-bale homes, trailers, shacks, earthen homes, towers, stand-alone antennae, and all outbuildings or other structures not attached to a single-family detached dwelling are prohibited unless specifically permitted hereunder.

4.5 Lot Subdivision Not Allowed. No Lot shall be divided into two or more parcels.

4.6 Building Design and Materials Generally. All structures shall be designed to fit naturally and unobtrusively in the Subdivision, which Declarant and Consenting Owners intend to be a high-quality, esthetically pleasing community. All buildings shall be designed and constructed to promote an overall appearance that emphasizes natural shapes, materials, and earth tones that are consistent with a western mountain setting. All buildings shall be designed to avoid a “boxy” appearance with minimal visual appeal. Instead, all buildings shall include a number of features that are consistent with a high-quality, custom-built appearance, including, but not limited to: varied and high roof lines; multiple corners and varied exterior wall lines; raised or covered entranceways; an abundance of large and decorative window features; dormers, gables and skylights; etc. All structures must be of new construction, and all construction materials must be new unless other materials with unique architectural qualities are expressly approved by the Review Committee.

4.7 Building Dimensions. Any occupied structure shall include not less than 1,500 square feet of heated living area. An occupied structure that includes more than one story shall include not less than 1,300 square feet of heated living area on the ground level and a total of 1,800 square feet of heated living area on all levels. Garage space, patios, covered entryways, porches, and decks shall not be counted in satisfaction of these requirements whether heated or not. Except to the extent more restrictive requirements are included in this Declaration, Lot owners shall also comply with all provisions of the RLCCE Amended Declaration governing building dimensions, including Article IV, Section 3.

4.8 Ground Floor Elevation. In order to promote water drainage away from the residence, the finished elevation of the ground level floor shall be a minimum of eighteen inches (18") above the crown of the road that fronts on the Lot. The elevation of the crown shall be measured at the mid-point of the boundary that separates the Lot and the road. If the Lot fronts on more than one road, the elevation of the ground level floor shall be a minimum of eighteen inches (18") above the crown of whichever road is highest, measured at the mid-point of the Lot as just described. Soil shall be graded from the ground level floor to the existing grade to create positive drainage away from the residence. Each Lot shall be graded to prevent excessive stormwater from trespassing onto neighboring Lots.

4.9 Roof Construction and Materials. Except as otherwise provided herein, all roofs shall be made of a material specified in Article X, Section 2(a) of the RLCCE Amended Declaration (natural wood shingles or shakes, tile, slate, dimensional profile asphalt composition shingles with a manufacturer's warranty of at least twenty years, or pre-painted standing seam metal roofing with a manufacturer's warranty of at least twenty years and a minimum of 24-gauge metal). In addition, roofs may be made of multi-dimensional fiberglass shingles with a manufacturer's warranty of at least twenty (20) years. Standing seam metal roofing may be painted or finished with an iron oxide matte finish. Any tiles used for roofing material shall be made of cement or a comparable material. All roofing materials must be approved by the Review Committee. The Review Committee may, in its discretion, grant a variance from the requirements for roofing material if an alternative material will, in committee's sole opinion, be harmonious with the character of the adjoining Lots and the Subdivision generally.

4.10 Siding Construction, Materials and Colors. Owners are encouraged to use real wood siding, smooth or rough sawn, to promote a natural, high-quality appearance. Other acceptable siding materials include: synthetic stucco systems, including, but not limited to, Dryvit; natural or cultured stone; and fiber-cement plank (such as HardiePlank) (see below for special rules applicable to front elevation). Aluminum, vinyl, and asphalt siding is not allowed, but soffits may be made from perforated aluminum painted to match the color of the house. All fascia boards are to be made of natural wood (not aluminum) at least 2" by 8" in dimension and shall be painted or stained. Siding material shall be painted or stained in earth tones approved by the Review Committee and may include: natural wood colors, tans, browns, greens, grays, soft reds, and soft yellows. Bright colors are prohibited.

4.11 Windows and Doors. To promote energy-efficiency, all exterior windows and sliding glass doors shall be double pane; no single pane windows or doors are allowed. Unless a different material is specifically approved by the Review Committee, window frames shall be made of wood, aluminum, aluminum cladding, or vinyl cladding. It is recommended, but not required, that windows

be designed to withstand a wind load of at least 100 MPH. (See below for additional requirements concerning windows on the front elevation.) Entryway doors shall be architectural, raised panel wood or metal doors. No flat panel or "slab" doors are allowed. Garage doors shall be architectural, raised panel wood or metal doors. No flat panel or "slab" doors are allowed. All doors shall be painted or stained to match or complement the finish of the rest of the house. All windows and doors shall have banding around their perimeter.

4.12 Special Rules Governing Front Elevation. The front elevation of all occupied structures shall be designed to include set-backs and multiple corners to avoid a "boxy" appearance. Windows shall be designed to include decorative mullions (vertical dividers) and transoms (horizontal dividers) to complement the architectural design of the structure. The front entryway shall be raised above the surrounding ground level and shall be either covered or recessed into the building. Front porches and rear decks are recommended but not required. Natural or cultured stone shall be used on at least twenty percent (20%) of the gross, vertical surface area of the front elevation of the structure (not including the roof). If columns or beams are visible on the front elevation they shall be made of smooth or rough sawn lumber or architectural designed steel members. Garages shall be side-entry unless lot dimensions prevent such a design. **Exhibit C is an illustration of a sample home that includes many of the design features required or recommended by this Declaration. Exhibit C is only intended as a guideline, and all features included in the illustration may not necessarily be required by or permitted under this Declaration.**

4.13 Driveways and Walkways. Driveways and walkways (other than sidewalks in the public right of way) that are visible from areas accessible to the public shall be constructed using poured concrete with a light broom finish, brick, or concrete pavers. Driveways and walkways made from poured concrete shall include a stamp-design border on each side. Poured-concrete driveways and walkways shall include welded wire mesh or steel rebar and expansion joints to prevent cracking and separation.

4.14 Mailboxes. If individual mailboxes are approved for curbside mail distribution in the Subdivision the mailboxes shall have a uniform structure and appearance. The Review Committee shall prepare written design standards for the mailboxes and make them available to any Owner upon request. All mailboxes shall comply with the written design standards and shall be approved by the Review Committee before installation.

4.15 Satellite Dishes. Satellite dishes may be mounted on the side or rear of the structure but, so far as possible, shall be located in order to minimize their visibility from neighboring properties and, in particular, from the front of the building. No satellite dish may exceed twenty-four inches (24") in diameter. Free-standing or unattached satellite dishes are prohibited. No television antennae are permitted for any purpose.

4.16 Above-ground swimming pools. Above-ground swimming pools are prohibited.

ARTICLE V – CONSTRUCTION

5.1 Completion of Construction after Commencement. No construction equipment or materials shall be placed upon a Lot more than 30 days prior to the commencement of any construction. The exterior of a structure must be completed within 12 months after the start of its

construction or 12 months after the date that the materials and equipment arrived on the Lot, whichever is earlier. No construction materials or equipment may be stored outside the structure after this 12 month period. The Review Committee may grant an extension of the 12 month period if it is requested at the time the initial building plans are submitted for review.

5.2 Construction Materials. Construction materials and debris must be secured at all times to prevent scattering. All construction materials and debris must be removed from the Lot within two weeks after the completion of the exterior finish of the structure.

5.3 Soil Disturbance. Lot owners may drill test wells or conduct soil testing on their Lots. Lot Owners shall return the disturbed area back to its original condition immediately after the drilling or excavation.

ARTICLE VI – LANDSCAPING

6.1 Approval of Landscaping. Minimum landscape requirements promote a consistent, natural appearance for all residences, protecting property values and improving the quality of the Subdivision. A copy of the initial landscape plan required by Article X, Section 1(c) of the RLCCE Amended Declaration shall be submitted to the Review Committee for review and approval. In accordance with that document, the landscape plan shall show the nature, grading scheme, kind, size, shape, composition and location of all landscape items, including but not limited to plants, vegetation, ground cover and automatically controlled underground irrigation system, with respect to the particular Lot and adjoining Lots. As with building plans, each landscape plan shall be approved by both the reviewing authority established under the RLCCE Amended Declaration and the Review Committee established under this Declaration. A plan describing subsequent additions, removals or alterations of the original landscaping plan must also be approved in advance by the Review Committee if the addition, removal or alteration would materially alter landscaping approved as part of the original plan.

6.2 Minimum Landscaping Materials. A minimum of twelve (12) trees shall be planted and maintained on each Lot. At least eight (8) trees shall be located in the front half of the Lot adjoining the public right of way or, in the case of corner lots, in the front and side portions of the Lot that adjoin the public right of way. Evergreen trees shall be a minimum of seven (7) to nine (9) feet, and leaf-bearing trees shall be a minimum two inch (2") caliper. Owners are encouraged to install indigenous trees requiring a minimum of water in order to promote water conservation. In addition to trees, each landscape design shall include an abundant number of shrubs and other plants in the front half of the Lot adjoining the public right of way or, in the case of corner lots, in the front and side portions of the Lot that adjoin the public right of way. Every landscaping plan shall include large natural boulders or stones. River rock, gravel, lava, and other small decorative stones may be used for ground accents but shall not be used to satisfy the foregoing requirement. All Lots shall be seeded or sodded with turf grass. **Exhibit D is an illustration of a sample landscape plan that includes many of the landscape design features required or recommended by this Declaration. Exhibit D is only intended as a guideline, and all features included in the illustration may not necessarily be required by or permitted under this Declaration.**

6.3 Completion of Landscaping. Except as otherwise provided in this section, all landscaping and turf grass shall be installed by September 30 of the year in which the exterior of the

residence is completed. If the exterior of the residence is not completed until after June 30, the landscaping and turf grass shall be installed no later than June 30 of the year following the year the exterior of the residence was completed.

6.4 Maintenance of Landscaping. All landscaping shall be irrigated, fertilized, mowed, trimmed, and otherwise maintained to promote the quality appearance of the Subdivision. Any required landscaping that dies or becomes significantly damaged or diseased shall be promptly replaced with comparable materials that comply with this Declaration. Landscaping that becomes infested with insects, fungi, or disease shall be promptly treated or removed to prevent the infestation from spreading to neighboring properties. Owners shall keep all Lots, developed and undeveloped, free of noxious weeds at all times. The Board of Directors may have all vacant lots in the Subdivision mowed once each year and assess the owners of the vacant lots for the cost of this service. ←

6.5 Declarant Right to Perform Delinquent Maintenance. If an Owner fails to perform maintenance required under this Article VI or any other part of this Declaration the Declarant may exercise the rights described in Article XII, Section 2 of the RLCCE Amended Declaration to perform the maintenance, charge the delinquent Owner for the cost of the work, claim a lien against the delinquent Lot, and exercise all other remedies described in the RLCCE Amended Declaration.

6.6 Maintenance of Common Areas. The Association may construct, repair and maintain any entranceways, public easements, parkways, grass plots, parking areas, signs, or other facilities of any kind dedicated to community use and other open spaces and ornamental features of the Subdivision that now exist or that may subsequently be installed or constructed in the Subdivision. The Association may assess each Owner for a proportionate share of all costs incurred. At the time this Declaration was adopted these facilities were dedicated to community use:

a. Three landscaping and signage easements areas including one located on Lot 1, Block 9 immediately north of the intersection of Diamond C Trail and Cole Drive and on the west side of Diamond C Trail, and two easement areas located at the intersection of Pine Ridge Road and Lazy J Circle and on the north and south sides of Lazy J Circle, all as more particularly described in the Declaration of Easement filed as Document No. 333175 with the Clerk and Recorder of Carbon County, Montana;

b. Various customized street signs and poles located in or near public rights-of-way in the Subdivision and the land immediately surrounding those signs and poles to the extent necessary to repair, replace or maintain them; and

c. Traffic signs and poles, including four golf cart yield signs, located in or near public rights-of-way in the Subdivision and the land immediately surrounding those signs and poles to the extent necessary to repair, replace or maintain them.

ARTICLE VII – OTHER RESTRICTIONS

7.1 Subdivision Improvements Agreement. All Lots shall be subject to and shall comply with the restrictions contained in the Subdivision Improvements Agreement, and any amendments thereto, between the Declarant and the City of Red Lodge recorded on September 7, 2006, in the office of the Carbon County Clerk and Recorder as Document No. 324432.

7.2 **Firearms and Illegal Activity.** Firearms shall not be discharged on a Lot or anywhere within the Subdivision. No illegal activity, conduct or condition shall be permitted on a Lot which would constitute a nuisance to any other Lot, endanger any resident, or jeopardize any property in the Subdivision.

7.3 **Storage of Vehicles.** All vehicles and vehicle attachments of any kind shall be screened from view of the street and adjacent Lots in compliance with Article XI, Section 9 of the RLCCE Amended Declaration. Specifically, all vehicles and vehicle attachments of any kind, including but not limited to boats, motorcycles, snowmobiles, golf carts, recreational vehicles, horse trailers, work or storage trailers, ATVs, and personal watercraft shall be screened from view of the street and adjacent Lots. The adequacy of the screening shall be determined by the Review Committee.

7.4 **Signs.** Advertisements, signs and billboards of any type shall not be allowed on any Lot or anywhere within the Subdivision except that if a Lot is for sale the owner may place one standard size realtor-style sign on the Lot. The sign shall not exceed 18 inches by 24 inches in size and shall be mounted so that the highest point is not greater than 48 inches above the level of the ground. The Declarant may place promotional signs anywhere in the Subdivision without limitation as to quantity, size, design, location or duration of time.

7.5 **Golf Course Lots.** Owners of all Lots adjoining or adjacent to the golf course hereby grant an easement to golfers on the golf course to enter the Owner's property by foot to pick up and remove golf balls, and Owners waive and release any claim for trespass or nuisance that might accrue as a result of golf balls being hit onto or over an Owner's property. Owners, their heirs, successors, assigns, tenants, and invitees hereby waive and release any claim that they might otherwise have against Declarant and/or the Association for damages, including from glass breakage or personal injury, caused by golf balls being hit out of bounds from the golf course, and Owners hereby agree to hold Declarant and/or the Association harmless from and indemnify them for any such claim brought by an Owner's tenant or invitee. Nothing in this paragraph shall be interpreted to waive or release claims by Owners or their heirs, successors, assigns, tenants or invitees against any golfer who negligently causes property damage or personal injury by hitting a golf ball onto an Owner's Lot.

ARTICLE VIII – ASSIGNMENT OF POWERS BY DECLARANT

8.1 **Voluntary Assignment by Declarant.** Except as otherwise provided in Article 8.2, Declarant may assign and delegate all rights, powers, reservations and duties arising under this Declaration to any person, partnership, corporation or association, and upon execution of a written consent accepting such rights and responsibilities the assignee shall succeed to all rights, powers, and duties of the Declarant, including the right to make further assignment of Declarant's rights and powers. The assignment and consent to assignment shall be in writing and shall be recorded with the Carbon County Clerk and Recorder.

8.2 **Mandatory Assignment to DCLPOA.** Declarant or Declarant's successor in interest shall promptly assign and delegate all rights, powers, reservations and duties arising under this Declaration to the Diamond C Links Property Owners Association at such time as Declarant, or any assignee to which Declarant has assigned its rights, powers and duties under this Declaration, ceases to own three or more Lots in the Subdivision. If at that time the Association has ceased to exist, the

Declarant shall make the assignment to the Association's successor in interest or, if applicable, to any other party that has been appointed by the Association to accept the assignment.

8.3 Constructive Assignment to DCLPOA. If at any time Declarant or its assignee under Article 8.1 ceases to exist or dies and has not made a further assignment of Declarant's rights and powers under this Declaration in accordance with Article 8.1 or Article 8.2 above, and if Declarant's rights and powers have not otherwise transferred as a matter of law to another person or entity, those rights and powers shall be deemed to have been assigned to the DCLPOA or its successor in interest or other party appointed by the Association to accept the assignment.

ARTICLE IX – GENERAL PROVISIONS

9.1 Term. This Declaration and any amendments thereto are covenants running with the land that shall be binding upon the Lots and all other real property located in the Subdivision for a minimum of 30 years after the date the Declaration is recorded. Thereafter the term of this Declaration and any applicable amendments shall be automatically extended for successive periods of 10 years each unless prior to each such anniversary the owners of 80 percent or more of the Lots then subject to this Declaration, with each Lot constituting an equal percentage, sign and file with the Clerk and Recorder of Carbon County an instrument establishing that the signing Lot owners have agreed to terminate the Declaration or amendment.

9.2. Severability. Invalidation of any one of the covenants, conditions, restrictions or agreement terms set forth herein shall in no way affect those remaining, which shall remain in full force and effect.

9.3 Enforcement.

9.3.1 Right to Enforce. The Declarant, the Association, and any aggrieved Lot owner(s), acting individually or jointly, shall have the right, but not the obligation, to enforce the terms of this Declaration by using any and all legally available means or remedies, including, but not limited to, maintaining a civil action for specific performance, injunction, and/or compensatory damages against any Lot owner for failure to comply with the provisions of this Declaration.

9.3.2 Declarant's Right to Temporarily Delay Construction. In the event that Declarant reasonably determines that on-going construction, work, or other activity being carried out on or in conjunction with a Lot is or might be in violation of this Declaration and that the construction, work or other activity, if permitted to continue, may later be impossible, difficult, or expensive to remove, replace, rectify or otherwise remedy if found to be in violation of this Declaration, then the Declarant may require that the Lot Owner immediately cease and desist the subject construction, work, or other activity for up to seven (7) calendar days (the "Cessation Period"). Declarant may invoke commencement of the Cessation Period by giving written notice to the Owner that describes the basis for Declarant's concerns and identifies the provisions of this Declaration at issue. During the Cessation Period the Declarant and the Owner shall investigate the relevant facts and attempt to resolve the dispute through good faith negotiations. Neither Declarant nor its agents shall be liable to the Owner or any agent, contractor, or other person associated with the Owner as a result of any delay, damages, or other prejudice that may result from Declarant's invocation of the Cessation Period in accordance with this Declaration.

9.3.3 Penalty for Late Performance. All persons who accept a deed to property subject to this Declaration shall be deemed to agree that time is of the essence in the performance of the duties described herein. In order to promote timely compliance and prompt rectification of any violations of this Declaration for the benefit of the Subdivision and other Owners, Declarant may require that any Lot Owner in violation of this Declaration pay to the Association a per-day, late-performance penalty in an amount to be determined by Declarant. The penalty shall not exceed \$50 for each day that the violation remains uncured and shall not begin to accrue until after Declarant has provided written notice of the violation to the subject Owner.

9.3.4 Attorney Fees. If Declarant or any Lot Owner employs one or more attorneys to enforce provisions of this Declaration or initiates litigation to enforce the same, the offending or breaching Lot owner shall be obligated to pay, on demand, all costs, charges and expenses, including reasonable attorneys' fees, incurred by the prevailing parties.

9.3.5 Mandatory Mediation. Unless the circumstances require immediate relief by a court, any dispute arising under this Agreement shall be submitted to non-binding mediation before litigation may be commenced. The parties to the dispute shall divide the mediator's charges equally so that the proponents of each position pay a proportionate share of the mediator's charges. A party to this Agreement may commence the mandatory mediation process by providing a written demand to the other party describing the nature of the dispute, the party's position relative to the dispute, and identifying one or more possible mediators. The other party shall respond to the demand within 14 calendar days by describing that party's position and either consenting to a mediator identified by the first party or suggesting one or more alternative mediators. The parties shall promptly agree on a mediator and, if reasonably possible, schedule the mediation to occur within 30 days of the date of the original demand for mediation. If the parties cannot agree on a mediator they shall ask the director of the lawyer referral service of the State Bar of Montana to select a mediator, and that person's choice shall be binding on the parties.

9.4 Covenant to Pay Assessments. Each Lot Owner, by acceptance of a deed, whether or not it shall be expressed in said deed, is deemed to covenant and agree to pay to the Association all assessments lawfully made by the Association and to waive any right said Owner may have under the laws of the United States or the State of Montana to claim a homestead exemption for said assessments. The amount of any assessments shall be determined by the board of directors of the Association. Owners and their grantees shall be jointly and severally liable for all unpaid assessments due and payable at the time of conveyance of any Lot, but without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee to the Association. The directors of the Association shall notify third parties, upon their request, of the amount of unpaid assessments on any Lot.

9.5 Assessments for Common Expenses Generally.

9.5.1 Until the board of directors determines otherwise, the amount of the initial assessment shall be fifty dollars (\$50) annually.

9.5.2 Prior to transferring any Lot, the current Owner shall pay to the Association a title transfer fee of \$200. The Owner shall not be obligated to pay the transfer fee if he or she transfers a partial interest in a Lot but remains a co-owner of the Lot. The Declarant shall not be obligated to

pay the title transfer fee when Declarant transfers each Lot for the first time.

9.5.3. Annual assessments for Association expenses shall be due on or before September 1 of each year unless a different date is established by the board of directors of the Association. A late payment fee of 10% of the annual assessment amount shall be paid after the annual assessment becomes more than 30 days overdue. The late payment fee shall be assessed each and every month until the annual assessment and late payment fee(s) are paid. This late payment fee is a penalty for late payment and is not intended as interest on the unpaid amount. All payments upon assessments shall be applied first to late payment fees and then to the earliest assessment due.

9.5.4 No owner may exempt himself from liability for his or her contribution toward any common expense by waiver of the use or enjoyment of those items paid for or by abandonment of his or her right to the use or enjoyment thereof.

9.5.6 No Lot owner shall be entitled to receive the balance in that owner's assessment account upon sale of the owner's home. The account balance shall pass to the new Lot owner's credit with the sale of the home.

9.5.7 Assessments, transfer fees, late payment fees, costs of collection, costs of suit, and attorneys' fees shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with fees, costs of collection, costs of suit, and attorneys' fees shall also be the personal obligation of the person who was the Lot owner at the time the assessment became due. An Owner's personal obligation for delinquent assessments shall not be extinguished by sale of the Owner's Lot. Sale of a Lot will not extinguish any lien on the Lot for unpaid assessments.

9.6 **No Waiver.** Failure of the Declarant, the Association, or any Lot Owner to enforce the provisions of this Declaration shall not be deemed a waiver of the right to do so thereafter.

9.7 **Amendment.** This Declaration or any provision, covenant, condition or restriction contained herein may be terminated, extended, modified, or otherwise amended as to all of the Lots or any portion of the Lots if approved in writing by persons or entities owning at least 75 percent of the Lots, with each Lot having an equal percentage. No termination, extension, modification or other amendment of this Declaration shall take effect unless it is also approved and signed by Declarant, Declarant's assignee, or Declarant's corporate successor in interest as long as Declarant, Declarant's assignee, or Declarant's successor in interest own three or more Lots in the Subdivision. No amendment shall be effective until it is properly executed, acknowledged, and recorded in the office of the Carbon County Clerk and Recorder.

ARTICLE X – PROPERTY OWNERS ASSOCIATION AGREEMENT

10.1 **Membership.** By virtue of his or her ownership of a Lot each Lot owner shall be a member of the Diamond C Links Property Owners Association. As a member of the Association each Lot owner is subject to the provisions and terms of this Declaration and the organizational documents of the Association, including, but not limited to, the articles of incorporation, bylaws, and regulations of the Association.

10.2 Association Governance and Voting Generally. The governance of the Association and rules for voting by members are described in the bylaws of the Association in addition to this Declaration. The affairs of the Association shall be directed by the board of directors of the Association subject to such involvement by the members as is set out in the articles of incorporation and bylaws of the Association and by Montana law. By way of summary, and as further described in the bylaws, each Lot shall be entitled to one vote, and the one vote for any Lot owned by more than one person shall be exercised as such co-owners may among themselves determine.

10.3 Determining Lot Ownership. Ownership shall be determined according to the records of the Clerk and Recorder of Carbon County, Montana, except that a personal representative, conservator, or trustee may vote in person or by proxy with respect to any Lot owned or held in such capacity whether or not the Lot has been transferred to the fiduciary's name by a duly recorded conveyance. Owners shall also include those purchasing a Lot under purchase contracts who have an equitable interest in the Lot if such interest is disclosed by the public record in the office of the Carbon County Clerk and Recorder, and in such an event the equitable owner and not the title owner shall be considered as the only owner of such Lot for purposes of determining voting rights and membership in the Association.

10.4 Limitations on Liability of Directors. All Lot Owners and others who may claim under them hereby agree that the directors of the Association, Diamond C Links, LLC, and James G. Drescher individually shall not be liable to the Association or any Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The Owners and the Association shall indemnify and hold harmless each of the directors of the Association from and against all contractual liability to others arising out of contracts made by the board of directors on behalf of the Association unless such contract was made in bad faith. Every agreement made by the board of directors on behalf of the Association shall, if such term is obtainable, provide that the directors are acting only as agents for the Association, and the directors shall have no personal liability under the agreement. The Association shall indemnify against expenses any director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the person is or was a director of the Association. Said expenses shall include attorney's fees, judgments, fines and amounts paid in settlement or otherwise incurred by the director in connection with such action, suit, or proceeding. Said indemnification is limited to matters wherein the director acted in good faith and in a manner the director reasonably believed to be in, or not opposed to, the best interests of the Association. To the extent that the terms of this Article 10.4 are different from or inconsistent with the terms of the Association's articles of incorporation or bylaws addressing the same or related issues, the document or documents providing the greatest protection for the benefit of the director or directors shall be deemed to prevail.

10.5 Rights of Association. In accordance with Article IX above, the Association shall have the right, but not the obligation, to enforce this Declaration. Furthermore, in the event that any Lot owner shall permit any Lot, structure or other improvement that is the responsibility of such Lot Owner to maintain to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, the Association may notify the Owner to take corrective action. If corrective action is not taken by the owner within a reasonable time, as determined by the Board, the Board may cause such corrective action to be taken and shall assess the expense of correction to the Owner as a special assessment, payable only by that Owner. If an Owner fails or refuses to promptly pay such an

assessment the Association may file and foreclose a lien for the amount of the assessment plus late fees and costs of lien preparation and foreclosure, including attorney's fees as provided herein.

10.6 Responsibilities of Directors. The directors shall have general responsibility for managing the affairs of the Association, approving an annual budget for the Association, establishing and collecting any necessary assessments, and arranging for any necessary management of assets for which the Association is responsible. In addition, and without limiting the powers and duties set forth in the bylaws, the directors shall also have the following specific powers and duties:

10.6.1 To enforce the provisions of this Declaration by appropriate action;

10.6.2 To determine the amount of the assessments payable by members for the purposes set forth herein, and to allocate and assess said assessments among Lot owners. Assessments may include reserve funds for major repairs, emergencies, or capital improvements. The directors shall have the authority to invest reserve funds in any manner not inconsistent with the needs of the Association;

10.6.3 To send written notice of the new annual assessment to every Lot owner at least two weeks before the assessment is due if there is a change in the annual assessment amount;

10.6.4 To record a lien for assessments that are not paid within thirty (30) days after the date when due;

10.6.5 To foreclose the lien against any Lot for unpaid assessments and/or to bring an action at law against the Lot owner personally obligated to pay the same;

10.6.6 To supervise all officers, agents and employees of the Association to ensure that they properly perform their duties; and

10.6.7 To maintain, clean, reconstruct or repair any part of any Lot or the exterior of any structure damaged by neglect or casualty or otherwise in violation of this Declaration if the Owner fails or refuses to complete the work within 30 days following notice of the neglect or condition provided by the Association.

10.7 Common Expenses. In addition to such other common expenses as may be determined by the board of directors of the Association, the following Association expenses shall be charged to all of the Lot Owners as common expenses: administrative expenses of the Association; insurance expenses of the Association, its employees, and directors; costs of maintenance and repair of common areas and property owned by or available for use by the Association or its members; and costs of carrying out any of the Association's other duties as set forth herein or in the Bylaws.

10.8 Remedies for Non-Payment of Assessments. All unpaid sums assessed by the Association for the share of common expenses chargeable to any Lot owner, together with other fees, collection costs, costs of suit and attorney fees, shall constitute a lien on such Lot owned by the non-paying Owner and if filed of record may be foreclosed in the same manner as a construction lien. Such lien shall not take priority over any sums unpaid on a first mortgage or trust indenture recorded prior to the recording of the lien for assessments. Each assessment, together with other fees, collection costs or costs of suit, and attorney's fees, shall also be the personal obligation of the Owner of the Lot

when the assessment first became due. A suit to recover a money judgment for unpaid assessments may be maintained by the Association against said Owner without foreclosing or waiving the lien securing the same. All costs of collection of delinquent assessments, including but not limited to court costs, costs of filing liens, and attorney's fees, shall be the primary obligation of the non-paying individual Owner, shall be deemed a common expense chargeable to the non-paying Owner, and may be added as a special assessment payable by that Owner at such time as is specified by the directors of the Association.

10.9 Inspection of Records. The books, records and papers of the Association shall be available for inspection by any member of the Association upon reasonable notice to the Secretary of the Association.

10.10 Bylaws. The current Bylaws of Diamond C Links Property Owners Association are attached hereto as Exhibit "B."

IN WITNESS WHEREOF, this instrument has been executed as of the day and year first above written.

DECLARANT:

DIAMOND C LINKS, LLC

By: *James G. Drescher*
JAMES G. DRESCHER, Member

STATE OF Wisconsin)
)ss.
County of Waupesa)

This instrument was acknowledged before me on the 28 day of MAY, 2008 by James Drescher, known to me to be a member of Diamond C Links, LLC.

Victoria A. Crane
[signature] Victoria A. Crane
[typed/printed name]
Notary Public for the State of Wisconsin
Residing at: 1141 Sycamore St., Delavan, WI 53115
My Commission Expires: Sept. 7, 2008

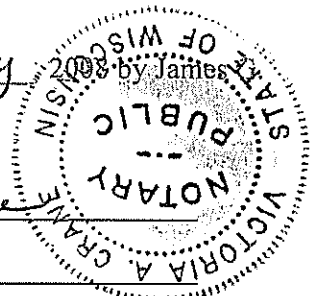


EXHIBIT A

Amended Declaration of Covenants, Conditions, and Restrictions of Red
Lodge Country Club Estates (2002)

305096

**AMENDED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF RED LODGE COUNTRY CLUB ESTATES**

TO THE PUBLIC:

THIS AMENDED DECLARATION, made on the date hereinafter set forth when signed by the duly authorized representatives intends to gather and reorganize all prior filed documents and other changes into one up-to-date, simplified statement:

WHEREAS, Red Lodge Grizzly Peak, Inc. (the declarant); Robert L. Dillon; Langlas Homes, Inc.; and Red Lodge Country Club Estates Property Owners Association (RLCCEPOA), Inc. (hereinafter "the undersigned parties") represent the ownership of greater than sixty per cent (60%) of the square feet of properties in Areas 1, 2, and 3 of Red Lodge Country Club Estates, and

WHEREAS, the undersigned parties desire that this document incorporates these previously recorded documents into one document that supersedes any one or all of the following:

<u>Document No.</u>	<u>Date</u>	<u>Title</u>
232385	08/06/84	Declaration of Covenants, Conditions and Restrictions
247301	03/31/88	Declaration of Covenant (re: Certificate of Survey No. 1448AM)
273268	05/24/95	Notice of Addition of Real Property
273603	06/28/95	Amended declaration of Covenants, Conditions and Restrictions
274762	08/15/95	Notice of Change in Area Designation
277343	05/31/96	Declaration of covenant (re: Certificate of Survey No. 1291)
282494	02/13/97	Corrected Notice of Addition of Real Property
280495	02/27/97	Revocation of Declaration of Covenant

and agreed upon amendments.

NOW, THEREFORE, in consideration of the premises and pursuant to Article XIII, Section 1, of the Declaration of Covenants, Conditions, and Restrictions of Red Lodge Country Club Estates, the undersigned hereby publish this REVISED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, as amended:

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Red Lodge Country Club Estates Property Owners Association (RLCCEPOA), Inc., its successors and assigns.

ARTICLE I CONTINUED

Section 2. "Board or Board of Directors" shall mean the Board of Directors of the Association as more particularly defined in the bylaws of the Association.

Section 3. "Declarant" shall mean and refer to Red Lodge Grizzly Peak, Inc., a Montana corporation, and any of its successors and assigns to whom the Declarant has specifically assigned its development rights hereunder.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple or equitable title to any Lot which is part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Properties" shall mean and refer to that certain real property described as: Red Lodge Country Club Estates Subdivision, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

AREAS WITHIN THE PROPERTIES

Section 1. Red Lodge Country Club Estates shall have five distinct areas with the following lots and blocks being included in each area:

Area No. 1 (single residence or duplex)

Block 1: Lots 3 through 37; Lots 39 through 73.

Block 3: Lots 1 through 26; Lots 28 through 38; Lots 40 through 55; Lots 58 through 72; Lots 74 through 95.

Block 4: Lots 1A and 1B; Lots 1 through 29; Lots 30A through 43B; Lots 44 through 57.

Block 5: Lots 1 through 20; Lots 22 through 34.

Block 7: Lots 1 through 3; Lots 7 through 20; Lots 22 through 28.

Block 8: Lots 1 through 9, Lots 11 through 50.

Block 9: Lots 1 through 33.

Area No. 2 (Multi-Family)

Block 2: Lots 3 through 6.

Block 3: Lots 39, 56, and 73, Lots 96 through 99; Lots 102 through 110.

Area No. 3 (Commercial)

Block 2: Lots 1 and 2.

Block 3: Lot 100

ARTICLE II, SECTION 1 CONTINUED

Block 4: Lot 58A.
Block 6: Lots 1 and 2.
Block 7: Lots 29 through 37.
Block 9: Lots 34 and 35.
Tract 1, Certificate of Survey No. 1291.

Area No. 4 (Recreational)
Block 1: Lots 1, 2, and 38.
Block 2: Lot 7.
Block 3: Lots 27, 57, and 101.
Block 5: Lot 21.
Block 7: Lots 6 and 21.
Block 8: Lot 10.

Area No. 5 (Public)
Block 6, Lot 3.

ARTICLE III

SINGLE FAMILY OR DUPLEX RESIDENCES

Section 1. Each Lot in Area No. 1 shall be used solely for residential purposes. However, said use for residential purposes does not prohibit an owner from renting or leasing the premises for residential purposes to another. Only a single-family detached dwelling or two-family duplex attached dwelling may be erected, altered, placed, or permitted on any Lots in Area No. 1, provided that a two-family duplex attached dwelling may be erected, altered, placed, or permitted only on Lots within Area No. 1 if the Lot or Lots on which the dwelling are to be erected exceeds 15,000 square feet. Notwithstanding the foregoing or any other provision herein, only single-family detached dwellings may be erected, altered, placed or permitted on the following Area No. 1 Lots:


Block 1: Lots 24 through 37; Lots 39 through 73.
Block 7: Lots 1 through 3; Lots 7 through 20; Lots 22 through 28.
Block 8: Lots 1 through 19; Lots 11 through 50.
Block 9: Lots 1 through 33.

Section 2. No lot in Area No. 1 shall be subdivided for the purpose of constructing more buildings than would be permitted on the lots as originally platted.

Section 3. All plans for any dwelling shall provide for an attached enclosed garage with space for at least one vehicle. The Declarant may allow the construction of a detached garage where the location of the individual structure and the size of the Lot allow sufficient area and the building will not unreasonably interfere with the view, building sites, landscaping elevations and general aesthetic considerations of the project and the nearby lots.

ARTICLE III CONTINUED

Section 4. In Area No. 1, the finished grade around any building or structure shall not exceed the highest existing lot corner elevation plus eight inches (8"). From the approved finished grade, no building or structure shall exceed twenty-five feet (25') in height measured to its highest point. However, the Declarant may in its discretion deny approval of plans if the height of a building or structure unreasonably interferes with the view, elevations or general aesthetic considerations of nearby Lots or the subdivision as a whole or may allow a variance of the height restriction if the height of the building does not unreasonably interfere with the view, elevations, or general aesthetic considerations of nearby Lots or the subdivision as a whole.

Section 5. No building or structure shall be erected, placed, constructed, reconstructed, altered, or remodeled so as to be less than 25 feet from the front or rear lot line or less than 6 feet from the side lot line or 20 feet from the side lot line (corner). All buildings shall comply with the City of Red Lodge, Montana, zoning regulations. 

Section 6. No dwelling in Area No. 1 shall be used for professional, commercial, manufacturing or trade purposes.

ARTICLE IV

AREA NO. 2

Section 1. Lots in Area No. 2 may be used for condominium, townhouse, apartment or other multi-family residential purposes. However, said use for multi-family purposes does not prohibit an owner from renting or leasing the premises to another.

Section. 2. All residential buildings in Area 2 shall provide for adequate off-street parking as required by the City of Red Lodge, Montana, zoning regulations.

Section 3. In Area No. 2, the finished grade around any building or structure shall not exceed the highest existing lot corner elevation plus eight inches (8"). From the approved finished grade, no building or structure shall exceed thirty-five feet (35') in height measured to its highest point. However, the Declarant may in its discretion deny approval of the plans if the height of the building or structure unreasonably interferes with the view, elevations, or general aesthetic considerations of nearby Lots of the subdivision as a whole or may allow a variance of the height restriction if the height of the building does not unreasonably interfere with the view, elevations or general aesthetic considerations of nearby Lots of the subdivision as a whole.

Section 4. All City of Red Lodge zoning and setback requirements shall be observed.

ARTICLE V

AREA NO. 3

Section 1. Lots in Area 3 may be used for commercial purposes which may include motels, hotels, mobile home courts and recreational vehicle campgrounds, recreational businesses, retail shops, restaurants, shopping centers, bars and lounges, commercial offices, information centers and multi-family residential purposes. Not all such uses will be permitted on Lots within Area No. 3 and Declarant shall determine in its sole discretion which use or uses shall be permissible on the Lots.

ARTICLE VI

AREA NO. 4

Section 1. Lots in Area No. 4 may be used for recreational and commercial purposes which may include a golf course, tennis court, swimming pool, a restaurant, pro shop, bar, or such other recreational or commercial purposes as may be deemed appropriate by Declarant. Not all uses will be permitted on Lots within Area No. 4 and Declarant shall determine in its sole discretion which use or uses will be permissible on the Lots.

ARTICLE VII

AREA NO. 5

Section 1. The Lot Area No. 5 shall be used for a sewer lift station to be owned and operated by the City of Red Lodge and other comparable public purposes as the City of Red Lodge deems.

ARTICLE VIII

AMENDMENT OF DECLARATION

Section 1. Declarant reserves the right to amend the Declaration of Covenants, Conditions and Restrictions to change any Lot from the area under which it is listed to another area provided that such a change in area designation is permissible under the applicable zoning classification of the property or a zone change is approved by either Carbon County Zoning Commissioners or the City of Red Lodge, whichever body has the jurisdiction to approve the change. The amendment shall be recorded with the Carbon County Clerk and Recorder and shall contain at least the following provisions:

- (a.) A reference to this Declaration stating the date of recording and page of recording;
- (b.) A legal description of the Lot or Lots which are to be changed from one area to another;

ARTICLE VIII, SECTION 1 CONTINUED

- (c.) A statement identifying the area to which the Lot or Lots will be assigned.

Section 2. Declarant reserves the right during the term of this Declaration to add all or a portion of any real property now or hereafter owned by the Declarant of the Properties. Upon recording a Notice of Addition of Real Property, the provisions of this Declaration specified in the notice shall apply to such additional real property in the same manner as if that property were originally covered by this Declaration. Thereafter, to the extent that this Declaration is made applicable thereto, the rights, powers and responsibilities of Declarant and the Owners and occupants of Lots within the Annexation Properties shall be the same as stated in this Declaration. The Notice of Addition of Annexation Properties shall contain at least the following provisions:

- (a.) A reference to this Declaration stating the date of recording and book and page numbers of the recording;
- (b.) A statement specifying the specific provisions of this Declaration which shall apply to Annexation properties;
- (c.) A legal description of such Annexation Properties; and
- (d.) Such other or different covenants, conditions and restriction as Declarant shall, in its discretion, specify to regulate the use, occupancy and improvements of such added real property.

Section 3. The Declarant reserves an irrevocable power of attorney coupled with an interest, for the purpose of recording such amendment or amendments. Each owner and each mortgagee of any other land shall be deemed to have acquiesced in such amendment or amendments and to have granted the Declarant a power of attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver such an amendment. Each owner and mortgagee shall be deemed to have agreed and covenanted to execute such further instruments, if any, as may be required to accomplish such an amendment or amendments.

ARTICLE IX

PROPERTY RIGHTS

Section 1. Installations for water and sewer lines and utility lines, including electric power and television lines, shall be underground and at the expense of the Lot owner.

Section 2. Declarant, its successors and assigns of each Lot waive any right or claim for noise emissions from aircraft so long as said noise emission does not exceed a composite noise rating of 0 to 100 decibels with infrequent sound exposure of 100 to 115 decibels as described in the publication entitled Impact of Noise on People, dated

ARTICLE IX, SECTION 2 CONTINUED

May 1977, published by the United States Department of Transportation, Federal Aviation Administration, Office of Environmental Quality.

Section 3. Owners of all Lots adjoining or adjacent to the golf course hereby grant an easement to golfers on the golf course adjoining the Properties for golfers to enter the owner's property by foot to pick up and remove golf balls.

Section 4. Owners, their heirs, successors, assigns, tenants and invitees waive any claim which they have against Declarant for damage, including glass breakage, to their property caused by golf balls being hit out-of-bounds on the golf course.

Section 5. On Lots adjoining or adjacent to the golf course, buildings shall not be constructed within 25 feet (25') of the edge of the golf course nor shall any hedge be planted or grown or fence constructed along Lot lines within 25 feet (25') from the golf course boundary. However, privacy fences may be constructed around patios, decks, or other improvements upon the approval of Declarant following the procedure set forth in Article X of this Declaration.

Section 6. All property owners shall be members of the Red Lodge Country Club Estates Property Owners Association (RLCCEPOA), Inc.

ARTICLE X

CONSTRUCTION OF IMPROVEMENTS

Section 1. Approval of Plans Required. No improvements, including buildings, fences, walls or parking areas shall be erected, placed, altered, maintained or permitted to remain on any Lot by any Owner or occupant until final plans and specifications shall have been submitted to and approved in writing by Declarant. Such final plans and specifications for exterior improvements shall be submitted in duplicate over the authorized signature of the Owner of the Lot or the owner's authorized agent. Such plans and specifications shall be in such form and shall contain such information as may be required by the Declarant, but shall in any event include the following. ↳

- (a) A site development plan of the Lot showing nature, grading scheme, kind, shape, composition, and location of all structures with respect to the particular Lot and adjoining Lots (including proposed front, rear and side setback lines), and the number and location of all parking spaces and driveways on the Lot;
- (b) A building elevation plan showing dimensions, exterior materials and colors;
- (c) A landscape plan of the Lot showing the nature, grading scheme, kind, size, shape, composition and location of all landscape items, including but not limited to plants, vegetation, ground cover and automatically controlled underground irrigation system, with respect to the particular Lot and adjoining Lots.

ARTICLE X, SECTION 1 CONTINUED

- (d) Plans shall show existing elevations of lot corners and finished grade elevations at the building or structure, all referenced to a common base point.

Any changes in the site development plan, building elevation plan, or the landscape plan must be similarly submitted and approved by Declarant.

Section 2. Basis for approval. Approval must be based, among other things, upon adequacy of site dimensions, adequacy of structural design, conformity and harmony of external design with neighboring structures, effect of location and use of proposed improvements upon neighboring Lots, appropriate lighting with sensitivity to misdirection of light and glare, excessive brightness and the potential for light trespass upon neighboring Lots and adjacent streets, proper facing of main elevation with respect to nearby streets, adequacy of screening of mechanical, air conditioning and other rooftop installations, and conformity of the plans and specifications to the purpose and general plan and intent of this Declaration.

- (a) In Areas 1 and 2 all exterior siding shall be in brick, stone, cultured stone products, synthetic stucco systems, including but not limited to dryvit, factory painted siding, or natural, painted or stained wood in earth tone colors. The color of all exteriors shall be approved by the Declarant. All roofs shall be of natural wood shingles or shakes, tile, slate, dimensional profile asphalt composition shingles with a manufacturers warranty of at least twenty years, or pre-painted standing seam metal roofing with a manufacturers warranty of at least twenty years and a minimum of 24-gauge metal. Declarant may, in its discretion, grant a variance from the requirements on the exterior siding and/or roofing if the material will, in Declarants sole opinion, be harmonious with the character of the Properties and adjoining Lots.
- (b.) In Areas 3 and 4 all exterior siding shall be in brick, stone, cultured stone products, synthetic stucco systems, including but not limited to dryvit, factory painted siding, or natural, painted or stained woods in earth tone colors. The color of all exteriors shall be approved by the Declarant. All roofs shall be of natural wood shingles or shakes, tile, slate, dimensional profile asphalt composition shingles with a manufacturers warranty of at least twenty years, or pre-painted standing seam metal roofing with a manufacturers warranty of at least twenty years and a minimum of 24-gauge metal. Declarant may, in its discretion, grant a variance from the requirement on the exterior siding and/or roofing if the material will, in Declarant's sole opinion, be harmonious with the character of the Properties and adjoining lots.

No plans will be approved which do not provide for the underground installation of power, electrical, telephone and other utility lines from the property line to buildings. No plans will be approved which do not provide installation of an automatically controlled underground irrigation system. Declarant shall not arbitrarily withhold its approval of any plans and specifications, Except as otherwise provided in this

ARTICLE X, SECTION 2 CONTINUED

Declaration, Declarant shall have the right to disapprove any plans and specifications submitted hereunder on any reasonable grounds including, but not limited to, the following:

- (a) Failure to comply with any of the restrictions set forth in this Declaration;
- (b) Failure to include information in such plans and specifications as may have been reasonably requested by Declarant;
- (c) Objection to the exterior design or color, the appearance, or materials employed in any proposed structure;
- (d) Objection on the grounds of incompatibility of any proposed structure or use with existing structure or uses upon other Lots, or other property in the vicinity of the subject property;
- (e) Objection to the location of any proposed structure with reference to other Lots, or other property in the vicinity;
- (f) Objection to the landscaping or grading of any Lot;
- (g) Objection to the finish, proportions, style or architecture, height, or appropriateness of any structure;
- (h) Objection to the number or size of parking spaces, or the design of the parking area.
- (i) Failure to follow procedures of criteria set forth in any current published Guidelines which may be published from time to time by the Declarant to set forth procedures for review of plans and the standards and criteria which the Declarant expects to follow in reviewing proposed construction (provided that this requirement shall not be construed as preventing the Declarant at its option from waiving or amending provisions of the Guidelines at any time or with respect to any application);
- (j) Any other matter which, in the judgment of the Declarant, would render the proposed improvements or use inharmonious with the general plan for improvements of the Properties or with improvements located upon other Lots or property in the vicinity.

Section 3. Review fee. An architectural review fee shall be established annually by the Declarant. The review fee shall include the review of preliminary plans and construction documents. Additional review fees may be required for revisions, alterations and change of use.

Section 4. Result on Inaction. Written approval of plans and specifications by Declarant shall be required in all cases, and there shall be no presumption of approval if Declarant fails either to approve or disapprove the plans within thirty (30) days after the same have been submitted or within any other time period. ←

Section 5. Approval. Declarant may approve plans and specifications as submitted, or as altered or amended, or it may grant its approval to the same subject to specific conditions. Upon approval or conditional approval by Declarant of any plans

ARTICLE X, SECTION 5 CONTINUED

and specifications submitted, a copy of such plans and specifications, together with any conditions, shall be deposited for permanent record with Declarant, and a copy of such plans and specifications, bearing such approval together with and conditions shall be returned to the applicant submitting the same. ↵

Section 6. Proceeding with Work. Upon receipt of approval from Declarant pursuant to Section 5, the Owner or Occupant, or both, to whom the approval is given, shall, as soon as practicable, satisfy all conditions of such approval and shall diligently proceed with the commencement and completion of all approved excavation, construction, refinishing, and alterations. In all cases, work shall commence within one (1) year from the date of approval, and if work is not so commenced, approval shall be deemed revoked unless Declarant, pursuant to written request made and received prior to the expiration of said one (1) year period, extends the period of time within which work must be commenced. ↵

Section 7. Completion of Work. Any improvement commenced pursuant hereto shall be completed within two (2) years from the date of Declarant's approval of the plans and specifications therefor, except for so long as such completion is rendered impossible, or unless work upon the proposed improvements would impose a great hardship upon the Owner or Occupant, to whom the Declarant's approval is given, due to strike, fire, national emergency, natural disaster or other supervening force beyond the control of Owner or Occupant. Declarant may, upon written request made and received prior to the expiration of the two (2) year period, extend the period of time within which work must be completed. If construction consists of multiple dwellings developed in different phases, the owner of the undeveloped Lots or common areas must finish and keep them maintained. Failure to comply with this section shall constitute a breach of this declaration and subject the party to the enforcement of procedures set forth in Article XII. ↵

Section 8. Declarant Not Liable. Declarant shall not be liable for any damage, loss or prejudice suffered or claimed by any person on account of:

- (a) The approval or disapproval of any plans, drawings and specification, whether or not in any way defective;
- (b) The construction of any Improvement, or performance of any work, whether or not pursuant to approved plans, drawings and specifications; or
- (c) The development of any Lot within Red Lodge Country Club Estates Subdivision and the Annexation Property.

Section 9. Construction. If any improvement shall be erected, placed or maintained upon any Lot, or any new use commenced upon any Lot, other than in accordance with the approval by the Declarant pursuant to the provisions of Article VIII, such alteration, erection, placement, maintenance or use shall be deemed to have been undertaken in violation of this Declaration, and upon written notice from Declarant, any such improvement so altered, erected, placed, maintained or used upon any Lot in

ARTICLE X, SECTION 9 CONTINUED

violation of this Declaration, any such use shall cease or be amended so as to conform to this Declaration. Should such removal or alteration, or cessation, or amendment or use not be accomplished within thirty (30) days after receipt of such notice, then the party in breach of this declaration shall be subject to the enforcement procedures.

ARTICLE XI

RESTRICTIVE COVENANTS

Section 1. All Lots shall be subject to the restrictions contained in the Subdivision Improvements Agreement, and any amendments thereto, between the Declarant and Carbon County and recorded on May 31, 1984, in the Office of the Carbon County Clerk and Recorder.

Section 2. All utilities, including but not limited to electricity, gas, water, sewer, telephone and cable TV, including connections for individual services from the street to the dwellings, are to be underground.

Section 3. No antennae are to be erected on the Properties or dwellings, unless location and placement are approved by the Declarant. No portion thereof shall be visible from the outside of any residence in excess of four feet above the roof line.

Section 4. No Lot shall be used or maintained as a dumping ground for rubbish. Garbage or other waste shall be kept in sanitary containers in garages or in enclosures which are concealed from view from the street and adjacent lots, except on days when garbage pickup is made. No organic or inorganic matter shall be allowed to accumulate on Properties, including but not limited to compost piles, leaves, dead grass, and animal remains. No burning barrels shall be allowed on the Properties.

Section 5. No inoperable vehicles shall be allowed to stand on Properties in Areas 1 and 2 for a period of more than ten (10) days. No snowmobiles, trail bikes, motorcycles, go-carts or all-terrain vehicles shall be operated on Properties in Areas 1, 2, 3, or 4. All-terrain vehicles are allowed to operate on Properties when directly involved in property maintenance, i.e. mowing, spraying, snow removal, etc. Golf Course management may allow operation of the above mentioned recreational type vehicles in Areas 3 and 4, under their direct control for special events.

Section 6. No nuisances shall be allowed on the Properties nor shall any practice be allowed which is a source of annoyance to any owner or which interferes with the peaceful possession or proper use of the properties. Without limiting the generality of the foregoing, nothing shall be done or permitted which results in noxious or offensive odors, dust, smoke or noise, and the Properties shall be maintained so as to avoid unsightly, unclean or hazardous conditions.

ARTICLE XI CONTINUED

Section 7. No permanent clotheslines, poles, wires or devices for hanging clothes shall be erected outside any dwelling.

Section 8. Any Pet or animal kept by its owner within the Properties shall be leashed at any time it is outdoors, except when being kept in a fenced yard. A maximum of two (2) household pets (i.e., cats and dogs) per residence shall be permitted, only if kept under control of the owner at all times. No wolf hybrids, domestic livestock or poultry may be kept or raised on any Property. The foregoing shall not prohibit keeping and maintaining fish and birds in a residence so long as the same are kept for pleasure only and are cared for in such kind and numbers so as not to be offensive to other residents.

Section 9. All vehicles, or attachments of any kind, including but not limited to boats, motorcycles, snowmobiles, golf carts, recreational vehicles, horse trailers, work or storage trailers, ATV's, and personal watercraft within Areas 1 and 2 shall be screened from view of the street or adjacent lots. The adequacy of the screening shall be determined by the Declarant's Architectural Review Committee.

Section 10. No building or structure upon any Lot shall be permitted to fall into disrepair. Each building or structure of the Properties shall at all times be kept in good condition and repair.

Section 11. Directional control of lighting -- all lighting fixtures located anywhere on a lot shall be full cutoff as installed. Floodlights must be aimed no higher than 45 degrees below horizontal. Compliance may be achieved with fixture shielding, directional control designed into the fixture, fixture location, height or aim, or a combination of these factors. Full-cutoff (FCO) is defined as a light fixture that cuts off all upward transmission of light. Lighting already installed when these restrictions were adopted is exempt except upon replacement or relocation of any light fixture; then the requirement that such light fixture be made full cutoff will apply.

ARTICLE XII

MAINTENANCE OF LOTS

Section 1. The Owner or occupant of any Lot shall at all times keep the building improvements and appearances thereon in safe, clean and wholesome condition and comply at its own expense in all respects with applicable governmental health, fire and safety ordinances, regulations, requirements and directives, including the removal, at its own expense, of any rubbish or trash of any character which may accumulate upon its Lot and the mowing of weeds and grasses pursuant to Red Lodge Amended Weed Ordinance #754.

ARTICLE XII CONTINUED

Section 2. If the Owner shall fail to perform the maintenance required in this section, the Declarant, after fifteen (15) days prior written notice to the delinquent Owner, shall have the right, but not the obligation, to perform such maintenance and charge the delinquent Owner for the cost of such work together with interest at the maximum legal rate from the date of the advancement of funds for such work to the date of reimbursement to Declarant by Owner. If the delinquent Owner shall fail to reimburse Declarant for such costs within ten (10) days after demand therefor, Declarant may, at any time within two (2) years after such advance, file for record a claim of lien signed by the Declarant. The lien created by this section shall be effective to establish a lien against the interest of the delinquent Owner in his Lot together with interest at the rate provided above on the amount of such advance from the date thereof, in addition to recording fees, costs of title search in connection with such lien, or foreclosure thereof, court costs and a reasonable attorney's fee which may be incurred in the recording or enforcement of such a lien.

Such a lien, when so established against a Lot described in said claim, shall be prior or superior to any right, title, interest, lien or claim which may be or may have been acquired in or attached to the real property interest subject to the lien subsequent to the filing of this Declaration except for any lien of a first mortgage or tax lien. Such lien shall be for the benefit of the Declarant, its successors and assigns, and may be enforced and foreclosed in like manner as a real estate mortgage is foreclosed in the State of Montana.

If the default for which the notice of claim of lien was filed is cured, Declarant shall file or record a rescission of such notice, after payment by the defaulting Owner of the costs of preparing or filing or recording such rescission, and other reasonable costs, interests or fees which have been incurred.

The foregoing lien and right to foreclose thereunder shall be in addition to, and not in substitution for, any other rights and remedies which any party may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments.

ARTICLE XIII

Section 1. Amendment. This Declaration or any provision hereof, or any Covenant, Condition or Restriction herein contained, may be terminated, extended, modified or otherwise amended as to the whole of the subject Properties or any portion thereof, with the written consent of the Owners of 60% of the square feet of the Properties in Area 1, 2, and 3; provided, however, that so long as Declarant owns 20% of the property subject to these Covenants, Conditions and Restrictions or for a period twenty (20) years from the effective date, whichever period is shorter, no such termination, extension, modification, or other amendment shall be effective without the written approval of Declarant. No such termination, extension, modification or other amendments shall be effective until a proper instrument in writing has been executed, acknowledged or recorded.

ARTICLE XIV

ASSIGNMENT

Section 1. Any rights, powers or reservation of Declarant herein under Article III, Section 4, Article IV, Section 3, Article V, Section 1, Article X, Article XI, Section 3, and Article XII shall be offered for assignment by Declarant, if at all, to an association formed of all property owners of Red Lodge Country Club Estates. If an association is not formed to accept such an assignment or to assume such duties, a successor Declarant may be appointed and the manner provided for amendment of this Declaration.

Section 2. Except as specified in Section 1 of this Article, any and all rights, powers and reservations of Declarant herein may be assigned to any person, partnership, corporation or association which will assume the duties of Declarant pertaining to the particular rights, powers and reservations assigned and upon such person, partnership, corporation, or association evidencing its consent in writing to accept such assignment and assume such duties he or it shall to the extent of such assignment have the rights and powers and be subject to the same obligations and duties as are given to and assumed by the Declarant therein.

Section 3. Any time the Declarant ceases to exist and has not made an assignment as provided in Section 1 and 2 of this Article, a successor declarant may be appointed in the manner provided for amendment of this Declaration.

Section 4. Any assignment or appointment made under this Article shall be in reasonable form and shall be recorded with the Carbon County Clerk and Recorder.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservation, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Captions. Captions are for convenience only and are not intended to be a part of this Declaration or in any way to define, limit or describe the scope and intent of an article or section.

ARTICLE XV CONTINUED

Section 4. Waiver. Neither Declarant nor its successors or assigns shall be liable to any Owner or occupant of the Properties by reason of any mistake in judgment, negligence, nonfeasance, action or inaction or for the enforcement or failure to enforce any provision of this Declaration. Every Owner or occupant of said Properties by acquiring its interest therein agrees that it will not bring any action or suit against Declarant to recover any such damages or to seek equitable relief because of the same.

Section 5. Attorneys Fees. In the event that it is necessary for the Declarant to bring an action to enforce the covenants contained herein, the Declarant shall be entitled to recover an attorney fee if it is successful in its action for enforcement.

Section 6. Runs with Land. All covenants, conditions, restrictions and agreements herein contained are made for the direct, mental and reciprocal benefit of each and every Lot of the Properties; shall create mutual equitable servitudes upon each Lot in favor of every other Lot; shall create reciprocal rights and obligations between respective Owners and occupants of all Lots and privity of contract and estate between all grantees of said Lots, their heirs, successors and assigns; and shall, as to the Owner and occupant of each Lot, his heirs, successors and assigns, operate as covenants running with the land for the benefit of all other Lots, except as provided otherwise herein.

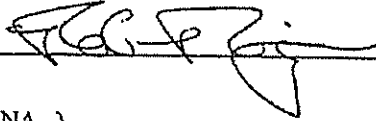
Section 7. Term. The Covenants and restrictions of this Declaration shall run with and bind the Properties for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

IN WITNESS THEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 6th Day of September, 1984.

/s/ by Albert S. Henkel, President
Red Lodge Country Club Estates Joint Venture (then Declarant)

The signatures below represent greater than sixty percent (60%) of the Owners, by square feet of properties, in Areas 1, 2, and 3 of Red Lodge Country Club Estates, as required to amend the Declaration of Covenants, Conditions, and Restrictions of Red Lodge Country Club Estates.

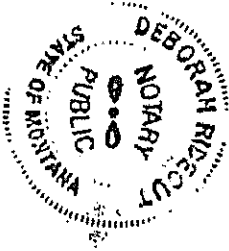
RED LODGE GRIZZLY PEAK, INC.

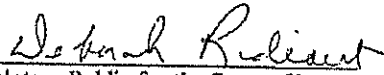
By: 

STATE OF MONTANA)
) ss.
County of Carbon)

On this 16th day of December, 2002, before me, the undersigned a Notary Public for the State of Montana, personally appeared Robert Ringer, known to me to be the authorized agent of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year first above-written.




Notary Public for the State of Montana
Residing at Red Lodge Montana
My Commission Expires: 2-12-05

Robert L. Dillon

By: *Robert L. Dillon*

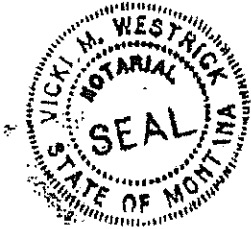
STATE OF MONTANA)

:ss.

County of Carbon)

On this 12 day of December, 2002, before me, the undersigned a Notary Public for the State of Montana, personally appeared Robert L. Dillon, known to me to be the authorized agent of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year first above-written.



Vicki M. Westrick
Notary Public for the State of Montana
Residing at Red Lodge Montana
My Commission Expires: 2/13/2005

LANGLAS HOMES, Inc.

By: David C. Langlas, President

STATE OF MONTANA)

:ss.

County of Carbon)

On this 4th day of Nov, 2002, before me, the undersigned a Notary Public for the State of Montana, personally appeared David C. Langlas, known to me to be the authorized agent of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year first above-written.



Diana K. Donahue
Notary Public for the State of Montana
Residing at Billings Montana
My Commission Expires May 5, 2003

RLCCEPOA, INC.

By: William M. Coffman

STATE OF MONTANA)

:ss.

County of Carbon)

On this 16 day of December, 2002, before me, the undersigned a Notary Public for the State of Montana, personally appeared William M. Coffman, known to me to be the authorized agent of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notary Seal the day and year first above-written.

Deborah R. Deant
Notary Public for the State of Montana
Residing at Red Lodge Montana
My Commission Expires: 2-12-05



The City of Red Lodge hereby consents and approves the modifications and amendments of the Declaration of Covenants, Conditions and Restrictions of Red Lodge Country Club Estates as set forth in the Amended Declaration of Covenants, Conditions and Restrictions of Red Lodge Country Club Estates to which this Consent is attached, including but not limited to the deletion of the requirement that Declarant obtain prior approval of the City of Red Lodge of any modification or amendment of said Declaration.

DATED this _____ of _____, 2002.

City of Red Lodge

(SEAL)

BRIAN C. ROAT
Mayor of the City of Red Lodge

BYLAWS OF DIAMOND C LINKS PROPERTY OWNERS ASSOCIATION

The Board of Directors of DIAMOND C LINKS PROPERTY OWNERS ASSOCIATION, INC., a Montana non-profit corporation ("Association"), hereby adopts the following bylaws ("Bylaws"). Capitalized words and phrases are defined in the text below.

ARTICLE I – NAME, OFFICE, CLASSIFICATION AND REGISTERED AGENT

1.1 Name. The name of the Association is Diamond C Links Property Owners Association, Inc. Any change of the name shall be accomplished in accordance with these Bylaws and applicable law in effect at the time of the change.

1.2 Principal Office. The principal office of the Association is situated at 3860 Avenue B, Suite C West, Billings, Montana 59102. The board of directors of the Association ("Board of Directors" or "Board") may change the principal office from time to time. The Association may have such other offices, either within or without the State of Montana, as the Board of Directors may designate or as the business of the Association may require from time to time. The Association shall maintain a copy of the corporate records described in Mont. Code Ann. § 35-2-906(5) at the principal office.

1.3 Classification. The Association is and shall be maintained as a mutual benefit Association within the meaning of Mont. Code Ann. § 35-2-114(23) of the Montana Nonprofit Association Act and any subsequent amendments thereto (the "Act").

1.4 Registered Office. The Association shall maintain a registered office and registered agent as required by Montana law. The Association's registered office shall be located at 3860 Avenue B, Suite C West, Billings, Montana 59102. The name of the registered agent at that office shall be as designated in the Articles of Incorporation. The Board of Directors may change the registered agent and the address of the registered office from time to time by filing the appropriate statement with the Montana Secretary of State.

ARTICLE II –PURPOSES AND OBJECTS

2.1 Purposes of the Association. In amplification and not limitation of the purposes for which the Association has been formed as set forth in the Articles of Incorporation, the purposes and objects of the Association are as follows:

2.1.1 To develop a community designed for safe, healthful, and harmonious living.

2.1.2 To promote the collective and individual property and civic interests and rights of all persons, firms, corporations, or other entities owning property in the subdivision being developed by Diamond C Links, LLC, a Florida limited liability company (hereafter "Developer," which term also includes its successors and assigns), known as Diamond C Links Subdivision located in Section 35, Township 1 North, Range 24 East, of the Principal Montana Meridian, in Carbon County, Montana, the plat of which was filed for record on September 13, 2006, as Document No. 324431 in the office of the Clerk and Recorder of the County of Carbon, State of Montana and any subsequent filings, amendments, phases, plats, or additions thereto (hereafter "Subdivision").

2.1.3 To construct, repair and maintain any entranceways, public easements, parkways, grass plots, parking areas, or other facilities of any kind dedicated to community use and other open spaces and ornamental features of the Subdivision that now exist or that may subsequently be installed or constructed in the Subdivision to the extent the Association is required, or voluntarily agrees to assume, such obligations and duties. At the time these Bylaws were originally adopted, these facilities were dedicated to community use:

a. Three landscaping and signage easements areas including one located on Lot 1, Block 9 immediately north of the intersection of Diamond C Trail and Cole Drive and on the west side of Diamond C Trail, and two easement areas located at the intersection of Pine Ridge Road and Lazy J Circle and on the north and south sides of Lazy J Circle, all as more particularly described in the Declaration of Easement filed as Document No. _____ with the Clerk and Recorder of Carbon County, Montana;

b. One landscaping and signage easement located on Lot 11, Block 7 on the east side of Pine Ridge Road near the intersection with Lazy J Circle as more particularly described in the Declaration of Easement filed as Document No. _____ with the Clerk and Recorder of Carbon County, Montana;

c. One landscaping and signage easement located on parkland owned by the City of Red Lodge on the east side of Pine Ridge Road near the intersection with Lazy J Circle as more particularly described in the Declaration of Easement filed as Document No. _____ with the Clerk and Recorder of Carbon County, Montana;

d. One landscaping and signage easement area located on Lot 51, Block 8 immediately north of the intersection of Diamond C Trail and Cole Drive and on the east side of Diamond C Trail as more particularly described in the Declaration of Easement filed as Document No. _____ with the Clerk and Recorder of Carbon County, Montana;

e. Various customized street signs and poles located in or near public rights-of-way in the Subdivision and the land immediately surrounding those signs and poles to the extent necessary to repair, replace or maintain them; and

f. Traffic signs and poles, including four golf cart yield signs, located in or near public rights-of-way in the Subdivision and the land immediately surrounding those signs and poles to the extent necessary to repair, replace or maintain them.

2.1.4 To assist the owners in maintaining in good condition and order all vacant lots now existing or that subsequently will exist in the Subdivision, and further assisting the owners of such lots or tracts of land in preventing them from becoming a nuisance and a detriment to the beauty of the

Subdivision and to the value of the improved property in the Subdivision, and to take any action with reference to such vacant lots as may be necessary or desirable to keep them from becoming such nuisance and detriment. The Board of Directors may have all vacant lots in the Subdivision mowed once each year and assess the owners of the vacant lots for the cost of this service. ←

2.1.5 To aid and cooperate with the members of the Association and all property owners in the Subdivision in the enforcement of such conditions, covenants, and restrictions on and appurtenant to their property as are now in existence, including without limitation that certain Declaration of Covenants, Conditions, and Restrictions and Property Owners Association Agreement of Diamond C Links Subdivision filed as Document No. _____ (“Declaration”) in the office of the Clerk and Recorder of the County of Carbon, State of Montana, as well as any other conditions, covenants, and restrictions as shall subsequently be approved by owners of the lots of the Subdivision.

2.1.6 In general, but in connection with the foregoing, to do any and all things necessary to promote the general welfare of the residents and owners of lots in the Subdivision.

2.1.7 To acquire, own, or lease such real and personal property as may be necessary or convenient for the transaction of its business and the fulfillment of its purposes and objects, and to exercise all rights, powers, and privileges of ownership to the same extent as natural persons might or could do.

2.1.8 To arrange social and recreational functions for its members, as considered appropriate by the Board of Directors.

2.1.9 To exercise any and all powers that may be delegated to it by the members.

ARTICLE III – MEMBERS AND MEMBERSHIP MEETINGS

3.1 **Membership.** Each owner of a lot subject to the Declaration (“Lot”) shall be a member of the Association. Joint or co-owners of a Lot shall be deemed to be one member for all purposes, including voting, calculating percentages of members entitled to demand a special membership meeting, determining a quorum, and assessment. Owners shall also include those purchasing a Lot under purchase contracts who have an equitable interest in the Lot if such interest is disclosed by the public record in the office of the Carbon County Clerk and Recorder, and in such an event the equitable owner and not the title owner shall be considered as the only owner of such Lot. The Association shall have one class of members. Additional members may be added to the Association if the Subdivision is expanded in the future as a result of future filings or amendments.

3.2. **Annual Membership Meeting.** The annual meeting of the members for election of directors not appointed by the Developer, approval of an annual budget, and the transaction of such other business as may properly come before the members shall be held in Carbon County, Montana, in the third (3rd) quarter of each year, beginning with the year 2008. The time and place shall be fixed by the directors. At the annual meeting (a) the president and treasurer shall report on the activities and financial

condition of the Association; and (b) the members shall consider and act upon other matters that are raised consistent with the notice and voting requirements of Mont. Code Ann. §§ 35-2-530 and 35-2-538(2).

3.3 Notice of Membership Meetings. The secretary of the Association shall give written notice of all membership meetings stating the place, day, and hour of the meeting by delivering the same not fewer than sixty (60) calendar days prior to the date of the meeting. In no event shall notice be delivered more than ninety (90) days before the meeting. Notice shall be delivered 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 and addressed to the member at the member's address as it appears in the records of the Association. Notice to one co-owner or joint owner of a Lot shall be deemed notice to all co-owners or joint owners of the Lot. Notice of all membership meetings shall be in a fair and reasonable manner and shall comply with M.C.A. § 35-2-530 and any other applicable law. Notice of a special meeting shall include a description of the matter or matters for which the meeting is called.

3.4 Date That Certain Membership Rights Vest (Record Date).

3.4.1 Purpose of Fixing Record Date. The Board may fix in advance a date as the record date in order to determine the members who are entitled to (i) receive notice of any meeting, (ii) demand a special meeting, (iii) vote, or (iv) take any other action. A record date fixed under this bylaw shall not be more than sixty (60) days before the meeting or action requiring a determination of members. This article is subject to the provision for new purchasers described in Article 3.4.5.

3.4.2 If No Record Date Is Fixed. If the Board does not fix a special record date for any purpose described above, and unless an exception is made for a new purchaser in accordance with Article 3.4.5 below, the record date for the determination of members shall be as follows:

3.4.2.1 For determining members entitled to notice of or vote at any meeting of members, the day before the first notice is delivered to members;

3.4.2.2 For determining members entitled to demand a special meeting, the date the first member signs the demand; and

3.4.2.3 For determining members entitled to take action without a meeting, the date the first member signs a consent.

3.4.3 Fixed Record Dates and Adjournment. A determination of members entitled to notice of and to vote at a meeting of members is also effective for determining which members are entitled to notice of and to vote at any adjournment of the meeting unless the Board fixes a new record date, which the Board must do if the meeting is adjourned to a date more than sixty (60) days after the date fixed for the original meeting.

3.4.4 List of Members. After fixing a record date for a members' meeting, the secretary of the Association shall prepare an alphabetical list of the names and addresses of all members entitled to notice of the meeting. The members' list must be available for inspection by any member beginning two

(2) business days after notice is given of the meeting for which the list was prepared and continuing through the meeting and any adjournment thereof at the Association's principal office or at a place identified in the meeting notice in the county where the meeting will be held.

3.4.5 New Purchasers. If a new purchaser or interest holder ("Purchaser") consummates the transaction to acquire a Lot after the record date established by Article 3.4.1 or 3.4.2 has passed but before the relevant meeting or other action has occurred, the Purchaser may request that the Board grant the Purchaser special permission to vote at the meeting, sign the demand or consent, or take other action that would otherwise be precluded as a result of the previously established record date. The Board shall grant such permission if it finds that the previous owner of the Lot does not object, the Purchaser waives any objection based on insufficiency or propriety of notice, and other members would not be unfairly prejudiced.

3.5 Waiver of Notice. A member may waive any notice required under these Bylaws, the Association's Articles of Incorporation, or the Act by delivering to the Association for inclusion in the minutes or filing with the Association's records a written waiver of notice signed by the member waiving notice. A member's attendance at a meeting waives objection to (i) lack of notice or defective notice of the meeting unless the member, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting, and (ii) consideration of a particular matter at the meeting that is not within the purpose(s) described in the meeting notice unless the member objects to considering the matter when it is presented.

3.6 Special Meeting. Special meetings of the members may be called by the Board of Directors or by the members in accordance with state law. Notice of said special meeting shall be given in the same manner as notice for the annual meeting as outlined in Article 3.3 provided that the notice, in addition to all other requirements, must state the purpose or purposes for which the special meeting is called. No business other than that specified in the notice shall be transacted at any such special meeting.

3.7 Quorum and Number Necessary for Affirmative Vote. No minimum number or percentage of members shall be required to be present at a properly noticed meeting of the members to constitute a quorum. Action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless these Bylaws, the Articles of Incorporation, the Declaration, or the Act requires a greater or different number of affirmative votes.

3.8 Voting Rights and Co-Owners. A member may vote either in person or by proxy properly executed. A member shall be entitled to one vote for each Lot owned by the member, except as provided in Article 3.9 below. Each member in good standing shall be entitled to vote on each matter submitted to a vote of the members. A member is in good standing if he or she is current in the payment of assessments and is in compliance with the Association's Articles of Incorporation, these Bylaws and amendments to them, and the policies, rules, and regulations at any time adopted by the Association in accordance with these Bylaws. Where two or more beneficial owners own a Lot together, including spouses and other joint or co-owners, only one vote for such Lot owned shall be allowed, and such joint owners may designate and register with the secretary of the Association the name of that owner entitled to

cast such single vote. If no such designation has been registered, any co-owner present at a meeting may vote and bind all other co-owners in the absence of a protest by another co-owner. If the co-owners cannot agree on a single co-owner to vote on behalf of the Lot, no vote shall be counted for that Lot. Members shall not be entitled to cumulate their votes for the election of directors.

3.9 Voting Rights for Multi-Family Lot 12 Parcels. Lot 12A, 12B, 12C, 12D, and 12E, Block 7, as shown on the Preliminary Plat of Amended Plat of Lot 12, Block 7 of Diamond C Links Subdivision approved by the Red Lodge City Council on May 22, 2007, are hereafter collectively referred to as the "Lot 12 Parcels." Upon filing of the final plat the Lot 12 Parcels may include multi-family residences constructed in accordance with the Declaration and local zoning regulations. A member shall be entitled to one vote for each residential living unit located on each Lot 12 Parcel owned by the member.

3.10 Method of Voting. Except as otherwise provided herein at membership meetings, all votes shall be cast in person or by properly executed proxy. The board of directors is authorized to establish regulations providing for voting by mail.

3.11 Action By Written Ballot Without A Meeting. Any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter in accordance with the procedures described in Mont. Code Ann. § 35-2-533.

3.12 Proxies. Every proxy must be dated and signed by the member or an attorney-in-fact. Unless otherwise provided in the proxy, 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 before or at the time of the meeting when the effectiveness of the proxy is at issue.

3.13 Order of Business. The order of business at all member meetings shall be as follows:

3.13.1 Proof of notice of meeting or waiver of notice;

3.13.2 Approval of the minutes of the preceding meeting;

3.13.3 Reports; and

3.13.4 Business.

3.14 Transfer of Membership. Membership in the Association shall not be transferable except upon transfer of a member's Lot. Said membership is appurtenant to and runs with the Lot.

3.15 Expulsion of Members. Members may not be expelled from the Association and their voting rights cannot be canceled, although the voting rights of members who are not in good standing

may be restricted as provided in these Bylaws. No member may withdraw from the Association so long as that member owns a Lot in the Subdivision.

ARTICLE IV – BOARD OF DIRECTORS

4.1 **Authority.** The Association’s powers shall be exercised by or under the authority of the Board, which shall have the authority to supervise, control and direct the Association’s affairs.

4.2 **Qualifications and Developer-Appointed Directors.** Each director shall be committed to promoting the Association’s purposes. Developer may appoint a majority of the directors serving on the Board without vote or approval of the other members as long as Developer owns twenty percent (20%) or more of all Lots located in the Subdivision in accordance with Article 4.3 below. Each director shall be an individual and a member of the Association, except a trust, corporation, partnership, limited liability company, or other entity that is a member, including Developer, may appoint an individual to serve as director on its behalf. An entity that owns more than one Lot may appoint individuals equal to the number of Lots it owns to stand for election or (in the case of Developer) appointment as directors.

4.3 **Number and Tenure.** There shall be three (3) initial directors of the Association. Each director shall serve for a one-year term. At the first annual meeting of the members Developer may choose to appoint up to two of the three directors as long as Developer owns at least twenty percent (20%) of the Lots in the Subdivision. Any director not appointed by Developer shall be elected by a majority of the members voting, including Developer. If Developer chooses to appoint fewer than two directors such action by Developer shall not waive the Developer’s right to appoint more directors at any future meeting. At such time as Developer ceases to own twenty percent (20%) or more of the Lots in the Subdivision all directors shall be selected by majority vote of the members in accordance with Article 4.2 and other provisions of these Bylaws. A director may be re-elected to successive terms. The Board may increase the number of directors up to a total of five (5) on an affirmative vote of the Board, in which case the Developer shall retain its right to appoint a majority of the directors until it ceases to own at least twenty percent (20%) of Lots in the Subdivision. Each director shall hold office until the director’s successor has been duly elected, even if the time actually served as a director exceeds one year due to a delay in the election of the director’s successor.

4.4 **Nomination.** Nomination for election of directors of the Association other than those to be appointed by the Developer shall be made by a nominating committee selected by the Board of Directors. Nominations may also be made by individual members in accordance with the procedure described below. The nominating committee shall consist of a chairperson, who shall be selected by the Board and who shall be a member of the board of directors, and two or more members of the Association who may or may not be members of the Board. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the members. The nominating committee shall make as many nominations for election to each vacant non-Developer board seat as it shall in its discretion determine are appropriate, but it shall make at least one nomination for each vacant seat. Each year the secretary of the corporation shall also send out a notice to the members soliciting the names and brief

biographies of members who wish to stand for election as directors of the Association. The names of any persons so nominated shall be included on the written ballot. The notice soliciting nominations shall be sent to the membership at least thirty (30) calendar days prior to the date of the meeting at which the directors are to be elected.

4.5 Election. Election of directors not appointed by Developer shall be by a secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they own Lots (or residential living units in the case of Lot 12 Parcels). If more than one person has been nominated for a vacant seat, the person receiving the largest number of votes at the meeting shall be elected. If only one person is nominated he or she shall be elected if the number of affirmative votes is greater than the number of negative votes. There shall be no cumulative voting.

4.6 Initial Directors. Until the first annual meeting and the election or appointment of other directors, individuals chosen by the Developer shall serve as the initial directors of the Association. The initial directors shall have all powers, authority and duties of the Board of Directors as established by the Articles of Incorporation, these Bylaws, the Declaration, and Montana law.

4.7 Powers of Directors. The Board of Directors shall have all powers necessary to administer the affairs of the Association that are not prohibited by law or reserved for the members by law, the Articles of Incorporation, these Bylaws, or the Declaration, including but not limited to:

4.7.1 To contract for construction of, improvements to, and maintenance of, any perimeter fences or walls, decorative entrances to the Subdivision, and common area landscaping.

4.7.2 To contract for construction of, improvements to, and maintenance or repair of any road, sidewalks, easements, personal property or other common elements for which the Association is responsible.

4.7.3 To levy and collect regular annual assessments.

4.7.4 To levy and collect special assessments approved by the members.

4.7.5 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 charged in accordance with the Declaration.

4.7.6 To enter into and carry out contracts as necessary to its powers and duties described herein.

4.7.7 To establish one or more bank accounts for the Association and to keep records in accordance with common accounting procedures.

4.7.8 To employ and pay a secretary of the Association.

4.7.9 To adopt and publish rules and regulations governing the use of common areas and any related improvements and facilities and the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof.

4.7.10 To immediately suspend a member's voting rights and right to use all or a portion of any common areas and associated improvements or facilities during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing before the Board for a period not to exceed sixty (60) days for infraction of published rules and regulations.

4.7.11 To declare the office of a member of the Board of Directors to be vacant in the event such member is absent from three (3) consecutive regular meetings of the Board of Directors.

4.7.12 To employ an independent contractor, a manager, or such other employees as it deems necessary, and to prescribe their duties.

4.7.13 To exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the members by other provisions of these Bylaws, the Articles of Incorporation, the Declaration, or Montana law.

4.8 **Duties of Directors.** It shall be the duty of the Board of Directors to:

4.8.1 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members.

4.8.2 Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

4.8.3 Prepare an annual budget.

4.8.4 Fix the amount of the annual assessment against each Lot within the Subdivision at least thirty (30) days in advance of each annual assessment period.

4.8.5 Send written notice of each assessment to every lot owner within the Subdivision at least thirty (30) days in advance of each annual assessment period.

4.8.6 If the Board in its discretion determines it to be necessary and appropriate, to publicly record, foreclose, or otherwise enforce the lien against any property for which assessments are not paid within thirty (30) days after the due date and/or to bring an action at law against the owner personally obligated to pay the assessments.

4.8.7 Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made

by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

4.8.8 Procure and maintain adequate hazard insurance on any property owned by the Association, general commercial liability coverage protecting the Association from liability claims, and errors and omissions coverage for the benefit of directors and officers of the Association.

4.8.9 Cause all officers or employees having fiscal responsibilities to be bonded at the Association's expense, as the directors may deem appropriate.

4.8.10 Cause any common areas and any related improvements and facilities to be maintained.

4.9 **Manner of Acting.** If a quorum is present at a meeting of the Board, then the affirmative majority vote of the directors shall constitute the act of the Board unless the act of a greater number is required by law or by these Bylaws. The Board may not take any action at a meeting that shall be binding on the Association unless a quorum of the Board is present. Each director shall have one (1) vote.

4.10 **Presumption of Assent.** A director who is present at a meeting of the Board at which the Board takes any action shall be presumed to have assented to such action unless the director's (i) dissent or abstention is entered in the minutes of the meeting, (ii) written dissent or abstention to such action is filed with the person acting as the secretary of the meeting before the meeting adjourns, or (iii) written dissent or abstention is forwarded to the Association by registered or certified mail within three (3) business days following the adjournment of the meeting. A director who voted in favor of such action or expressed his or her intent to abstain from voting shall not have the right of dissent with respect to such action after the meeting has adjourned.

4.11 **Participation in Meeting by Conference Telephone.** The Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through, the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting in this manner shall be considered to be present at such meeting. The chairperson of the meeting may establish reasonable rules for the conduct of the meeting in which any director participates in this manner.

4.12 **Resignation.** A director may resign at any time by delivering written notice to the Board. A director's resignation is effective upon delivery of the notice of resignation to the secretary unless the Board authorizes otherwise.

4.13 **Removal of Directors by Members at a Meeting.** At any regular meeting or special meeting of the Association called for that purpose any director or directors other than a director or directors appointed by the Developer pursuant to Article 4.2 may be removed with or without cause by a vote of two-thirds (2/3) of the total number of all members in good standing and entitled to vote. In the event of such removal, a successor shall be elected at the next annual meeting or at a special meeting called for that purpose if the next annual meeting is more than sixty (60) days from the date of removal.

Nominations to fill the position may be made by the nominations committee or by members from the floor.

4.14 Other Vacancies in Board of Directors. Interim vacancies in the Board of Directors for any seat not appointed by the Developer and caused by any reason other than the removal of a director by vote of the members shall be filled by a vote of the majority of the remaining directors, and each person so selected shall serve until the next annual meeting of the Association, at which time the members shall elect a new director to a new term or, if the term of the original director extends past the annual meeting, shall elect an interim director to fill out the balance of the unexpired term. An interim director selected by the Board may stand for election by the members at the annual meeting if nominated by the nominating committee. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the appointment of the first additional director by the Developer and by election by the members of the second additional director at the annual meeting (or by the Board on an interim basis if the vacancy occurs before the annual meeting). If any director appointed by the Developer resigns or is otherwise unable to serve, the Developer shall promptly name another director to serve in his or her place.

4.15 Regular Meetings. The Board shall hold an annual meeting immediately after, and at the same place as, the annual meeting of members. No notice of this annual meeting other than this provision of the Bylaws is required. The Board may provide by resolution the date, time and place of additional regular meetings of the Board without notice other than the resolution and any subsequent modification thereof. The secretary of the corporation shall provide any member who requests it a copy of the resolution setting the date, time and place of regular meetings and any modification thereof in accordance with Article 4.18.

4.16 Special Meetings. Special meetings of the Board of Directors may be called by the chairperson of the Board of Directors, the president of the Association, or at the request of at least two directors on three business days notice to each director. Notice of any special meeting of the Board of Directors shall be given at least three (3) business days prior to such meeting by written notice delivered personally, sent by telephone facsimile, sent by e-mail, or sent by regular mail to each director. Any director may waive notice of any meeting as provided below. The secretary of the corporation shall provide any member who requests it notice of special board meetings in accordance with Article 4.18.

4.17 Action Without Meeting. Any action that may be taken at any meeting of the Board of Directors may be taken without a meeting if the action is taken unanimously by all members of the Board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last director signs the consent unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as a vote in any document.

4.18 Notice of Meetings. Regular meetings of the Board may be held without notice to Board members other than by resolution provided in accordance with Article 4.15. Special meetings must be preceded by at least three (3) business days notice to each director of the date, time and place of the meeting. If the purpose of the meeting is to consider (i) an amendment to either the Articles of

Incorporation or these Bylaws, (ii) a plan of merger, (iii) the sale, lease, exchange, or disposition of all, or substantially all, of the Association's assets, (iv) the dissolution of the Association, or (v) the removal of a director or officer of the Association, then the notice that precedes such special meeting shall (A) precede the meeting by at least thirty (30) calendar days and (B) contain a statement describing the purpose for the meeting. At special meetings, the Board may conduct only the business described in the notice preceding such meeting. The effective date of notice shall be determined in accordance with Article 4.20. The secretary of the corporation shall provide any member who makes a written request for it a copy of the resolution setting the date, time and place of regular meetings and any modification thereof. The secretary shall also provide any member who makes a written request for it notice of any special meetings of the Board, and such notice shall be made in the same manner as notice is given to the Board members under Article 4.16. Any written request to receive notice made by a member to the secretary shall remain effective until the next annual meeting, after which it must be renewed in writing to remain effective. Failure by the secretary to provide notice to a member of a meeting of the Board of Directors shall not in itself constitute a basis for invalidating any action otherwise lawfully taken by the Board at the meeting.

4.19 Waiver of Notice. A director may waive notice of any meeting. A director waives notice either by (i) a writing that is signed by the director and filed with either (A) the minutes of the meeting for which notice is being waived, or (B) the Association's records, or (ii) the director's presence at the meeting for which notice is being waived unless the director, upon arriving at such meeting or before a vote on a matter not properly noticed, objects to the lack of notice and neither votes for, nor assents to, that action.

4.20 Effective Date of Notice. Notice of any meeting of the Board will be deemed effective (i) on the date of service, if served personally, (ii) on the following business day, if served by facsimile, or (iii) on the second (2nd) business day after depositing the notice in the United States mail. A director may change the director's address for notice by giving written notice of such change to the Association, which shall include the director's new address.

4.21 Quorum. A majority of the then authorized directors shall constitute a quorum. A vacant position shall not decrease the number necessary for a quorum. The directors present at a duly organized meeting at which a quorum is present may continue to transact business until adjournment even if the departure of some directors leaves less than a quorum. If a quorum is present at the beginning of a duly organized meeting, the affirmative majority vote on the subject matter shall be the act of the directors unless the vote of a greater number is required by the Articles of Incorporation, these Bylaws, the Declaration, or Montana law. If a meeting cannot be organized because a quorum is not present, those present may adjourn the meeting and reconvene without further notice, at which time any business may be transacted if a quorum is present that could have been transacted at the meeting as originally called.

4.22 Proxies. Only directors are allowed an official vote. No proxies shall be allowed under any circumstances.

4.23 Limitation of Director Liability. Except as otherwise provided herein or in the Articles of Incorporation, a director of the Association shall not be liable to the Association for monetary damages for breach of a director's duties to the Association. The foregoing limitation of liability neither

eliminates nor limits a director's liability for (i) a breach of the director's duty of loyalty to the Association; (ii) acts or omissions that are (A) not in good faith, (B) involve intentional misconduct, or (C) represent a knowing violation of law; (iii) a transaction from which the director derived an improper personal economic benefit; (iv) conflict-of-interest transactions within the meaning of Section 35-2-418 of the Act that have not been approved in accordance with that section; (v) liability for any loan to, or guarantee that the Association may make for a director; or (vi) liability for unlawful distributions under Section 35-2-436 of the Act.

4.24 Chairperson and Vice-Chairperson of the Board. The Board may, by affirmative majority vote, appoint from the directors a chairperson and vice-chairperson. The chairperson shall preside at all meetings of the Board of Directors and shall have such other duties as the Board may determine. The vice-chairperson may act as the chairperson in the chairperson's absence.

4.25 Compensation. No director shall receive any compensation from the Association in respect of services rendered as a director. The Association may, however, reimburse directors for any reasonable expenses that they may incur in the execution of their official duties, including reasonable travel expenses. Nothing contained herein shall be construed to preclude any director from serving the Association in any other capacity and receiving reasonable compensation for services rendered to the Association that are reasonable and necessary to carry out the Association's purposes.

ARTICLE V – COMMITTEES OF THE BOARD

5.1 Committees. The Board may create committees and appoint members of the Board, members of the Association, or outside advisors to serve on such committees. Each committee shall have at least two (2) directors as members and such directors shall serve on the committees at the pleasure of the Board. The president shall be an ex officio member of each committee. The creation of committees and the appointment of members thereto must be approved by the affirmative majority vote of the Board.

5.2 Restrictions. Committees shall exercise only such powers as the Board may designate. Regardless of any grant of authority, committees may not (i) authorize distributions, (ii) approve or recommend to the Board dissolution, merger, or the sale, pledge or transfer of all, or substantially all of the Association's assets, (iii) appoint or remove directors or fill vacancies on the Board or on any of its committees, or (iv) adopt, amend, or repeal the Articles of Incorporation or these Bylaws.

5.3 Committee Meetings. The committees shall set the dates of their regular meetings, subject to the approval of the Board. The committees shall keep regular minutes of their meetings and report such minutes to the Board. The committees are subject to all procedural rules that govern the operation of the Board.

ARTICLE VI – OFFICERS

6.1 Designation. The officers of the Association shall be a president, a vice-president, a secretary, a treasurer, and such other officers as the Board may hereafter appoint. A person may simultaneously hold more than one office in the Association.

6.2 Qualifications and Method of Election. The president, vice-president, and treasurer shall be members of the Association and members of the Board of Directors. The secretary need not be a member of the Association or a director. A trust, corporation, partnership, limited liability company, or other entity that is a member, including Developer, may appoint an individual to serve as an officer on its behalf. An entity that owns more than one Lot may appoint an equal number of individuals to serve as officers. Officers shall be elected by the Board of Directors at its meeting following the annual meeting of the members of the Association. Each officer shall serve for a term of one year unless he or she shall sooner resign, be removed, or otherwise be disqualified to serve.

6.3 Appointment of Initial Officers. The initial directors shall elect the president, vice-president, secretary, and treasurer.

6.4 Payment of Officers. The president, vice-president, and treasurer shall serve without salary. The secretary may be paid reasonable compensation, as determined by the Board.

6.5 Removal. An officer may be removed, with or without cause, if a majority of the directors present at a duly constituted meeting of the Board at which a quorum is present votes to remove such officer.

6.6 Resignation. An officer may resign at any time by delivering written notice to the Board. An officer's resignation is effective upon delivery of the notice of resignation to the secretary unless the Board authorizes otherwise.

6.7 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 of his or her predecessor. The Board shall promptly fill any vacant office at either a regular meeting of the Board or a special meeting called for that purpose.

6.8 President. The president shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the affairs of the Association. The president shall preside at all meetings of the officers and the members. The president may sign any deed, mortgage, bond, contract or other instrument on the Association's behalf unless the Board has previously restricted such power or expressly assigned such authority to another officer, Board member, or agent of the Association. The president shall perform all duties and possess all powers normally and reasonably incident to the office of president, in addition to such duties and powers as the Board may from time to time prescribe.

6.9 **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. The vice-president shall also perform all other duties as either the Board or the president may from time to time prescribe.

6.10 **Secretary.** The secretary shall (i) prepare the minutes of all meetings of the Board and officers, (ii) authenticate the Association's records, and (iii) perform all other duties as either the Board or the president may from time to time prescribe.

6.11 **Treasurer.** The treasurer shall serve as the Association's chief financial officer. The treasurer shall (i) have charge and custody of, and be responsible for, all of the Association's funds, securities, and other assets, (ii) receive and give receipts for monies due and payable to the Association from all sources, (iii) deposit all monies that the Association receives in the name of the Association in banks, trust companies, or other depositories that the Board shall select, and (iv) generally perform all of the duties normally and reasonably incident to the office of treasurer and review and oversee the Association's finances in addition to such duties as either the Board or the president may from time to time prescribe.

ARTICLE VII – CONTRACTS, CHECKS, DEPOSITS AND FUNDS

7.1 **Contracts and Instruments.** The president or the chairperson of the Board of Directors shall sign and approve all contracts and instruments on behalf of the Association unless authorization has been previously restricted or expressly assigned to another officer, Board member, or agent by the Board of Directors. In addition, the Board may also authorize any officer, agent, or group of either of the preceding to enter into any contract or deliver any instruments in the name and on behalf of the Association. Such authorization may be general or confined to specific instruments.

7.2 **Loans.** Absent an amendment of these Bylaws, the Association shall not lend money to, borrow money from, or guarantee an obligation of, any person or entity. In particular, the Association shall not lend money to, or guarantee an obligation of, a director or officer of the Association. In the event that borrowing or lending by the Association is hereafter authorized by an amendment of these Bylaws, the Association shall not allow anyone to contract for indebtedness on the Association's behalf unless the Board authorizes such action by written resolution, which shall be filed with the Association's records. Such authorization may be general or confined to specific instruments.

7.3 **Checks and Drafts.** All checks, drafts, or other orders for payment of money or notes or other evidence of indebtedness issued in the name of or payable to or by the 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 resolution by the Board of Directors, such instruments shall be signed by any two of the officers of the Association, one of which must be the president if he or she is reasonably available.

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

ARTICLE VIII – INDEMNIFICATION, REIMBURSEMENT AND ADVANCE FOR EXPENSES

8.1 **Mandatory Indemnification of Directors.** In accordance with Section 35-2-448 of the Act, the Association shall indemnify a director or former director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which such person was a party because the person is or was a director of the Association for all reasonable expenses that the director incurred in connection with such proceedings. In addition, the Association shall indemnify a director or former director who is made a party to a proceeding because of that person's status as a director or former director against liability incurred in such proceeding if the determination to indemnify such director complies with Section 35-2-447 of the Act.

8.2 **Indemnification of Officers.** The Association shall indemnify and advance expenses to officers to the same extent as directors, as long as such actions comply with the Act.

8.3 **Advances for Claim-Related Expenses.** In accordance with Section 35-2-449 of the Act, the Association may pay for or reimburse the reasonable expenses that a director may incur in a proceeding due to his or her status as a director prior to the final resolution of such proceeding if the following requirements have been satisfied: (i) the director provides to the Association a written affirmation of the director's good faith belief that the director has met the standard for indemnification under Section 35-2-447 of the Act, (ii) the director provides to the Association a written undertaking, executed either personally or by one authorized to execute the undertaking on behalf of the director, pursuant to which the director promises to repay the advance if it is ultimately determined that the director did not meet the standard of Section 35-2-447 of the Act, and (iii) the Board determines, based on the then available information, that paying the advance would not violate the Act.

8.4 **Insurance.** The Association shall purchase and maintain insurance on behalf of a director, officer, employee, contractor or agent (i) against liability asserted against or incurred by such person acting in such capacity, or (ii) arising from that person's status as a director, officer, employee, contractor or agent of the Association, whether or not the Association would have the power to indemnify the person against such liability under the Act.

8.5 **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 the Association. Officers and directors shall present to the Board of Directors receipts and/or other supporting documentation for said costs or expenses. The Board may review claims for reimbursement at a formal meeting and upon approval thereof by a majority of the directors shall order the treasurer to issue reimbursement to the claimant officer or director. Claims may also be informally reviewed by each director individually without the Board convening for a formal meeting. Upon approval by all directors, the treasurer is hereby authorized to issue reimbursement. If any director disapproves a claim after an

informal review of the claim, the claimant officer or director shall present the claim to the Board of Directors for formal review at its next regular meeting. The president also may call a special meeting for the purposes of the formal review of a claim for reimbursement. Reimbursement for claim-related expenses shall be governed by Article 8.3 above.

ARTICLE IX – CONFLICT OF INTEREST

9.1 Conflict of Interest Transaction Defined. A “conflict of interest transaction” is a transaction with the Association in which a director or a party related to a director has either a direct or indirect financial interest. A party is related to a director if the party is (i) the director's spouse, (ii) a child, grandchild, sibling, parent or spouse of a child, grandchild, sibling or parent of the director, (iii) an individual who resides with the director, (iv) a trust or estate of which an individual previously described in subsections (i) through (iii) of this article is a substantial beneficiary, or (v) a trust, estate, incompetent person, conservatee, or minor for whom the director is a fiduciary.

9.2 Duty to Disclose. Directors shall disclose to the Board any conflict of interest that they may have in a transaction with the Association. The interested director shall abstain from voting on the transaction, provided, however, that the director's presence may be counted in determining whether there is a quorum present at such meeting. The director's disclosure must be in writing and must provide all facts known to the director about the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction.

9.3 Approval of Conflict of Interest Transactions. A conflict of interest transaction is not voidable and may not serve as the basis for imposing liability on a director if either (i) the director provides the disclosure that Article 9.2 hereof requires and the other directors reasonably and in good faith believe that the transaction is fair to the Association, or (ii) before the transaction is consummated, the Association obtains the approval of a district court of the State of Montana.

ARTICLE X – AMENDMENT OF BYLAWS

10.1 Amendment of Bylaws. These Bylaws may be altered, amended, or repealed, and new bylaws may be adopted by the affirmative vote of two-thirds (2/3) of the votes properly cast. If the board or the members seek to have the amendment approved by the members at a membership meeting, the corporation shall give notice of the proposed meeting in writing pursuant to these Bylaws and the notice shall state the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and must contain or be accompanied by a copy or summary of the amendment. If the board or the members seek to have the amendment approved by the members by written consent or written ballot, the material soliciting the approval must contain or be accompanied by a copy or summary of the amendment. The amendment becomes effective only when a copy of the Bylaws, as amended, is certified as properly adopted by the secretary or directors of the Association.

ARTICLE XI – WAIVER OF NOTICE

11.1 **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 the Bylaws of the Association, a waiver thereof in a writing signed by the person or persons entitled to such notice, whether before or after the time the notice was supposed to be given, shall be deemed to satisfy the requirement for notice to the person signing the waiver.

ARTICLE XII – MAINTENANCE, UPKEEP AND REPAIR OF COMMON ELEMENTS

12.1 **Maintenance, Upkeep, and Repair of Common Elements.** The Association shall be responsible for the construction, maintenance, upkeep, and repair of any common areas or common property of the Subdivision or the Association, including, if applicable, roads, entrances, signs, trail easements, and pathways, if any, and also for payment for those associated expenses, including the employment of contractors or personnel necessary to perform said construction, maintenance, upkeep, and repair. The Association shall perform any duties assigned to it in accordance with the provisions of any applicable subdivision improvements agreement (“SIA”) with the City of Red Lodge or other government entity or as set forth in the Declaration and these Bylaws. Nothing in these Bylaws shall relieve the Developer of its duties arising under any SIA or individual Lot owners of their duties to pay special improvement district (SID) assessments or other government levies necessary for maintenance of roads or other improvements. Similarly, nothing in these Bylaws shall be interpreted to relieve any government jurisdiction of its obligation to properly maintain all Subdivision roads or other facilities dedicated to public use or ownership.

ARTICLE XIII – COLLECTION OF ASSESSMENTS

13.1 **Collection of Assessments.** The Association shall collect from each member his or her share of the common expenses as assessed against each Lot, and the Association shall do so in accord with these Bylaws and the Declaration into which these Bylaws are incorporated by reference.

ARTICLE XIV – DISSOLUTION

14.1 **Dissolution.** The Association shall only be dissolved in accordance with Section 35-2-721 of the Act and only if responsibility for improvements or maintenance of common elements required to be done by the Association pursuant to these Bylaws or any applicable subdivision improvements agreement is legally and properly assumed in writing by some other responsible person or entity as determined by the Board. In addition, the written consent of the Developer shall be required as long as Developer owns two or more Lots in the Subdivision. In the event of dissolution of the Association, the Board shall adopt a plan of dissolution that will cause the funds of the Association to be divided equally among its members based on the number of Lots owned by each member after payment of all debts of the Association.

ARTICLE XV – CORPORATE RECORDS

15.1 **Books and Records.** The Association shall keep correct and complete books and records of accounts including, but not limited to, (i) minutes of all meetings of the Board, officers and members, (ii) records of all actions that the Board takes without a meeting, (iii) a record of all actions that committees of the Board, if any, take, (iv) the Association's Articles of Incorporation and all amendments thereto, (v) these Bylaws and all amendments hereto, (vi) a list of the names and addresses of the Association's current members, directors and officers, (vii) financial statements showing the Association's assets and liabilities for the most recent three (3) years, and (viii) the Association's most recent annual report filed with the Montana secretary of state.

15.2 **Fiscal Year.** The Association's fiscal year shall begin on January 1 and end on December 31 each year, unless the Board establishes a different fiscal year.

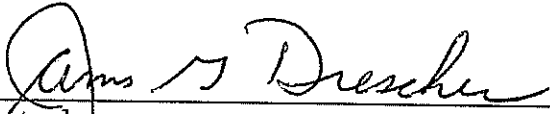
ARTICLE XVI – ASSIGNMENT OF DEVELOPER'S RIGHTS

16.1 **Assignment of Developer's Rights.** As of the date of adoption of these Bylaws, the Developer is the owner of a majority of Lots located in the Subdivision. In the event that the Developer transfers all or some of the Lots to any corporate parent, subsidiary, or affiliated entity or to any other person or entity, whether affiliated with the Developer or not, the Developer may assign all of its rights and delegate its duties arising under these Bylaws, the Declaration, or any related instrument to said transferee, and said transferee shall thereafter assume all rights and duties of the Developer, including this right of assignment.

CERTIFICATE OF ADOPTION OF BYLAWS

The undersigned hereby certifies that the above and foregoing bylaws of Diamond C Links Property Owners Association were adopted by unanimous vote or unanimous written consent of the Board of Directors and the same do now constitute the bylaws of the Association.

Dated: 5/28/05



[signature]
Secretary

EXHIBIT C

ILLUSTRATION OF SAMPLE HOME (guideline only)



EXHIBIT D - 1

ILLUSTRATION OF SAMPLE LANDSCAPE PLAN (guideline only)

