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AVALON VILLAS HOMEOWNERS' ASSOCIATION PO BOX 141
EMIGRANT, MT 59027

FOURTH AMENDED BYLAWS OF
AVALON VILLAS HOMEOWNERS' ASSOCIATION
(originally referred to as: "The Association of Unit Owners of Avalon Villas")
PARK COUNTY, STATE OF MONTANA

PURPOSE AND APPLICATION

These Fourth Amended Bylaws of Avalon Villas Homeowners Association ("Bylaws") are and shall be the Bylaws of AVALON VILLAS HOMEOWNERS' ASSOCIATION. These Bylaws shall, upon recording with the Recorder of Park County, State of Montana, govern and control the administration of AVALON VILLAS HOMEOWNERS' ASSOCIATION. All Townhouse unit owners, their guests and any renters or sub-lessees present and future shall have the right and responsibilities described in these Bylaws and shall be subject to the provisions thereof.

The acquisition of ownership interest in an Avalon Villas Townhouse unit signifies that the owner accepts, ratifies, and agrees to comply with these Bylaws.

MEMBERSHIP

Persons owning an Avalon Villas Townhouse unit, or an interest in a unit or unit in any real estate tenancy relationship recognized by the State of Montana shall be a member of the Avalon Villas Homeowners' Association ("Association"). An owner may not decline membership in the Association. Membership begins concurrently with the acquisition of ownership interest and terminates the time ownership interest is terminated. Such termination shall not relieve any owner of liability for obligations incurred while a member of the Association; further, membership in the Association does not in any way negate or impair any owners legal remedies, right to bring legal action, or defenses to any and all actions involving the Association, other unit owners, or the management which may arise from or be incidence of unit ownership.

OBLIGATIONS

Each unit owner shall be obligated to comply with these Bylaws and the Third Amended Declaration of Unit Ownership which were filed on September 30, 2011, under Park County Recording Numbers _____ and _____, and the Second Amended Covenants and Restrictions which were filed on March 17, 2011, under Park Country Recording Number 365224 and the laws of Park County and the State of Montana. Such obligations shall include, but are not limited to, the paying of assessments levied by the Association. Failure of any owner to abide by these Bylaws, and all Rules and Regulations made pursuant thereto, the Third Amended Declaration, the Second Amended Covenants and Restrictions, and the laws of Park County, and the State of Montana, shall be grounds for appropriate legal action by the Avalon Villas Homeowners' Association, or by any aggrieved Unit Owner against such non-complying Owner.

MEETING AND VOTING

There shall be a general meeting of the Association annually on the 1st Friday in August of each year, or on such other date properly announced by the Association.

Pursuant to these Bylaws, the Association may at any time hold special meetings. Such special meetings may be called on the initiative of the Chair of the Association; Property Manager, if any; or upon petition signed by twenty-five percent (25%) of the Unit Owners. Notice of any special meeting must specify the reason for said meeting and the matters to be raised. Only matters set forth in the petition or request may be brought before such meetings unless two-thirds (2/3) of the aggregate interest present agree otherwise.

NOTICE

Notice of the annual meeting shall be mailed by the Association's secretary to every Unit Owner of record at his address of record at least sixty (60) days prior to the time for holding such meeting. Such notice shall specify the date, time and place of the meeting and shall make provision to allow for the voting of each Unit Owners' interest by proxy at the discretion of the Owner except as otherwise provided in the paragraph regarding election of Board of Directors below. The mailing of a notice in the manner provided in this paragraph or the personal delivery of such notice by the secretary of the Association shall be considered notice served.

QUORUM

No meeting, general, regular or special, shall be convened to conduct business unless quorum is present in person or by proxy. A quorum for the annual meeting shall consist of fifty percent (50%) of the total aggregate interest of AVALON VILLAS HOMEOWNERS' ASSOCIATION. A quorum for a regular or special meeting shall consist of (50%) of the members of the Board of Directors. At any time during any meeting that a quorum is not present, such meeting shall be adjourned forthwith.

VOTING INTEREST

Each Unit Owner at Association meetings shall have a voting interest equal to one vote per Townhouse unit owned in AVALON VILLAS. If there are multiple owners of a Townhouse Unit, there will only be one vote for the Townhouse unit. Such percentage factor shall be the voting interest of each Unit Owner on all matters affecting the general business of AVALON VILLAS HOMEOWNERS' ASSOCIATION; on all matters affecting the common elements; assessments for the common elements; and on all matters on which the Association agree to have voting by the common elements interests. Voting upon matters affecting limited common elements and assessments for limited expenses shall be only by owners having a unit or interest in units located in the building affected.

Whenever a quorum is present at a meeting of the Association, or the Board of Directors, those present may do any and all acts they are empowered to do unless specific provisions of these Bylaws, the Third Amended Declarations, Second Amended Covenants and Restrictions, or the laws of the State of Montana direct otherwise.

BOARD OF DIRECTORS

The governance of AVALON VILLAS HOMEOWNERS' ASSOCIATION shall be by a Board of Directors. Such Board shall have all powers and responsibilities attendant to the general administration, and control of the Association. Additionally, the Board shall have the authority necessary to carry into effect the powers and duties specified in these Bylaws.

OFFICERS OF THE BOARD OF DIRECTORS

The Association shall elect from its membership the Board of Directors which shall consist of a Chair, Secretary, Treasurer and two (2) additional Board members as follows: Terms shall be staggered, beginning with the 2009 election when the term for President, Treasurer, and At Large Position #2 shall be for 2 years and the term for Secretary and At Large Position #1 shall be for 1 year. Thereafter, all terms shall be for two (2) years, beginning with the 2010 election. The manner of election to the Board of Directors shall be as follows: The Board shall appoint a committee to poll the members to determine who might be interested in serving on the Board. Sixty (60) days prior to the Annual Association Meeting, the Secretary shall deliver to all members a potential slate of officers for the next year. Each member shall have the right to vote for no more than one (1) person for each office. Each

member is responsible for informing the Secretary in writing by email, fax or USPS delivery of his/her choices no less than thirty (30) days prior to the Annual Association Meeting. The Secretary shall report the results of the vote to the current Board prior to the Annual Association Meeting. Board members shall be elected by majority vote.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following powers and duties:

- (a) To call the annual meeting of the Association and give due notice thereof.
- (b) To conduct elections of the Board of Directors.
- (c) To enforce the provisions of these Bylaws, the Third Amended Declarations, and Second Amended Covenants and Restrictions, and adopted Rules and Regulations of AVALON VILLAS HOMEOWNERS' ASSOCIATION by appropriate action.
- (d) To provide for the management of AVALON VILLAS HOMEOWNERS' ASSOCIATION, by hiring or contracting with suitable and capable management and personnel for the day to day operation, maintenance, upkeep and repair of the common and limited common elements.
- (e) To levy assessments as allowed by the Third Amended Declaration, the Second Amended Covenants and Restrictions, these Bylaws, and the State of Montana and to provide for the collection, expenditure and accounting of said assessments.
- (f) To pay for the expenses for the maintenance, repair and upkeep of the common elements and limited common elements, and to approve payment vouchers either at regular or special meetings.
- (g) To delegate authority to the property manager, if any, to conduct the Association's business, and to carry out the duties and powers of the Board; however, such authority shall be precisely defined with ultimate authority at all times residing in the Board of Directors.
- (h) To provide a means of hearing grievances of Unit Owners and responding appropriately thereto.
- (i) To meet at regularly scheduled times and to hold such meetings open to all Unit Owners or their agents.
- (j) To prepare an annual budget for the Association in order to determine the amount of the assessments payable by the Unit Owners to meet the common and limited common expenses and allocate and assess such charges among the Unit Owners according to their respective interests in the common and limited common elements, and to submit such budget to the Unit Owners on or before the annual meeting.
- (k) To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses, costs or additional capital expenses, or because of emergencies.
- (l) To take appropriate legal action to collect any delinquent assessments, payments or amounts due from the Unit Owners, or from person or persons owing money to AVALON VILLAS HOMEOWNERS' ASSOCIATION and to levy a penalty and to charge interest on unpaid amounts due and owed.
- (m) To defend in the name of the Association any and all lawsuits wherein AVALON VILLAS HOMEOWNERS' ASSOCIATION is a party defendant.
- (n) To enter into contracts with third parties to carry out the duties herein set forth, for and on behalf of the Board of the Association.
- (o) To establish a bank account for AVALON VILLAS HOMEOWNERS' ASSOCIATION and to keep therein all funds of the Association; withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Board of Directors.
- (p) In general, to act for and carry on the administration and affairs of the Association as authorized and prescribed by the Declaration and to do all those things which are necessary and reasonable in order to carry out the governance and operation of AVALON VILLAS HOMEOWNERS' ASSOCIATION.
- (q) To establish rules and regulations for conduct, behavior and use of the common and limited common areas.
- (r) To make repairs, alteration, additions to the common elements - general or limited common elements - consistent with managing the townhomes in a first class manner and in the best interests of the Unit Owners.
- (s) To arrange, keep, maintain and renew the insurance for the Association as set forth in the Declaration.
- (t) To carry out the duties and responsibilities in all other matters as may be authorized, needed or required by the Third Amended Declaration.

VACANCIES AND REMOVAL

Should a vacancy occur on the Board of Directors, the Board, subject to the exception described below, shall appoint a member of the Association to serve the unexpired term. Should such a vacancy not be filled by the Board, at the next general meeting of the Association, the Association members may fill such vacancy by a vote set forth herein.

At any regular or special meeting of the Association, any member of the Board may be removed by a majority of the aggregate interests of the members of the Association. Such vacancy shall be filled by the Association. Such removal matters must be announced in the notice of such special or regular meeting. The personal delivery of such notice by the Secretary of the Association shall be considered notice served.

COMPENSATION

No member of the Board of Directors shall receive any compensation for acting as such. Nothing herein, however, shall be construed to preclude compensation being paid to property managers which are hired by the Board of Directors.

PROPERTY MANAGERS

The Property Manager, if any, shall be appointed and/or removed by the Board of Directors. The Property Manager shall provide evidence of both a Professional Liability and an Errors & Omissions Insurance Policy, whether separate or in combined form, adequate to cover cash-on-hand in the AVHA bank account as well as all commitments made by contract, whether written or oral, on behalf of the AVHA and show proof to the Association that such is current. The Property Manager shall maintain records of the financial affairs of the Association. Such records shall also detail all assessments made by the Association and the status of payments of said assessments by all Unit Owners. All records shall be available for examination during normal business hours to any Unit Owner or his assigned representatives.

The receipts and expenditures of the Association shall be under the direction of the Property Manager and be classified as appropriate, into common expenses and limited expenses and shall include a provision for current expenses, which shall include all receipts and expenditures to be made within the year for which the business is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to improvements. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year. Other budget items may be provided for in the discretion of the Property Manager.

The Property Manager shall prepare and submit to the Board each calendar year, a budget which must be approved and then adopted by the Board. The budget shall include the estimated funds required to defray the common and limited common expenses and to provide and maintain funds for the foregoing accounts according to good accounting practices.

Copies of the budget and proposed assessments shall be transmitted to each member on or before the date three (3) weeks prior to the annual meeting, preceding the year for which the budget is made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.

An audit of the accounts of the Association may be made annually by an accountant, and a copy of the audit report shall be furnished to each member not later than December 30 of the year following the year for which the audit is made.

The Property Manager shall generally manage the Association's business for and on behalf of the Unit Owners and shall have such other powers and authority as the Board may delegate.

AMENDMENT OF BYLAWS

These Fourth Amended Bylaws may be amended at any general, regular or special meeting of the Association providing that a copy of the proposed revision is included in the notice of such meeting. Upon a vote of seventy-five percent (75%) of the aggregate interest of the Association the amendment shall be declared adopted. The Secretary shall as soon as practicable after adoption, prepare a copy of these Bylaws as amended for certification by the Chair and Secretary of the Association. Such amended and certified Bylaws shall then be filed and recorded in the office of the Clerk and Recorder of Park County, State of Montana. Bylaws as amended shall become effective at the time of such recording.

ASSESSMENTS

In accordance with the percentage interest in the general common elements as set forth in these Declarations, each Unit Owner shall be assessed for general common expenses. Such assessments and assessments for limited expenses shall be collected and paid according to the terms and under the procedures more particularly set forth in the Declaration. The amount of assessments described above and any other assessments allowed by these Bylaws, the Declaration, the Covenants and Restrictions, and by the State of Montana, shall be fixed by the Board or Directors. Notice of each owner's assessments shall be mailed to said owner at his address or record.

THE DECLARATION

In the event these Fourth Amended Bylaws, Second Amended Covenants and Restrictions, and the Third Amended Declaration are in conflict, the Third Amended Declaration shall govern.

The definition of terms set forth in the Third Amended Declaration shall be applicable throughout these Bylaws and interpretation thereof.

By virtue of these Bylaws and the Third Amended Declaration and Second Amended Covenants and Restrictions, each Unit Owner has the right to membership in the Avalon Villas Homeowners' Association. Additionally, any Unit Owner may be on the Board of Directors of Avalon Villas Homeowners' Association and the Board of Directors shall have primary and final authority on all matters solely affecting the Association.

IN WITNESS WHEREOF, AVALON VILLAS HOMEOWNERS' ASSOCIATION has caused these FOURTH AMENDED BYLAWS to be made and executed on this 29 day of Sept, 2011.

Avalon Villas Homeowners' Association

By: Peter M.W. Murray, Chair

STATE OF MONTANA)
:SS
County of Park)

This instrument was acknowledged before me on the 29th day of Sept, 2011 by Peter M.W. Murray, Chair of Avalon Villas Homeowners' Association.

(SEAL)

Colene Sachanowski



COLENE SACHANOWSKI
NOTARY PUBLIC for the
State of Montana
Residing at Emigrant, Montana
My Commission Expires
March 15, 2015

Notary Public for the State of Montana

Print Name:

Residing at, Montana

My Commission expires: