as of 8-30-01

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BY-LAWS
of
COUNTRY LAKE HOMES HOMEOWNERS' ASSOCIATION
(A Non-Profit Corporation)

ARTICLE I
OFFICES

The principal office of the Corporation shall be located in Flathead County, Montana, and its mailing address shall be: 99 Mallard Loop, Whitefish, MT 59937. The corporation may also have such offices at such other places within or without the State as the Board of Directors may from time to time determine.

ARTICLE II
MEMBERS

A. (1) Every record owner of any lot in "Country Lake Homes Subdivision, Phase I or Phase II", according to the official plat thereof on file and of record in the office of the Clerk and Recorder of Flathead County, Montana; and, any addition to said "Country Lake Homes Subdivision", as may hereinafter be brought within the jurisdiction of the Corporation by annexation, including buyers under a contract for deed, shall be a member of the Corporation; provided, however, there shall be only one (1) membership for each lot. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of the lot which is subject to assessment by the Corporation. Ownership of such lots shall be the sole qualification for membership. Members combining adjoining lots into a single ownership and unit shall have one (1) vote.

(2) The right or interest of a member shall not terminate EXCEPT upon the termination of their ownership of the lot or lots which qualified them for membership.

(3) In the event of the sale of the lot or lots under a contract for deed, the buyer shall, upon the deposit of the agreement with an escrow agent, become a member of the Corporation, subject to reinvestment of membership in the Seller in the event of termination of the contract.

B. (1) There shall be an annual meeting of the members of the Corporation once during each calendar year, held on such day and at such time as the Board of Directors, by resolution, shall designate.

(2) The annual meeting and any special meeting called pursuant to these By-Laws, shall be held at a location near Whitefish, Montana, sufficient to accommodate the membership.

(3) Special meetings may be called by the Board of Directors, or by an officer of the Corporation at the request of the Board, or by a petition signed by sixty percent (60%) of the members of the Corporation.

(4) Written notice stating the place, day and hour of the meeting shall be given for all meetings. Such notice shall state the persons or person calling the meeting.

Notice for a special meeting shall state the purpose or purposes for which the meeting is called. At any special meeting, only the business stated in the notice of meeting may be transacted.

Notice for an annual meeting shall state that the meeting is being called for the election of Directors and for the transaction of such other business as may properly come before the meeting.

Any notice of meeting to members relating to the election of Directors shall set forth any amendments to the By-Laws of the Corporation adopted by the Board of Directors, together with a concise statement of the changes made.

Notice of meeting shall be given either personally or by first class mail, not less than ten (10) days nor more than fifty (50) days before the date of the meeting, to each member at his address recorded on the records of the Corporation, or at such other address which the member may have furnished in writing to the Secretary of the Corporation. Notice shall be deemed to have been given when deposited with postage prepaid in the Post Office or other official depository, under the exclusive jurisdiction of the United States Post Office.

Any meeting of members may be adjourned from time to time. In such event, it shall not be necessary to provide further notice of the time and place of the reconvening of the meeting if announcement of such time and place is given at the meeting so adjourned.

If the Board fails to schedule an annual meeting by the 15th of November of any calendar year, a consent signed by a majority of the members shall be employed to establish a date for the annual meeting.

In the event the Board of Directors fixes a new record date for an adjourned meeting, a new notice shall be given in the same manner as herein provided.

No notice need be given to any member who executes and delivers a Waiver of Notice before or after the meeting. The attendance of a member in person or by proxy at the meeting without protesting the lack of notice of a meeting, shall constitute a waiver of notice by such member.

(5) At every meeting of members, there shall be presented a list or record of members as of the record date, certified by the Corporation's Secretary. Such list shall

be evidence of the right of the persons to vote at such meeting, and all persons who appear on such list or record to be members may vote at such meeting either in person or by proxy.

(6) Each membership shall entitle the holder thereof to one (1) vote.

(7) There shall be one (1) membership for each lot. When more than one person holds a membership interest in any lot, the vote for such lot shall be exercised as such persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

C. At each annual meeting of members, the Board of Directors shall present an annual report detailing the business of the Corporation for the preceding year. Such report shall be entered in the Minutes of the proceedings of the such annual meeting of members.

D. (1) Meetings of the members shall be presided over by the President, or in his absence by the Vice-President, or, if neither are present, by a Chairman to be chosen by a majority of the members in attendance. The Secretary shall act as Secretary of every meeting. When the Secretary is not present, the Chairman may appoint a secretary of the meeting.

(2) The order of business at all meetings of members shall be as follows:

Roll call.
Reading of the Minutes of the preceding meeting.
Report of standing committees.
Officers' reports.
Old business.
New business.

E. Any or all members may authorize another person to act for him by proxy in all matters in which a member may participate, including waiving notice of any meeting, voting or participating in a meeting or expressing comment or dissent without a meeting. Every proxy shall be signed by the member or his attorney-in-fact, and shall be revocable at the pleasure of the member executing it. In no event shall a proxy be valid after the expiration of eleven (11) months from its date.

F. (1) For the election of Directors and for other routine business conducted at an annual meeting, such as approval of minutes and approval of the annual budget, those who attend a properly noticed meeting of members, in person or by proxy, shall constitute a quorum. A plurality of the votes cast shall elect Directors. Action taken with respect to routine business shall be by a majority of the votes cast by those in attendance.

(2) For major business items at an annual or special meeting of the members, such as approval of amendments to the By-Laws, purchase or sale of real property by the corporation, or other major items as determined by the Board of Directors,

the presence at any meeting of members, in person or by proxy, of a majority of the members shall constitute a quorum and all action taken shall be by a majority vote of the quorum present.

(3) As provided in Section 5(c) of the Declaration of Covenants, major additions to and/or extension of the Roadways, Drainage System, and Water System shall require an affirmative vote of 60% of the members.

(4) Whenever the vote of members is required or permitted, such action may be taken without a meeting if notice of such proposed action is given to all members and the requisite number of members consent in writing to such action.

G. (1) Any action that may be taken at any annual, regular, or special meeting of the members may be taken without a meeting if the Corporation delivers a written ballot to every member entitled to vote on the matter.

(2) A written ballot must:

(a) set forth each proposed action; and
(b) provide an opportunity to vote for or against each proposed action.

(3) Approval by written ballot is valid only when:

(a) the number of votes cast by ballot exceeds or equals the quorum required to be present at a meeting authorizing the action; and
(b) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

? (4) All solicitations for votes by written ballot must:

(a) indicate the number of responses needed to meet the quorum requirements;
(b) state the percentage of approvals necessary to approve each matter other than election of directors; and
(c) specify the time by which a written ballot must be received by the Corporation in order to be counted.

(5) A written ballot may not be revoked.

H. The Board of Directors of the Corporation shall fix a record date for the purpose of determining members entitled to notice of, to vote, or express consent or dissent from any proposal without a meeting or for any other proper purpose. Such record date shall not be more than fifty (50) days nor less than five (5) days prior to the date of such meeting or consent, as the case may be, is to be made. In the event no record date is fixed, the record date for the determination of members entitled to vote at a meeting of members shall be the close of business on the day next preceding the day on which notice is given, of if no notice is given, the day on which the meeting is held. Establishment of a record date shall apply to any adjourned meeting, unless a new record date is fixed by the Board of Directors for such adjourned meeting.

ARTICLE III
BOARD OF DIRECTORS

A. The Corporation shall be managed by a Board of Directors. Each Director shall be at least eighteen (18) years of age, and shall be a member of the Corporation during his directorship. The number of directors constituting the entire Board shall be no less than five (5). Subject to the foregoing, the number of the Board of Directors may be fixed from time to time by action of the members of the Corporation or of the directors.

B. At each Annual Meeting of Members, the membership shall elect directors to hold office until the next Annual Meeting. Each director shall hold office until the expiration of the term for which he was elected, and until his successor has been duly elected and qualified, or until his prior resignation or removal as hereinafter provided.

C. (1) Any or all of the members of the Board of Directors may be removed with or without cause by vote of the members of the Corporation. The Board of Directors may remove any director thereof for cause only.

(2) A director may resign at any time by giving written notice to the Board of Directors or to an officer of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board of Directors or other such officer. Acceptance of such resignation shall not be necessary to make it effective.

D. Newly-created directorships or vacancies in the Board of Directors may be filled by a vote of majority of the Board of Directors then in office. Vacancies occurring by reason of the removal of directors without cause shall be filled by a vote of the members. A director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his predecessor.

E. (1) A regular Annual Meeting of the Board of Directors shall be held immediately following the Annual Meeting of Members. All other meetings shall be held at such time and place as shall be fixed by the Board of Directors from time to time.

(2) No notice shall be required for regular meetings of the Board of Directors for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairman of the Board, the President, or by a majority of the directors then in office.

Written, oral, or any other method of notice of the time and place shall be given for special meetings of the Board of Directors in sufficient time for the convenient assembly of the Board of Directors. The notice of any meeting need not specify the purpose of such meeting. The requirement for furnishing notice of a meeting may be waived by any director who signs a Waiver of Notice before or after the meeting or who attends the meeting without protesting the lack of notice to him.

F. A majority of the entire members of the Board of Directors shall constitute a quorum. Whenever a vacancy on the Board of Directors shall prevent a quorum from being present, then, in such event, the quorum shall consist of one (1) director or a majority of the members of the Board of Directors, excluding the vacancy, whichever is greater. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place.

G. The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors. If there be no Chairman, or in his absence, the President shall preside, and if there be no President, or in his absence, any other Director chosen by the Board shall preside.

H. The Board of Directors may establish special committees for any lawful purpose, which may have such powers as the Board of Directors may lawfully delegate.

I. The Board of Directors shall have the power to:

(1) Equip, maintain, repair and operate the water system; determine and set water rates for the members, and to collect for the same;

(2) Maintain, improve, and remove snow from roads within the subdivision, and determine and set the road maintenance and improvement rates for the members, and to collect for the same; subject, however, to § 5(c) of the Declaration of Covenants, which requires sixty percent (60%) member approval for certain road work and improvements;

(3) Exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation, and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration of Covenants;

(4) Declare the office of a member of the Board of Directors to be vacant in the event such a member shall be absent from four (4) consecutive regular meetings of the Board of Directors; and

(5) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

ARTICLE IV
OFFICERS

A. (1) The Board of Directors may elect or appoint a Chairman of the Board of Directors, a President, one or more Vice-Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers as they may determine. The President may, but need not be, a director. Any two or more offices may be held by the same person except the office of President and Secretary.

(2) The officers of the Corporation shall be selected from its membership.

B. Each officer shall hold office until the annual meeting of the Board of Directors, and until his successor has been duly elected and qualifies. The membership of the Corporation shall have the power to remove any officer, with or without cause, by a majority vote at a properly convened meeting.

C. (1) The President shall be the chief executive officer of the Corporation, shall have the responsibility for the general management of the affairs of the Corporation, and shall carry out the resolutions of the Board of Directors.

(2) During the absence or disability of the President of the Corporation, the Vice-President shall have all the powers and functions of the President. The Vice-President shall perform such duties as may be prescribed by the Board of Directors from time to time.

(3) The Treasurer shall have the care and custody of all of the funds and securities of the Corporation, and shall deposit said funds in the name of the Corporation in such bank accounts as the Board of Directors may from time to time determine. The Treasurer shall, when duly authorized by the Board of Directors, sign and execute all contracts in the name of the corporation when counter-signed by the President; he may also sign checks, drafts, notes and orders for the payment of money, which shall have been duly authorized by the Board of Directors.

(4) The Secretary shall keep the Minutes of the Board of Directors and the Minutes of the Members; shall have custody of the seal of the Corporation; shall affix and attest the seal to documents duly authorized by the Board of Directors; shall serve all notices for the Corporation, which shall have been authorized by the Board of Directors; shall have charge of all books and records of the Corporation; and shall perform such other lawful duties as may be from time to time designated by the Board of Directors, President, or Vice-President of the Corporation.

ARTICLE V
WATER SYSTEM AND RATES

A. (1) The Corporation shall own and through its Board of Directors, shall operate and maintain a water system for the purpose of supplying water to the owners of lots in County Lake Homes Subdivision, Phase I and Phase II.

(2) Water shall be furnished by the Corporation to each owner upon the owner's request. Such water so provided by the Corporation shall be used by each owner as the sole source of water until such time as the properties may connect to a public water system.

(3) No individual private wells or water systems shall be permitted or allowed upon on any lot, other than the water system as operated by the Homeowner's Association.

B. The Board of Directors shall set appropriate charges for water service and may require payment of such charges at whatever interval it deems appropriate. The cost of hooking on to the water main and for the water meter for each user shall be borne and paid for by each owner.

C. The Corporation shall repair and maintain the water system up to the point of hookup of each owner and each such owner shall be responsible for his own water system from the point of such hookup.

D. No consumer or user of water will be allowed or permitted to furnish water to another person or entity, except in cases of emergency, and then only with the consent of the Corporation.

E. All pipes, meters and fixtures shall, at all reasonable hours, be subject to inspection by the Corporation or its duly authorized agent.

F. The Corporation shall, in no event, be responsible for maintaining any service line owned by a consumer, nor for damages done by water escaping therefrom, nor for defects in lines, or fixtures, on the property of the consumer.

G. In the event an owner fails or neglects to pay the Corporation for the costs of the meter or hookup, or the periodic water bills when due, or within such reasonable time as may be extended by the Corporation, then the Corporation shall have the right to shut off and discontinue the water supply to the owner until such time as payment is made. The Corporation shall also have the right to use any other lawful means to collect such indebtedness.

ARTICLE VI
MISCELLANEOUS

A. The Corporation shall keep at the principal office of the Corporation, complete and correct records and books of account, and shall keep Minutes of the proceedings of the members, the Board of Directors, or any committee appointed by the Board of Directors, as well as a list or record containing the names and addresses of all members.

B. The corporate seal shall be in such form as the Board of Directors shall from time to time prescribe.

C. The fiscal year of the Corporation shall be fixed by the Board of Directors.

D. All By-Laws of the Corporation shall be subject to alteration or repeal, and new By-Laws may be made by the Board of Directors, or by a majority vote of a quorum of the members, to be done at such special meeting of the members called for such purpose, or at the Corporation's annual meeting.

* * * * *

As Secretary of the Corporation, I certify that these By-Laws were properly adopted by majority vote of the members, and the balloting was completed on August 30th, 2001.

Jeri J. McGunagle
Secretary

Ronald R. Boyle
Notary state of Montana
County of Flathead
notary expires 10/15/03

Rem Kohrt
240 Mallard Loop
Wfsh, MT 59937-8457

STATE OF MONTANA } ss
County of Flathead
Recorded at the request of Rem Kohrt this 5 day of Sept 2001
o'clock A M and recorded in the records of Flathead County, State of Montana.
Fee $ 57 Pd.
Susan W. Haverfield
Flathead County Clerk and Recorder
Char Terry
Deputy
DOCUMENT NO. 2001248