

**BYLAWS OF THE**  
**INDIAN SPRINGS RANCH HOMEOWNERS ASSOCIATION, INC**

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**BYLAWS OF THE**  
**INDIAN SPRINGS RANCH HOMEOWNERS ASSOCIATION, INC.**

**Part 1 — Definitions and Interpretation**

**1. Definitions and interpretation:**

In these Bylaws:

**“Area of Common Responsibility”** means the Common Property, together with any other areas which become the responsibility of ISRA.

**“Articles”** means the Articles of Incorporation of ISRA, as they may be amended from time to time.

**“Benefited Assessment”** means an assessment levied on one or more but less than all Lots.

**“Board of Directors”** or **“Board”** means the body responsible for administration of ISRA.

**“Builder”** means any Person which purchases a Lot or Lots or parcels of land within Indian Springs Ranch for the purpose of constructing improvements for later sale to consumers, or for development and/or resale in the ordinary course of such Person’s business, or a Person engaged by an Owner to construct improvements on the Owner’s Lot.

**“By-Laws”** means these bylaws of ISRA, as they may be amended from time to time.

**“Class “B” Control Period”** means the period during which the Class “B” Member is entitled to appoint a majority of the Board as set out in Article VI of the CC&R’s.

**“Conditions, Covenants, and Restrictions”** or **“CC&R’s”** refers to the Declaration made on the Properties by the Developer, which conditions, covenants and restrictions “run with the land”.

**“Common Asset”** means:

- (a) Personal property held by or on behalf of ISRA; and,
- (b) Land held in the name of or on behalf of ISRA, which may be shown as a Lot on the Master Plan.

**“Common Expenses”** means the actual and estimated expenses incurred or anticipated to be incurred by ISRA that are deemed by the Board to be for the general benefits of all Lots, including expenses with respect to the Common Property and Area of Common Responsibility, reasonable management fees, expenditures for capital-type items, expenses payable under any Covenant to Share Costs, and any reasonable reserve, as the Board may find necessary or appropriate.

**“Common Property”** means all real and personal property which ISRA, for the common use and enjoyment of the Owners, now or hereafter owns, leases, has easement rights to, or otherwise holds possessory or use rights in. The term may include, without limitation, recreational facilities, entry features, signage, landscaped medians, lakes, streams, water courses and wetlands, as well as hiking, walking and bicycle trails that Developer may convey to ISRA.

The term also includes pipes, wires, cables, chutes, ducts and other facilities for the passage or provision of water, sewage, drainage, gas, oil, electricity, telephone, radio, television, garbage, heating and cooling systems, or other similar services, if they are located:

- (a) Wholly or partially within a Lot, if they are capable of being and intended to be used in connection with the enjoyment of another Lot or the Common Property; or,
- (b) Within a floor, wall or ceiling that forms a boundary between a Lot and another Lot, between a Lot and the Common Property, or between a Lot or Common Property and another parcel of land;

**"Contingency Reserve Fund"** means a fund for Common Expenses that usually occur less often than once a year, or that do not usually occur, as set out in section 83 (b).

**"Convey"** and **"Conveyance"**, when referring to the conveyance of a Lot to a Purchaser, means any of the following in respect of which an application to the Clerk and Records office has been made to register:

- (a) A transfer of a freehold estate in the Lot;
- (b) An agreement for sale of a Lot;
- (c) An assignment of a Purchaser's interest in an agreement for sale of the Lot.

**“Court”** means any court with jurisdiction.

**“Covenant to Share Costs”** means any declaration or other instrument executed by Developer or ISRA which creates easements or other rights for the benefit of ISRA (or its Members) and the present and future owners of the real property subject to such declaration or other instrument and/or which obligates ISRA and such owners to share the costs as described therein. Any Covenant to Share Costs may affect less than all Owners.

**“Declaration”** means the Declaration of Conditions, Covenants, and Restrictions made by the Developer to form the Indian Springs Ranch Homeowners Association, recorded as Document No. \_\_\_\_\_, in the records of Lincoln County, Montana.

**"Developer"** means Indian Springs Ranch LLC, or other person or company who:

- (a) Has received plat approval and permission to develop the land or a substantial portion of the land, or,
- (b) Acquires all the Lots in a section of Indian Springs Ranch plat plan from the person referred to in subparagraph (i), or,
- (c) Acquires all of the interest of a person who is a Developer under paragraph (a) or (b) in more than 50% of a substantial group of the Lots in Indian Springs Ranch.

**“Design Guidelines”** means the architectural, design, development, and other guidelines, standards, controls, and procedures promulgated by the Developer or the Board including, but not limited to, application and review procedures, as they may be amended from time to time; including, but not limited to, the Indian Springs Ranch Design Guidelines.

**“Design Review Committee”** or **“DRC”** means the committee which the Developer or Board may create, subject to provisions of Article V, and at such time as it shall determine in its discretion, to review construction and administer and enforce architectural standards.

**"Eligible Voters"** means persons who may vote under sections 54 to 57.

**“Governing Documents”** means this Declaration together with the Articles and By-Laws of ISRA, any declaration of easements, Covenants to Share Costs, the Design Guidelines, Use Restrictions, and any rules, regulations or policies adopted by the Board which contain the standards for the Properties and ISRA.

**"ISRA"** means the Homeowners Association established for Indian Springs Ranch subdivision under Section 2 and the CC&R's.

**“Home”** means all buildings located within a Lot and used or intended to be used for a single-family residential use in conformity with the Governing Documents, including any garages, carports, accessory buildings, open or closed patios and basements, as originally constructed.

**"Judgment"** means a judgment of a court, and includes costs awarded in respect of the judgment.

**"Limited Common Property"** means Common Property designated for the exclusive use of the Owners of one or more Lots.

**“Lot”** means a portion of the Properties, whether improved or unimproved, which may be independently owned or is intended for development, use, and occupancy as an attached or detached residence for a single family, or for commercial use. The term shall refer to the land, if any, which is part of the Lot as well as any improvements thereon. A document which deals with a Lot deals also, without express reference, with the share of the Owner in the Common Property.

**"Majority Vote"** means a vote in favor of a resolution by more than 1/2 of the votes cast by Eligible Voters who are present in person or by proxy at the time the vote is taken and who have not abstained from voting.

**“Maintenance Fees”** means assessments levied on all Lots to fund Common Expenses, as more particularly described in section 90.

**“Master Plan”** means the Master Plan for the development of Indian Springs Ranch filed with the County of Lincoln, City of Eureka, Montana, as it may be amended, updated, or supplemented from time to time, and including property added by the Developer as set out in the CC&R's. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Developer to include such property in ISRA, nor shall the exclusion of property from the Master Plan bar its later inclusion.

**“Member”** means a Person entitled to membership in ISRA as an Owner of a Lot.

**“Mortgage”** means a mortgage, deed of trust, deed to secure debt, or any other form of security deed.

**"Mortgagee"** means a beneficiary or holder of a Mortgage.

**"Occupant"** means a person, other than an Owner, who occupies a Lot, and includes a Tenant.

**"Official Records"** means the records filed in the Office of the County Recorder of Lincoln County, Montana.

**"Operating Fund"** means a fund for Common Expenses that usually occur either once a year or more often than once a year, as set out in section 83(a).

**"Owner"** means, collectively, one or more Persons, including the Developer, who hold the legal or equitable title to any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a contract of sale, the Purchaser (rather than the fee owner) will be considered the Owner, unless the contract specifically provides otherwise.

**"Person"** means a human being, a corporation, a limited liability company, a partnership, a trustee, or any other legal entity.

**"Properties"** mean the real property described in Exhibit "A", together with any additional property annexed and made subject to this Declaration.

**"Special Levy"** means assessments levied against all Owners to cover unanticipated costs, as more particularly described in section 98.

**"Purchaser"** means a person, other than the Developer, who enters into an agreement to purchase a Lot but to whom the Lot or Lot lease has not yet been conveyed or assigned.

**"Residential Lot"** means a Lot designed or intended to be used primarily as a residence.

**"Rule"** means a rule of ISRA made under section 115 or 151.

**"Section"**, when used in reference to Indian Springs Ranch Subdivision, means a group of Lots and land created under section 145 or 146.

**"Tenant"** means a person who has a signed tenancy agreement to rent a Lot.

**"Unanimous Vote"** means a vote in favor of a resolution by all the votes of all the Eligible Voters.

**"95% Vote"** means a vote in favor of a resolution by 95% of the votes of all the Eligible Voters.

**"Unit Entitlement"** of a Lot means the number indicated in the Schedule of Unit Entitlement established under section 90, that is used in calculations to determine the Lot's share of the Common Property and Common Assets, and Common Expenses and liabilities of ISRA.

**"Use Restrictions"** means the rules and use restrictions that "run with the land" under Covenants placed on the land prior to purchase by The Developer, as set out in Article XVII of the CC&R's, which are not subject to modification by ISRA, or adopted by the Board, as they may be modified, cancelled, limited or expanded.

## Part 2 — The Homeowners Association

### 2. Establishment and Operation of ISRA

- (1) The name of this association shall be INDIAN SPRINGS RANCH HOMEOWNERS ASSOCIATION, INC., with business offices located at 3650 US Highway 93 North, Eureka, Montana 59917. The registered agent for INDIAN SPRINGS RANCH HOMEOWNERS ASSOCIATION, INC. is \_\_\_\_\_ name \_\_\_\_\_, \_\_\_\_\_ address \_\_\_\_\_.
- (2) Membership in the INDIAN SPRINGS HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as ("ISRA"), shall exist for each Lot established in INDIAN SPRINGS RANCH SUBDIVISION. Every record Owner of a Lot shall be a member as to such Lot subject to provisions of these Bylaws, provided however that a Purchaser under a recorded contract for deed or notice of Purchaser's interest shall be deemed to be the record owner for such purposes.
- (3) Each membership shall automatically transfer with a transfer of ownership of the Lot for which it exists. Membership shall be appurtenant to and may not be separated from ownership of the Lot. The recording of a contract for deed or notice of Purchaser's interest shall be deemed to be a transfer of ownership for this purpose. The Owner of any Lot shall automatically become a member of the association until such time as the ownership of the Lot ceases for any reason, at which time the corresponding membership in ISRA shall automatically cease.
- (4) The purpose of the Association shall be to enforce the Declaration of Covenants, Conditions and Restrictions "CC&R's for the INDIAN SPRINGS RANCH SUBDIVISION, recorded as Document No. \_\_\_\_\_, in the records of Lincoln County, Montana, as amended from time to time; to own, control, maintain, and improve the entrances, roads, Common Property, trails and any other real or personal property conveyed to it and for any and all other lawful purposes in support of such functions.
- (5) Subject to any limitation under law or the regulations, ISRA has the power and capacity of a natural person of full capacity.

### 3. Responsibilities of ISRA

- (1) Except as otherwise provided in these Bylaws, ISRA is responsible for managing and maintaining the Common Property and Common Assets of the ISRA for the benefit of the Owners.
- (2) For townhome Lots, condominium Lots, and motorhome Lots in Indian Springs Ranch, ISRA will maintain (for the account of these Lots) the Limited Common Property on the Lots, including, but not limited to, landscaping, building exteriors, fences, railings, and similar structures.

### 4. ISRA functions through a Board

The powers and duties of ISRA must be exercised and performed by a Board.

## **Part 3 — The Developer**

### **Division 1 — General**

#### **5. Developer's control of ISRA**

- (1) The Developer must exercise the powers and perform the duties of a board from the time ISRA is established until a Board is elected at ISRA's first annual meeting.
- (2) During the Class "B" Control Period, as set out in the CC&R's, the Developer has the right to appoint the majority of the Board.
- (3) In exercising the powers and performing the duties of a board, the Developer need not comply with Bylaw requirements respecting the constitution of the Board or the holding or conduct of Board meetings.

#### **6. Developer's standard of care**

- (1) In exercising the powers and performing the duties of a board, the Developer must act honestly and in good faith with a view to the best interests of ISRA, and exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances.
- (2) Without limiting subsection (1), the Developer must make reasonable efforts to pursue any remedies under warranties in existence with respect to the construction of the Common Property and Common Assets.
- (3) Sections 34 and 35 do not apply to a Developer exercising the powers and performing the duties of the board, as long as the Developer complies with subsection (1) of this section.

### **Division 2 — The Developer and ISRA before Lots are Conveyed**

#### **7. Developer to pay expenses**

The Developer must pay all actual expenses of ISRA that accrue until the last day of the month of the first conveyance of a Lot to a Purchaser.

#### **8. Passing resolutions before first conveyance**

Before the first conveyance of a Lot to a Purchaser, the Developer may pass any resolution of ISRA permitted or required by these Bylaws or the CC&R's, including a resolution to amend ISRA's Bylaws, without holding a special meeting.

### **Division 3 — The Developer and ISRA During the Class “B” Control Period**

#### **9. Restriction on contracting powers**

In the period after the first conveyance of a Lot to a Purchaser but before the first annual meeting, ISRA may enter contracts or transactions with the Developer or a person who is not at arm's length to the Developer. However, any such contract must include a clause allowing the contract to be cancelled by the Board of Directors of ISRA within six months of the first annual meeting after termination of the Class “B” Control Period. Contracts for which the Developer has the right to appoint the contractor as set out in the CC&R's are not subject to this clause.

#### **10. Passing resolutions after first conveyance**

In the period after the first conveyance of a Lot to a Purchaser but before the first annual meeting, ISRA may pass a resolution requiring a Majority Vote by holding a special meeting; the agreement of the Developer is also required.

#### **11. Developer to Contribute to Contingency Reserve Fund**

- (1) At the end of each of ISRA's first three fiscal years following the first conveyance of a Lot to a Purchaser, the Developer must supplement the contributions of Owners to the Contingency Reserve Fund by contributing an amount calculated as below:
- (2) In the first year following the first conveyance of a Lot to a Purchaser, the Developer's contribution must bring the fund up to 5% of the operating expenses on the first year.
- (3) In the second year and third year following the first conveyance of a Lot to a Purchaser, the Developers contribution must bring the fund up to 10% and 15% respectively of the annual operating expenses
- (4) The Developer must not use money in the Contingency Reserve Fund to pay ISRA expenses.
- (5) The Contingency Reserve Fund belongs to ISRA.

#### **12. Interim budget following first conveyance**

- (1) The Developer must:
  - (a) Prepare an interim budget for ISRA for the 12-month period beginning the first day of the month following the month in which the first conveyance of a Lot to a Purchaser occurs, and
  - (b) Deliver a copy of the interim budget to each prospective Purchaser of a Lot before the prospective Purchaser signs an agreement of purchase and sale.
- (2) The interim budget must include
  - (a) The estimated operating expenses of ISRA for the 12 month period,
  - (b) The contribution to the Contingency Reserve Fund for the 12 month period, which must be at least 5% of the estimated operating expenses;

- (c) Each Lot's monthly Maintenance Fees, including the Lot's share of estimated operating expenses and contribution to the Contingency Reserve Fund, calculated in accordance with section 90.

**13. Payments during period of interim budget**

- (1) ISRA must pay the expenses that accrue in the period beginning the first day of the month following the month in which the first conveyance of a Lot to a Purchaser occurs until the date the first annual budget takes effect.
- (2) During the period referred to in subsection (1), the Owners must pay to ISRA, each month, their monthly Maintenance Fees as set out in the interim budget.
- (3) ISRA must not use money in the Contingency Reserve Fund to pay expenses that accrue before the Owners approve the first annual budget.
- (4) If the expenses accrued by ISRA, for the period referred to in subsection (1), are greater than the operating expenses estimated in the interim budget for that period, the Developer must pay the difference to ISRA within 8 weeks after the first annual meeting.
- (5) If the accrued expenses referred to in subsection (4) are 10% or more greater than the operating expenses estimated in the interim budget for that period, the Developer must include in the payment referred to in subsection (4) an additional amount sufficient to reduce any percentage increase in monthly Maintenance Fees to the Consumer Price Index for the next 12 month period.
- (6) If the expenses accrued by ISRA, for the period referred to in subsection (1), are less than the operating expenses estimated in the interim budget for that period, ISRA must refund the difference to the Owners in amounts proportional to their contributions (except as in subsection 7).
- (7) If no Owner would receive more than \$100 in total under subsection (6), ISRA may deposit the difference in the Contingency Reserve Fund.
- (8) If no budget is approved at the first annual meeting, the period referred to in subsections (4), (5) and (6) ends at the first annual meeting.

**14. Minimum period of insurance coverage**

The Developer must ensure that the term of any insurance policy entered into by or on behalf of ISRA continues for at least 4 weeks after the first annual meeting.

**15. First annual meeting to be held by Developer**

- (1) The Developer must hold the first annual meeting during the 6-week period that begins on the earlier of the date:
  - (a) On which 50% plus one of the Lots in the sections of Indian Springs Ranch available for conveyance have been conveyed to Purchasers, or,
  - (b) 9 months after the date of the first conveyance of a Lot to a Purchaser.
- (2) The Developer must give notice of the meeting in accordance with section 46 and must include with the notice the budget and financial statement referred to in section 20.

**16. Owners may hold first annual meeting**

If the Developer does not hold the first annual meeting as required by section 15, an Owner may hold the first annual meeting after giving notice in accordance with section 44 to the persons referred to in section 44 and to the Developer, and the Developer shall pay to ISRA the amount of \$10,000.

**17. Money owed by Developer**

Amounts payable by the Developer under sections 13 (4), 13 (5) and 16 are money owing to ISRA, and sections 102 to 108 apply.

**18. Chair of first annual meeting**

The chair of the first annual meeting is:

- (a) The Developer acting personally or through an agent, or,
- (b) If the Developer or the agent is unwilling or unable to act as chair, an individual elected by Eligible Voters present in person or by proxy.

**19. Business at first annual meeting**

- (1) The Eligible Voters must elect a Board for a term of one year.
- (2) The Developer must:
  - (a) Place before the meeting and give ISRA copies of all of the following:
    - (i) All plans that were required to obtain final plat approval and any amendments to the final plat approval that were filed with the issuer;
    - (ii) Any document in the Developer's possession that indicates the actual location of a pipe, wire, cable, chute, duct or other facility for the passage or provision of systems or services, if the Developer has reason to believe that the pipe, wire, cable, chute, duct or other facility is not located as shown on a plan or plan amendment filed with the issuer of the building permit (the "as built" records).
    - (iii) All contracts entered into by or on behalf of ISRA;
    - (v) The Master Plan as filed with the Lincoln County Clerk & Records office;

- (vi) Names and addresses of all contractors, subcontractors and persons who supplied labor or materials to the project;
  - (vii) All warranties, manuals, schematic drawings, operating instructions, service guides, manufacturers' documentation and other similar information respecting the construction, installation, operation, maintenance, repair and servicing of any Common Property or Common Assets, including any warranty information provided to the Developer by a person referred to in paragraph (vi);
  - (viii) All records required to be prepared or retained by ISRA under section 37;
  - (ix) Any other records required by the CC&R's, or these Bylaws.
- (b) Place an annual budget, prepared in accordance with section 20, before the meeting for approval.
- (3) If the Developer fails to provide the documentation required in subsection (2)(a), and ISRA must pay money to obtain a document referred to in that provision, the amount of the payment is money owing to ISRA by the Developer, and sections 100 to 106 apply.

## **20. First annual budget requirements**

- (1) The first annual budget must be for the 12-month period beginning on the first day of the month following the date of the first annual meeting.
- (2) The first annual budget must be distributed with the notice of the first annual meeting under section 46 and must be accompanied by a financial statement.
- (3) The budget and financial statements must be in a form consistent with Generally Accepted Accounting Practice for such statements, and should be reviewed by a CPA prior to distribution.
- (4) The first annual budget must be passed as a resolution by a Majority Vote.
- (5) The proposed budget may be amended by a Majority Vote at the first annual meeting before the budget itself is put to a vote.
- (6) Within 8 weeks after the first annual meeting, the Developer must give ISRA financial statements updated to the effective date of the first annual budget, or if no budget is approved, the date of the first annual meeting.

## **21. Transfer Control to Board**

Within one week after the first annual meeting, the Developer must transfer control of ISRA's money to the newly elected Board, and deliver to the newly elected Board any keys or other means of access that the Developer possesses for the purposes of exercising the powers and performing the duties of the Board.

## **22. Access to Developer's financial records**

- (1) For 2 years following the transfer of control referred to in section 21, the Developer must keep all financial records that related to ISRA's finances during the period before the transfer of control.
- (2) During the 2 years that the Developer keeps the financial records, the Developer must, at the request of ISRA, make them available for inspection free of charge by ISRA, and ISRA may, at its expense, copy or audit them.

## **Part 4 —ISRA Governance**

### **Division 1 — The Board**

#### **23. Election of Board**

- (1) At each annual meeting the Eligible Voters who are present in person or by proxy at the meeting must elect a Board of Directors (“the Board”).
- (2) At the first meeting of the Board held after each annual meeting of ISRA, the Board must elect, from among its members, a president, a vice president, a secretary and a treasurer.

#### **24 Board exercises powers and performs duties of ISRA**

Subject to these Bylaws, the Board must exercise the powers and perform the duties of ISRA, including the enforcement of CC&R’s, Bylaws and rules.

#### **25. Control of Board**

- (1) ISRA may direct or restrict the Board in its exercise of powers and performance of duties by a resolution passed by a Majority Vote at an annual or special meeting.
- (2) ISRA may not direct or restrict the Board under subsection (1) if the direction or restriction:
  - (a) Is contrary to the CC&R’s, these Bylaws, or law.
  - (b) Interferes with the Board’s discretion to determine, based on the facts of a particular case, whether a person has contravened the CC&R’s, a Bylaw, or a rule, should be fined and the amount of the fine, or whether a person should be denied access to a recreational facility.
- (3) ISRA may, by a resolution passed by a majority vote at an annual or special meeting, remove one or more board members. After removing a board member, ISRA must hold an election at the same annual or special meeting to replace the board member for the remainder of the term.

#### **26. Eligibility for Board**

- (1) The only persons who may be Board members are Owners, individuals representing corporate Owners, or Occupants who have been assigned an Owner’s right to stand for the Board.
- (2) No person may stand for the Board or continue to be on the Board with respect to a Lot if ISRA is entitled to register a lien against that Lot under section 106 (1).

#### **27. Membership on Board**

- (1) There shall be five (5) Board members total, including a President, Vice-President, Secretary, and Treasurer, elected by the Board Members. A person may hold more than one office at a time, other than the offices of president and vice president, and president and treasurer.
- (2) If a Lot is owned by more than one person, only one Owner of the Lot may be a Board member at any one time with respect to that Lot.
- (3) If a Lot is owned by a corporation, only one representative of the corporation may be a Board member at any one time with respect to that Lot.

- (4) The Board may be expanded to seven members by an amendment of these Bylaws. Any increased number of directors shall be elected by the members at the next annual meeting or at a special meeting called for that purpose. The number of directors shall never be less than five (5).
- (5) If a Board member resigns or is unwilling or unable to act for a period of 2 or more months, the remaining members of the Board may appoint a replacement Board member for the remainder of the term.
- (6) A replacement Board member may be appointed from any person eligible to sit on the Board.
- (7) The Board may appoint a Board member under this section even if the absence of the member being replaced leaves the Board without a quorum.
- (8) If all members of the Board resign or are unwilling or unable to act for a period of 2 or more months, persons holding at least 25% of ISRA's votes may hold a special meeting to elect a new Board, complying with the provisions of these Bylaws, the CC&R's, and Montana Law respecting the calling and holding of meetings.
- (9) The vice president has the powers and duties of the president while the president is absent or is unwilling or unable to act, or for the remainder of the president's term if the president ceases to hold office.
- (10) If an officer other than the president is unwilling or unable to act for a period of 2 or more months, the Board members may appoint a replacement officer from among themselves for the remainder of the term.

## **28. Conduct of Board meetings**

- (1) Any Board member may call a Board meeting by giving the other Board members at least one week's notice of the meeting, specifying the reason for calling the meeting. The notice does not have to be in writing.
- (2) A Board meeting may be held on less than one week's notice if:
  - (a) All Board members consent in advance of the meeting, or
  - (b) The meeting is required to deal with an emergency situation, and all Board members either consent in advance of the meeting, or are unavailable to provide consent after reasonable attempts to contact them.
- (3) The Board must inform Owners about a Board meeting as soon as feasible after the meeting has been called.
- (4) A quorum of the Board is 3, if the Board consists of 5 members, or 4 if the Board is expanded to 7 members by amendment of these Bylaws. Board members must be present in person at the Board meeting to be counted in establishing quorum.
- (5) At the option of the Board, Board meetings may be held by electronic means, so long as all Board members and other participants can communicate with each other. If a Board meeting is held by electronic means, Board members are deemed to be present in person.
- (6) At Board meetings, decisions must be made by a majority of Board members present in person at the meeting. If there is a tie vote at a Board meeting, the president may break the tie by casting a second, deciding vote.

- (7) Owners may attend Board meetings as observers. The Board may require Owners to withdraw from the meeting while the Board discusses sensitive or confidential agenda items; this shall not be used to exclude observers from regular Board discussions.

### **29. Requisition of Board hearing**

- (1) By application in writing, stating the reason for the request, an Owner or Owner's authorized representative may request a hearing at a Board meeting.
- (2) If a hearing is requested under subsection (1), the Board must hold a meeting to hear the applicant within one month of the request.
- (3) If the purpose of the hearing is to seek a decision of the Board, the Board must give the applicant a written decision within one week of the hearing.

### **30. Board to inform Owners of minutes**

- (1) The Board must inform Owners of the minutes of all Board meetings within 2 weeks of the meeting, whether or not the minutes have been approved.
- (2) The results of all votes at a Board meeting must be recorded in the Board meeting minutes.

### **31. Delegation of Board's powers and duties**

- (1) Subject to subsections (2) to (4), the Board may delegate some or all of its powers and duties to one or more Board members or persons who are not members of the Board, and may revoke the delegation.
- (2) The Board may delegate spending powers or duties, but only by a resolution that:
  - (a) Delegates the authority to make an expenditure of a specific amount for a specific purpose; or,
  - (b) Delegates the general authority to make expenditures in accordance with subsection (3).
- (3) A delegation of a general authority to make expenditures must:
  - (a) Set a maximum amount that may be spent; and,
  - (b) Indicate the purposes for which, or the conditions under which, the money may be spent.
- (4) The Board may not delegate its powers to determine, based on the facts of a particular case, whether a person has contravened the CC&R's, a Bylaw or a rule, should be fined, and the amount of the fine, or should be denied access to a recreational facility.

### **32. Spending Restrictions**

- (1) A person may not spend ISRA's money unless the person has been delegated the power to do so in accordance with these Bylaws.
- (2) Despite subsection (1), a Board member may spend ISRA's money to repair or replace Common Property or Common Assets if the repair or replacement is immediately required to ensure safety or prevent significant loss or damage.

### **33. Board Member's Standard of Care and Limitation on liability**

- (1) In exercising the powers and performing the duties of ISRA, each Board member must act honestly and in good faith with a view to the best interests of ISRA, and exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances.
- (2) A Board member may not accept any gifts or items of monetary value from a party in connection with any contract or business with which ISRA is a party, on which the member votes or has influence. The Board must, within three months after the first annual meeting, establish specific rules on what items or entertainment are acceptable or not acceptable under this section.
- (3) A Board member who acts honestly and in good faith is not personally liable because of anything done or omitted in the exercise or intended exercise of any power or the performance or intended performance of any duty of the Board.
- (4) Subsection (3) does not affect a Board member's liability, as an Owner, for a judgment against ISRA.

#### **34. Disclosure of conflict of interest**

A Board member who has a direct or indirect interest in a contract or transaction with ISRA must disclose fully and promptly to the Board the nature and extent of the interest, abstain from voting on the contract or transaction, and leave the Board meeting while the contract or transaction is discussed, unless asked by the Board to be present to provide information, and without exception while the Board votes on the contract or transaction.

#### **35. Accountability; Contracts not Invalidated**

- (1) If a Board member who has an interest in a contract or transaction fails to comply with section 34, ISRA or an Owner may apply for an order under subsection (3) of this section to a Court unless, after full disclosure of the nature and extent of the Board member's interest in the contract or transaction, the contract or transaction is ratified by a resolution passed by a Majority Vote at an annual or special meeting.
- (2) For the purposes of the Majority Vote referred to in subsection (1), a person who has an interest in the contract or transaction is not an Eligible Voter.
- (3) If, on application under subsection (1), a Court finds that the contract or transaction was unreasonable or unfair to ISRA at the time it was entered into, the court, subject to applicable law, may do one or more of the following:
  - (a) Set aside the contract or transaction if no significant injustice will be caused to third parties;
  - (b) If the Board member has not acted honestly and in good faith, require the Board member to compensate ISRA or any other person for a loss arising from the contract or transaction, or from the setting aside of the contract or transaction;
  - (c) Require the Board member to pay to ISRA any profit the Board member makes as a consequence of the contract or transaction.
- (4) The validity of a contract made or a certificate issued by ISRA is not affected by:
  - (a) A defect in the appointment or election of the Board member or officer who makes the contract or signs the certificate on behalf of ISRA, or

- (b) A limitation on the authority of the Board member or officer to act on behalf of ISRA.
- (5) A person who knew or ought reasonably to have known of the defect or limitation at the time the person made a contract with or received a certificate from ISRA may not rely on subsection (1) to bind ISRA with respect to the contract or certificate.

**36. Approval of Board member remuneration**

Any remuneration paid to a member of the Board for the member's exercise of Board powers or performance of Board duties must be approved in advance of payment in the budget, in the Bylaws, or by a resolution passed by a Majority Vote at an annual or special meeting.

## Division 2 — Records

### 37. ISRA records

- (1) ISRA must maintain all of the following records:
  - (a) Minutes of annual and special meetings and Board meetings, including the results of any votes;
  - (b) Lists of:
    - (i) Board members;
    - (ii) Owners, with their Lot addresses, mailing addresses if different, Lot numbers as shown on the Master Plan, and Unit Entitlements;
    - (iii) Names and addresses of mortgagees, who have filed a Mortgagee's Request for Notification under section 59;
    - (iv) Names and addresses of Occupants of rented Lots, and assignments of voting or other rights by Owners if applicable;
    - (v) Eligible Voters as defined elsewhere in these Bylaws, which list shall be kept on file at the registered office of ISRA for at least ten days prior to an annual or special meeting, subject to inspection during normal business hours, and produced for inspection at such meeting.
  - (d) Books of account showing money received and spent and the reason for the receipt or expenditure;
  - (e) Any other records required by the CC&R's, these Bylaws, or laws.
- (2) ISRA must retain copies of all of the following:
  - (a) The records referred to in subsection (1);
  - (b) The registered Master Plan and any Master Plan amendments as obtained from the Lincoln County Clerk and Recorder's Office;
  - (c) These Bylaws and all rules;
  - (d) Resolutions that deal with changes to Common Property, including the designation of Limited Common Property;
  - (e) Waivers and consents under section 45 or 46;
  - (f) Written contracts to which ISRA is a party;
  - (g) Any decision of an arbitrator or judge in a proceeding in which ISRA was a party, and any legal opinions obtained by ISRA;
  - (h) The budgets and financial statements for the current and previous years;
  - (i) Income tax returns, if any, and legally required corporate filings;
  - (j) Correspondence sent or received by ISRA and the Board;
  - (k) Bank statements, cancelled checks and certificates of deposit;
  - (l) Information Certificates issued under section 58;
  - (m) Records and documents given to ISRA by the Developer under section 19, or obtained by ISRA under section 22; and

- (n) Any other records required by law, the CC&R's, or these Bylaws.
- (3) Records referred to in this section must be retained by ISRA for the periods set out in law or two (2) years, whichever is longer.

**38. Access to records**

- (1) On receiving a request, ISRA must make the records and documents referred to in section 37 available for inspection by, and provide copies of them to:
  - (a) An Owner, or a person authorized in writing by an Owner; or,
  - (b) An Occupant who has been assigned an Owner's right to inspect and obtain copies of records and documents.
- (2) On receiving the request of an Occupant of a rented Lot, ISRA must make the CC&R's, Bylaws, and rules available for inspection, and if requested, provide copies.
- (3) ISRA must comply with a request under subsection (1) or (2) within 2 weeks unless the request is in respect of CC&R's, Bylaws, or rules, in which case ISRA must comply with the request within one week.
- (4) ISRA may charge a reasonable fee (reflecting administrative and copying costs) for a copy of a record or document provided under this section and may refuse to supply the copy until the fee is paid.

**39. Management Company to return records**

- (1) If a management contract ends, the person providing the management services must, within 4 weeks, give ISRA any records referred to in section 37 that are in the person's possession or control.
- (2) Any management contract by or on behalf of ISRA must provide that a person who fails to comply with subsection (1) must pay to ISRA an amount of at least \$100 per day until the records are provided.

**Division 3 — Contracts**

**40. Capacity to enter contracts and join organizations**

In addition to its capacities under any other enactment, ISRA has the capacity to enter into contracts in respect of its powers and duties under this set of Bylaws, and join organizations to further its purposes under these Bylaws.

**41. Cancellation of property management contracts**

- (1) As set out in the CC&R's, the Developer reserves the right to appoint an affiliate of Developer as the property management company for Indian Springs Ranch for the first five years after this declaration. If the Developer exercises this right, the contract for property management services shall include performance clauses, and provide that one year after the first ISRA annual meeting, and annually thereafter, the Board members elected by the Owners must review the contract to ensure it is appropriate and competitive. Those Board members shall then recommend continuation of the contract, cancellation, or renegotiation to the Board. The Board members nominated by Developer during the Class "B" Control Period shall abstain from the Board Vote on this matter.
- (2) ISRA may cancel this contract in accordance with its terms (for example, under performance clauses) or refuse to renew the contract when it expires.

## **Division 4 — Annual meetings and Special meetings**

### **42. Annual meeting and Board meetings**

- (1) ISRA must hold annual meetings, which shall normally be held at the principal office of the corporation in the State of Montana, on the first Tuesday of the second month following the end of ISRA's fiscal year, or as soon as possible thereafter.
- (2) Meetings of the Board of Directors may be held either within or outside the State of Montana. Regular meetings of the Board shall be held at such times as are fixed from time to time by resolution of the Board.

### **43. Special meeting called by ISRA**

ISRA may hold a special meeting at any time after giving notice in accordance with Section 46.

### **44. Special meeting called by voters**

- (1) Persons holding at least 25% of ISRA's votes may, by written notice by the U.S. Mail at least ten (10) days prior to the day of the meeting, require that ISRA hold a special meeting to consider a resolution or other matter specified in the demand.
- (2) The demand must be signed by each of the persons making it.
- (3) Subject to section 43, ISRA must hold the special meeting within 4 weeks after the demand is given to ISRA.
- (4) The president of the Board may call the special meeting without holding a Board meeting.
- (5) At the special meeting, the resolution or any other matter specified in the demand is the first item on the agenda and must be dealt with before consideration of any other matter about which notice has been given.
- (6) If a special meeting is not held within the time period set out in subsection (3), the persons making the demand may themselves hold a special meeting by complying with the provisions of the CC&R's and the Bylaws respecting the calling and holding of special meetings.

### **45. Waiver of special meeting**

ISRA does not have to hold a special meeting to consider a resolution if all Eligible Voters waive, in writing, the holding of the meeting and consent, in writing, to the resolution.

### **46. Notice requirements for annual or special meeting**

- (1) ISRA must give at least 2 weeks' written notice of an annual or special meeting to all of the following:
  - (a) Every Owner, whether or not a notice must also be sent to the Owner's mortgagee or Occupant;
  - (b) Every mortgagee who has given ISRA a Mortgagee's Request for Notification under section 59; and
  - (c) Every Occupant who has been assigned an Owner's right to vote under section 129, if ISRA has received notice of the assignment.

- (2) A person who has a right to be notified under this section may, in writing, waive the right and may, in writing, revoke a waiver.
- (3) The notice of the annual or special meeting must include a description of the matters that will be voted on at the meeting, including the proposed wording of any resolution requiring a Majority Vote, 95% vote, or unanimous vote.
- (4) If the meeting is an annual meeting, the notice must include the budget and financial statement referred to in section 93.
- (5) A vote at an annual or special meeting may proceed despite the lack of notice as required by this section, if all persons entitled to receive notice waive, in writing, their right to notice.
- (6) If 2 or more persons share one vote with respect to a Lot, all of them must consent to the waiver of notice under subsection (5).

**47. Agenda and resolutions at an annual or special meeting**

- (1) Subject to subsection (2), the Board determines the agenda of an annual or special meeting.
- (2) Persons holding at least 25% of ISRA's votes may, by written demand, propose a resolution or raise a matter specified in the demand. Such demand must be given to ISRA at least 4 days before the end of the period specified in "Notice Requirements" above.
- (3) A resolution or matter raised under subsection (2) must be included in the notice given under section 46 (3) about the next annual or special meeting of ISRA, and on the agenda of that meeting.
- (4) Subsection (3) does not apply to a special meeting held under section 44 (6).

**48. Conduct of business at annual and special meetings**

- (1) Annual and special meetings must be chaired by the president of the Board. If the president of the Board is unwilling or unable to act, the meeting must be chaired by the vice president of the Board.
- (2) If neither the president nor the vice president of the Board chairs the meeting, a chair must be elected by the Eligible Voters present in person or by proxy from among those persons who are present at the meeting.
- (3) The order of business at annual and special meetings is as follows:
  - (a) Certify proxies and corporate representatives and issue voting cards;
  - (b) Determine that there is a quorum;
  - (c) Elect a person to chair the meeting, if necessary;
  - (d) Present to the meeting proof of notice of meeting or waiver of notice;
  - (e) Approve the agenda;
  - (f) Approve minutes from the last annual or special meeting;
  - (g) Deal with unfinished business;
  - (h) Receive reports of Board activities and decisions since the previous annual meeting, including reports of committees, if the meeting is an annual meeting;

- (i) Ratify any new rules made by ISRA under section 115 of these Bylaws;
  - (j) At annual meetings, report on insurance coverage in accordance with section 135;
  - (k) At annual meetings, approve the budget for the coming year in accordance with section 93;
  - (l) Deal with new business, including any matters about which notice has been given under section 46;
  - (m) At annual meetings, elect a Board; and,
  - (n) Terminate the meeting.
- (4) Tenants of rented Lots or Occupants may attend annual and special meetings, whether or not they are eligible to vote. Persons who are not eligible to vote, including Occupants, may participate in the discussion at the meeting only if permitted to do so by the chair of the meeting.
  - (5) Persons who are not eligible to vote must leave the meeting if requested to do so by a resolution passed by a Majority Vote at the meeting.

**49. Failure to give proper notice of meeting**

Failure to give proper notice of an annual or special meeting to a person entitled to receive notice under section 46 does not invalidate a vote taken at the meeting as long as ISRA made a reasonable attempt to give the notice.

**50. Quorum for annual or special meeting**

- (1) Business must not be conducted at an annual or special meeting unless a quorum is present.
- (2) A quorum for an annual or special meeting is Eligible Voters holding 1/3 of ISRA's votes, present in person or by proxy. Attendance by telephone or any other method, if the method permits all persons participating in the meeting to communicate with each other during the meeting, is appropriate, and a person who attends a meeting in this way is considered present in person. This quorum standard may only be amended by a 75% vote of Eligible Voters present at an annual meeting.
- (3) If within 1/2 hour from the time appointed for an annual or special meeting a quorum is not present, the meeting stands adjourned to the same day in the next week at the same place and time. If, however, on the day to which the meeting is adjourned a quorum described in subsection (2) is not present within 1/2 hour from the time appointed for the meeting, the Eligible Voters present in person or by proxy constitute a quorum.

**51. Voting at annual or special meetings**

- (1) At an annual or special meeting, matters are decided by Majority Vote unless a different voting threshold is required by the CC&R's, these Bylaws, or law.
- (2) Despite section 46 (3), during an annual or special meeting amendments may be made to the proposed wording of a resolution requiring a Majority Vote if the amendments do not substantially change the resolution, and are approved by a Majority Vote before the vote on the resolution.

- (3) At an annual or special meeting, voting cards must be issued to Eligible Voters. A vote is decided on a show of voting cards, unless an eligible voter requests a precise count.
- (4) If a precise count is requested, the chair must decide whether it will be by show of voting cards or by roll call, secret ballot or some other method.
- (5) The outcome of each vote, including the number of votes for and against the resolution if a precise count is requested, must be announced by the chair and recorded in the minutes of the meeting.
- (6) If there is a tie vote at an annual or special meeting, the president, or, if the president is absent or unable or unwilling to vote, the vice president, may break the tie by casting a second, deciding vote.
- (7) Despite anything in this section, an election of Board or any other vote must be held by secret ballot, if the secret ballot is requested by an eligible voter.

## **52. Unanimous votes**

- (1) If a resolution required to be passed by a unanimous vote under the CC&R's or these Bylaws is supported by all of ISRA's votes except for the votes in respect of less than 5% of the total Lots, ISRA may, by a resolution passed by a Majority Vote at an annual or special meeting, apply to a Court for an order under subsection (2).
- (2) On application under subsection (1), a Court may, if satisfied that the passage of the resolution is in the best interests of ISRA and would not unfairly prejudice the dissenting voter or voters, make an order providing that the vote proceed as if the dissenting voter or voters had no vote.
- (3) In making an order under subsection (2), the Court may make any other order it considers just, including an order that ISRA offer to purchase a Lot owned by a dissenting voter at its fair market value or that ISRA otherwise compensate a dissenting voter.

## **Division 5 — Voting**

### **53. Number of votes per Lot**

- (1) At an annual or special meeting, each Lot has one vote, except that as set out in the CC&R's, during the Class "B" Control Period the Lots held by the Developer have ten (10) votes.
- (2) The vote for a Lot may not be exercised, except on matters requiring a unanimous vote, if ISRA is entitled to register a lien against that Lot under section 106 (1).
- (3) If, in accordance with subsection (2), a vote for a Lot may not be exercised, the Lot's vote must not be considered for the purposes of determining a quorum in accordance with section 50 or for the purposes of sections 44 (1) and 47 (2).

### **54. Voters**

"Eligible Voters" who may vote at an annual or special meeting are:

- (a) Owners, unless a Occupant has the right to vote under paragraph (b);
- (b) Occupants of rented Lots who have been assigned in writing the Owner's right to vote;
- (c) Representatives of the above who have been authorized in writing.
- (d) The Developer in respect of its Class "B" Membership during the Class "B" Control Period.

If a person who may vote lacks the capacity to make a decision, the person's right to vote may be exercised only by someone who is legally authorized to act for the person with respect to the Lot.

### **55. Proxies**

- (1) An Eligible Voter may vote in person or by proxy, which must be in writing and be signed by the person appointing the proxy, may be either general or for a specific meeting or a specific resolution, and may be revoked at any time.
- (2) A proxy stands in the place of the person appointing the proxy, and can do anything that person can do, including vote, propose and second motions and participate in the discussion, unless limited in the appointment document.

### **56. Shared vote**

In any situation where a Member is entitled personally to exercise the vote for his or her Lot, and there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of ISRA in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

### **57. Court appointed voter**

If there is no person to vote in respect of a Lot, an Owner, ISRA or an interested person may apply to a Court for an order declaring that there is no person to vote in respect of the Lot, and appointing the Public Guardian and Trustee or any other person to vote in respect of the Lot.

## **Division 6 — Information Certificate**

### **58. Information Certificate**

- (1) Within one week of a request by an Owner, a Purchaser, or a person authorized by an Owner or Purchaser, ISRA must give to the person making the request an information certificate, which must contain any information requested from the list in subsection (2), as of the date of the certificate.
- (2) The certificate must disclose all of the following in respect of ISRA and the Lot for which the request is made:
  - (a) The monthly Maintenance Fees payable by the Owner;
  - (b) Any amount that the Owner owes ISRA, other than an amount paid into court or to ISRA in trust under section 104;
  - (c) Any agreements under which the Owner takes responsibility for expenses relating to alterations to a Lot, the Common Property or the Common Assets;
  - (d) Any amount that the Owner is obligated to pay in the future for a special levy that has already been approved and the date by which the payment is to be made;
  - (e) The amount in the Contingency Reserve Fund minus any expenditures which have already been approved but not yet taken from the fund;
  - (f) Any amendments to the Bylaws that are not yet filed in Official Records;
  - (g) Any notice that has been given for a resolution that has not been voted on, if the resolution requires a Majority Vote or unanimous vote or deals with an amendment to the Bylaws;
  - (h) Any court proceeding or arbitration in which ISRA is a party and any judgments or orders against ISRA;
  - (i) Any notices or work orders received by ISRA that remain outstanding for the Lot, the Common Property or the Common Assets;
- (4) If requested, copies of the rules of ISRA and the current budget of ISRA may be attached to the certificate.
- (5) The information disclosed in a certificate is binding on ISRA in its dealings with a person who relied on the certificate and acted reasonably in doing so.
- (6) On application by ISRA, by an Owner or by a person who is affected by a certificate, the Court may make any order it considers just in the circumstances to give effect to or relieve ISRA from some or all of the consequences of an inaccurate certificate.
- (7) ISRA may charge, to the person requesting the certificate, a reasonable fee for the certificate (reflecting costs to produce the certificate) and may refuse to issue the certificate until the fee is paid.

## **Division 7 — Giving Notice and Providing Information**

### **59. Notice to mortgagee**

A mortgagee of a Lot who wishes to receive notices of annual or special meetings under section 46 and notices of money owing under section 103 must provide a written request for notification to ISRA in a form prescribed by ISRA.

**60. Notice given by ISRA**

- (1) A notice or other record or document that ISRA is required or permitted to give to a person under these or the rules must be given to the person:
  - (a) If the person has provided ISRA with an address outside the Master Plan for receiving notices and other records or documents, by:
    - (i) Leaving it with the person; or
    - (ii) Mailing it to the address provided; or
  - (b) If the person has not provided ISRA with an address outside the Master Plan for receiving notices and other records or documents, by:
    - (i) Leaving it with the person or an adult Occupant of the person's Lot;
    - (ii) Putting it under the door of the person's Lot;
    - (iii) Mailing it to the person at the address of the Lot;
    - (iv) Faxing it to a number provided by the person; or,
    - (v) E-mailing it to an e-mail address provided by the person if the person has consented in writing to receive such notices by e-mail.
- (2) The notice, record or document may be addressed to the person by name, or to the person as Owner or Occupant.
- (3) A notice, other record, or document under this section is conclusively deemed to have been given 4 days after it is handled as in subsection 1 above.

**61. Notice given to ISRA**

- (1) A notice or other record or document that is required or permitted under these Bylaws or the rules to be given to ISRA must be given to ISRA by:
  - (a) Leaving it with a Board member;
  - (b) Mailing it to ISRA at its most recent mailing address on file in the Official Records;
  - (c) Faxing it to ISRA using ISRA's fax number or a number provided by a Board member for the purpose of receiving such notices;
  - (d) E-mailing it to an e-mail address provided by ISRA for receiving such notices; or,
  - (e) Putting it through the mail slot, or in the mail box, used by ISRA for receiving notices, records and documents.
- (2) A notice or other record or document that is given to ISRA under this section is conclusively deemed to be given 4 days after it is given by a method above.

**62. Legal service on ISRA**

Despite section 61 but subject to another enactment or a court order, service on ISRA of a notice of a proceeding in any court may only be effected by:

- (a) Personal service on a Board member.
- (b) Mailing it, by registered mail, to ISRA at its most recent mailing address on file in the Official Records.

**63. Informing resident Owners and Occupants**

For the purposes of any matters in the CC&R's or these Bylaws that require ISRA to inform Owners or Occupants of certain matters, ISRA may, instead of giving notice under section 60, inform resident Owners and Occupants by one or more of the following methods or by any other method:

- (a) Placing a document containing the information at a location designated by ISRA for the distribution of such information, or in a newsletter of ISRA; or,
- (b) Posting a document containing the information in a part of the Common Property designated by ISRA for the posting of such information.

## **Part 5 — Property**

### **Division 1 — General Property Matters**

#### **64. Ownership of property**

An Owner owns the Common Property and Common Assets of ISRA as a tenant in common in a share equal to the Unit Entitlement of the Owner's Lot divided by the total Unit Entitlement of all the Lots.

#### **65. Assessment and taxation**

For the purposes of assessment and taxation, each Lot, together with the Owner's share in the Common Property and other taxable Common Assets of ISRA, is a separate parcel of land.

#### **66. Easements**

- (1) Easements in Common Property: Every Owner shall have a right and non-exclusive easement of use, access, and enjoyment in and to the Common Property, and such right and nonexclusive easement shall be appurtenant to such Owner's Lot, subject to:
  - (a) Restrictions or limitations contained in any deed conveying such property to ISRA;
  - (b) The right of the Board to adopt rules, regulations or policies regulating the use and enjoyment of the Common Property, including rules restricting use of recreational facilities within the Common Property to Owners and their guests, and rules limiting the number of Occupants and guests who may use the Common Property;
  - (c) The right of the Board to suspend the right of an Owner to use recreational facilities;
  - (d) The right of ISRA to dedicate or transfer all or any part of the Common Property to governmental entities;
  - (e) The right of the Board to impose reasonable membership requirements and charge reasonable membership, admission, or other fees for the use of any recreational facility situated upon the Common Property;
  - (f) The right of the Board to permit use of any Common Property recreational, educational, or cultural facilities by non-owners, their families, lessees, invitees and guests;
  - (g) The right of the Board to create, enter agreements with, grant easements to, and transfer portions of the Common Property to, non-profit or tax-exempt organizations;
  - (h) The right of the Board, with respect to Common Property, to enter agreements with or grant easements to neighboring property owners;
  - (i) The right of ISRA to mortgage, pledge, or hypothecate any or all of its real or personal property (but not Common Property) as security for Association obligations;
  - (j) The right of ISRA to change the use of any portion of the Common Property (with the consent of the Developer during the Class "B" Control Period); and

- (k) The rights and obligations of ISRA, acting through its Board, to restrict, regulate or limit Owners' and Occupants' use of the Common Property for health and safety purposes, or for environmental preservation purposes, including, without limitation, wildlife corridors, wildlife ranges and natural wildlife habitat.
- (2) Easements of Encroachment, Easements for Utilities, and Easements to Serve Additional Property: These easements are as set out in the CC&R's.
- (3) Easements for Cross-Drainage: Every Lot and the Common Property shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall discharge any water, backwash any pool, spa or similar improvements, or alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Properties or the Common Property without the consent of the Owner(s) of the affected property, the Board, and the Developer during the Class "B" Control Period.

**67. Changes to Lot**

- (1) An Owner or Owners may, with the prior written approval of ISRA, remove all or part of a wall that is a common boundary between Lots that have properly been consolidated into a single Lot. The Owner or Owners must give copies of any required approvals of governing authorities to ISRA when seeking its approval.

**68. Change in use of Common Property**

Subject to the CC&R's and elsewhere in these Bylaws, ISRA must not make a significant change in the use or appearance of Common Property unless:

- (a) The change is approved by a resolution passed by a Majority Vote at an annual or special meeting; or,
- (b) There are reasonable grounds to believe that immediate change is necessary to ensure safety or prevent significant loss or damage.

**69. Repair of property**

- (1) Subject to subsection (2), ISRA must repair and maintain Common Property and Common Assets.
- (2) ISRA may, by Bylaw, make an Owner responsible for the repair and maintenance of Limited Common Property that the Owner has a right to use.
- (3) ISRA may, by Bylaw, take responsibility for the repair and maintenance of specified portions of a Lot.

## **Division 2 — Limited Common Property and Exclusive Use of Common Property**

### **70. Designation of Limited Common Property by the Developer**

Common Property may be designated as Limited Common Property by the Developer, prior to any transfer of land to a Purchaser in the affected section of Indian Springs Ranch.

Limited Common Property may be designated in advance of construction – for example, a patio area to be constructed for the use of a group of townhome Lots, or open space surrounded by a group of motorhome Lots.

### **71. Designation of Limited Common Property by Majority Vote**

- (1) Common Property may be designated as Limited Common Property by a resolution passed by a Majority Vote at an annual or special meeting.
- (2) A resolution passed under subsection (1) must be memorialized on the Master Plan to:
  - (a) Define the areas of Limited Common Property, and
  - (b) Specify each Lot whose Owners are entitled to the exclusive use of the Limited Common Property.
- (3) The designation of Limited Common Property by a resolution under this section does not require an amendment to the Master Plan, only recording by ISRA.
- (4) If a designation as Limited Common Property was made by the Developer at the time the Master Plan was approved or by a plan amendment by the Developer, the designation may only be removed by 75% votes of both the affected Owners and Eligible Voters at an annual or special meeting.
- (5) If a designation of Common Property as Limited Common Property was made by a resolution passed by a Majority Vote under this section, it may be removed by a resolution passed by a Majority Vote at an annual or special meeting.

### **72. Short term exclusive use**

- (1) Subject to section 68, ISRA may give an Owner or Occupant permission to exclusively use, or a special privilege in relation to, Common Assets or Common Property that is not designated as Limited Common Property.
- (2) ISRA may give such permission or privilege under subsection (1) for a period of not more than one year, which may be renewed, made subject to conditions, or cancelled, giving the Owner or Occupant reasonable notice.

### **73. Access to Common Property by ISRA**

An Owner who has the right to use Common Property including Limited Common Property or Common Assets must allow ISRA reasonable access to exercise its powers and perform its duties.

### **Division 3 — Property Acquisition and Disposal**

#### **74. Acquisition of land by ISRA**

- (1) ISRA may acquire a Lot within the area designated by the Master Plan by a resolution of the Board. Acquisition of other land in the Master Plan, or land outside the area of the Master Plan must be approved by a resolution passed by a Majority Vote at an annual or special meeting.
- (2) ISRA may, without prior approval:
  - (a) Accept a grant of an easement or restrictive covenant benefiting land in the Master Plan; or,
  - (b) Accept a discharge of an easement burdening land in the Master Plan.

#### **75. Disposal of land held in ISRA's Name:**

- (1) The Board may dispose of Lots owned by ISRA within the Master Plan.
- (2) The Board may also grant an easement over, or grant a restrictive covenant affecting, land if in the opinion of the Board the grant does not affect any Owner's enjoyment of his or her Lot and Common Property.
- (3) For other disposals of land owned by ISRA, a resolution approving the disposition must be passed by a Majority Vote at an annual or special meeting.
- (4) This section does not apply to the lease of the Golf Operations and/or other recreational facilities as required by the CC&R's.

#### **76. Disposal of Common Property:**

- (2) To dispose of Common Property, other than as set out in the CC&R's Article 15.1 (Condemnation), ISRA must meet the following requirements:
  - (a) A resolution approving the disposition must be passed by a  $\frac{3}{4}$  Majority Vote at an annual or special meeting;
  - (b) Holders of financial charges noted on the Common Property record must consent in writing to the proposed disposition.

#### **77. ISRA must not mortgage Common Property**

ISRA must not mortgage Common Property, but may mortgage a Lot that it owns or purchases.

#### **78. Acquisition and disposal of personal property by ISRA**

- (1) ISRA may acquire personal property for the use of ISRA.
- (2) ISRA may sell, lease, mortgage or otherwise dispose of personal property.
- (3) ISRA must obtain prior approval by a resolution passed by a Majority Vote at an annual or special meeting of an acquisition or disposal of personal property if the personal property has a market value of more than \$20,000.
- (4) This section does not apply to the acquisition or disposal of an investment instrument referred to in section 86 (2).

## **Division 4 — Work Orders**

### **79. Work order against ISRA property**

ISRA must comply with a requirement to do work on or to Common Property or land that is a Common Asset if the work is required by a notice or order of a public or local authority which is authorized by law to require the work, and the notice or order is given to ISRA.

### **80. Work order against Lot**

- (1) If ISRA receives a notice or order requiring work to be done on or to a Lot, from a public or local authority authorized by law to require the work, must promptly give the notice or order to the Owner of the Lot.
- (2) An Owner who receives a notice or order requiring work to be done on or to the Owner's Lot, from a public or local authority authorized by law to require the work or from ISRA under subsection (1), must do the work.

### **81. Owner's failure to comply with work order**

- (1) If an Owner, after receiving the notice or order under section 80, fails to do the required work, ISRA may do the required work.
- (2) If the Owner appeals the work order and advises ISRA in writing of the appeal, ISRA must wait for the results of the appeal.
- (3) Except in an emergency, ISRA must notify the Owner in writing of its intention to do the work at least one week before starting the work.
- (4) ISRA shall assess the Owner as a Benefited Assessment for any money ISRA spends doing work on or to the Lot under this section.

## **Part 6 — Finances**

### **Division 1 — Operating Fund and Contingency Reserve Fund**

#### **82. ISRA responsible for Common Expenses**

ISRA is responsible for the Common Expenses of ISRA.

#### **83. Operating Fund and Contingency Reserve Fund**

To meet its expenses ISRA must establish and the Owners must contribute by payment of Maintenance Fees to:

- (a) An Operating Fund for Common Expenses that usually occur either once a year or more often than once a year; and,
- (b) A Contingency Reserve Fund for Common Expenses that usually occur less often than once a year or that do not usually occur.

#### **84. Minimum and maximum contributions to Contingency Reserve Fund**

Subject to the CC&R's and Bylaws, ISRA must determine the amount of the annual contribution to the Contingency Reserve Fund.

As a guideline, the Contingency Reserve Fund should not exceed 25% of ISRA's annual operating expenses. A CPA's review and concurrence is required to establish a higher level as a percentage of operating expenses.

#### **85. Depreciation report**

ISRA may prepare a depreciation report, estimating the repair and replacement cost for major items in ISRA and the expected life of those items, to assist it in determining the appropriate amount for the annual contribution to the Contingency Reserve Fund. The Board may seek a CPA's review of this report prior to the determination of the contribution to the Contingency Reserve Fund.

#### **86. Management of Contingency Reserve Fund**

- (1) ISRA must account for money in the Contingency Reserve Fund separately from other money of ISRA.
- (2) ISRA must invest all of the money in the Contingency Reserve Fund in insured accounts with banks and savings institutions. Other investments may be permitted by Board resolution. Any interest or income earned on the money in the Contingency Reserve Fund becomes part of the fund.
- (3) Despite subsection (2), ISRA may lend money in the Contingency Reserve Fund to the Operating Fund for periods not to exceed six months; there shall be no outstanding balance owing from the Operating Fund to the Contingency Reserve Fund for more than 183 days in any fiscal year.

#### **87. Expenditures from Contingency Reserve Fund**

ISRA must not spend money from the Contingency Reserve Fund unless the expenditure is:

- (a) Consistent with the purposes of the fund as set out in section 83 (b), and
- (b) First approved by a resolution passed by a Majority Vote at an annual or special meeting, or authorized under section 89.

#### **88. Expenditures from Operating Fund**

ISRA must not spend money from the Operating Fund unless the expenditure is:

- (a) Consistent with the purposes of the fund as set out in section 83 (a), and
- (b) First approved by a resolution passed by a Majority Vote at an annual or special meeting, or authorized in the budget, or under section 89 or 94 (3).

**89. Unapproved expenditures**

- (1) If a proposed expenditure has not been put forward for approval in the budget or at an annual or special meeting, ISRA may only make the expenditure in accordance with this section.
- (2) Subject to subsection (3), the expenditure may be made out of the Operating Fund if the expenditure, together with all other unapproved expenditures, whether of the same type or not, made under this subsection in the same fiscal year, is:
  - (a) Funded by a budget transfer approved by the Board from a “Provision for Unforeseen Operating Expenses” in the Operating Fund budget, which shall not be more than 5% of total Common Expenses; or;
  - (b) Approved specifically by the Board, less than \$10,000, and funded by under-runs in other budgeted expenditures.
- (3) Expenditures may be made from the Operating Fund or Contingency Reserve Fund if there are reasonable grounds to believe that immediate expenditures are necessary to ensure safety or prevent significant loss or damage, physical or otherwise. Any expenditure under this subsection must not exceed the minimum amount needed to ensure safety or prevent significant loss or damage.
- (4) ISRA must inform Owners as soon as feasible about any expenditure made under subsection (3).

**Division 2 — Contribution to Expenses**

**90. Calculating Maintenance Fees**

- (1) The Unit Entitlement of a Lot will be calculated by the Developer as a formula combining the area of the Lot (for ISRA costs related to Lot size), and the number one for each lot (for ISRA services related to the number of Lots)
- (2) Subject to Section 91, Owners must contribute to ISRA their Lots' shares of the total contributions budgeted for the Operating Fund and Contingency Reserve Fund by means of Maintenance Fees calculated as follows:

$$\frac{\text{Unit Entitlement of Lot}}{\text{Total Unit Entitlement of all Lots}} \times \text{total contribution}$$

**91. Change to basis for calculation of contribution**

- (1) At an annual or special meeting, ISRA may, by a resolution passed by a unanimous vote, agree to use one or more different formulas, other than the formulas set out in section 90, to calculate a Lot's share of contributions to the Operating Fund and Contingency Reserve Fund.
- (2) An agreement under subsection (1) may be revoked or changed by a resolution passed by a unanimous vote at an annual or special meeting.

**92. No return of contributions on sale of Lot**

On the sale of a Lot, the seller is not entitled to a return of contributions to the Contingency Reserve Fund.

### **Division 3 — Budgets**

#### **93. Budget requirements**

- (1) ISRA must prepare a budget for the coming fiscal year for approval by a resolution to be passed by a Majority Vote at each annual meeting.
- (2) The proposed budget must be distributed with the notice of the annual meeting under section 46 and must be accompanied by a financial statement.
- (3) The budget and financial statements must be in forms consistent with Generally Accepted Accounting Practice for such statements, as reviewed by a CPA.
- (4) The proposed budget may be amended by a Majority Vote at the annual meeting before the budget itself is put to a vote.

#### **94. Failure to approve budget**

- (1) If a budget is not approved at an annual meeting, ISRA must within 30 days, or such longer period as approved by a resolution passed by a Majority Vote at the meeting, prepare a new budget and place it before a special meeting for approval by a resolution passed by a Majority Vote.
- (2) If a fiscal year to which a budget relates ends before a new budget is approved, the Owners must, until the new budget is approved, continue to pay to ISRA the same monthly Maintenance Fees as required under the previous budget.
- (3) Until a new budget is approved, ISRA may spend money out of the Operating Fund only on the type of expenses set out in the previous Operating Fund budget, up to the maximum amount set out in the previous budget for each expense category, or in accordance with section 89.

#### **95. Budget surpluses and deficits**

- (1) Subject to section 13, contributions to the Operating Fund not required to meet operating expenses accruing during the fiscal year to which the budget relates must be dealt with in one or more of the following ways, unless ISRA determines otherwise by a resolution passed by a Majority Vote at an annual or special meeting:
  - (a) Transferred into the Contingency Reserve Fund;
  - (b) Carried forward as part of the Operating Fund, as a surplus; or,
  - (c) Used to reduce total contributions to the next fiscal year's Operating Fund.
- (2) If operating expenses exceed the total contribution to the Operating Fund, the deficit must be eliminated during the next fiscal year.

#### **96. Informing Owners of Maintenance Fees**

Within 2 weeks following the annual or special meeting at which a budget is passed, ISRA must inform Owners of any changes to their Maintenance Fees resulting from the new budget.

#### **97. Payment of Maintenance Fees**

- (1) An Owner must pay Maintenance Fees on or before the first day of the month to which the Maintenance Fees relate or the immediately following business day if the 1<sup>st</sup> is not a business day. If an Owner is late in paying his or her Maintenance Fees an interest rate of 18% on the unpaid balance may be charged. The Board may vary this rate of interest at its discretion.
- (2) Interest payable on a late payment of Maintenance Fees is not a fine, and forms part of the Maintenance Fees for the purposes of section 106.

#### **Division 4 — Special Levies and User Fees**

##### **98. Special levy**

- (1) ISRA may raise money from the Owners by means of a special levy.
- (2) ISRA must calculate each Lot's share of a special levy
  - (a) In accordance with section 90, 91, or 149, in which case the levy must be approved by a resolution passed by a Majority Vote at an annual or special meeting, or,
  - (b) In another way that establishes a fair division of expenses for that particular levy, in which case the levy must be approved by a resolution passed by a 95% vote at an annual or special meeting.
- (3) The resolution to approve a special levy must set out the purpose, the total amount, the method used to determine each Lot's share, the amount of each Lot's share, and the date (or dates if in installments) by which the levy must be paid.
- (4) ISRA must use the money collected only for the purpose set out in the resolution, and inform Owners about the expenditure of the money collected.
- (5) If the amount collected exceeds that required, or for any other reason is not fully used for the purpose set out in the resolution, ISRA must return the money to the Owners in amounts proportional to their contributions, except that if no Owner is entitled to receive more than \$100 in total under this subsection, ISRA may deposit the excess in the Contingency Reserve Fund.

##### **99. Payment of special levy when Lot sold**

If a special levy is approved before a Lot is conveyed to a Purchaser, the seller owes ISRA the portion of the levy that is payable before the date the Lot is conveyed, and the Purchaser owes ISRA the portion of the levy that is payable on or after the date the Lot is conveyed.

##### **100. User fees**

ISRA may impose user fees for the use of certain Common Property or Common Assets by Owners, Occupants, their visitors, or the public. As set out in the CC&R's, fees for Owners' use of certain Common Property required to be leased to operators are subject to negotiation between ISRA and the operators.

## **Division 5 — Borrowing Powers of ISRA**

### **101. ISRA may borrow**

- (1) ISRA may, after approval by a resolution passed by a Majority Vote at an annual or special meeting, borrow money required by it to exercise its powers and perform its duties and, subject to section 77, may secure the repayment of money borrowed by it, and the payment of interest on that money.
- (2) Without limiting subsection (1), ISRA may secure the repayment of money borrowed by it, and the payment of interest, by a mortgage of property, other than Common Property (for example, a Lot owned by ISRA), an assignment of unpaid Maintenance Fees or Special Levies, or a negotiable instrument.

## **Division 6 — Money Owing to ISRA**

### **102. Notice to Owner or Occupant of money owing to ISRA**

- (1) Before suing or beginning arbitration to collect money from an Owner or Occupant, ISRA must give the Owner or Occupant at least 2 weeks' written notice demanding payment and indicating that action may be taken if payment is not made within that 2-week period.
- (2) Before registering a lien against an Owner's Lot under section 106, ISRA must give the Owner at least 2 weeks' written notice demanding payment and indicating that a lien may be registered if payment is not made within that period.

### **103. Notice to mortgagee**

If a mortgagee has given ISRA a Mortgagee's Request for Notification under section 59, ISRA may give the mortgagee written notice that the Lot Owner has failed to pay money owing to ISRA for more than 60 days, and must give the mortgagee a copy of any notice given to the Owner under section 102.

### **104. Disputed debt**

- (1) If there is a dispute over whether an Owner or Occupant owes money to ISRA, the Owner or Occupant may pay the disputed amount:
  - (a) Into court if court proceedings have been started and the Rules of Court allow payment into court; or
  - (b) To ISRA to hold in trust if the matter has been referred to arbitration or if court proceedings have been started.
- (2) On receipt of an amount under subsection (1) (b), ISRA holds the money and any interest on it in trust for the parties to the dispute until the dispute is resolved.
- (3) After the dispute is resolved, ISRA must pay the amount to the party entitled to it as set out in the decision of the court or arbitrator.

### **105. Certificate of Payment**

- (1) Within one week of the request of an Owner or Purchaser, or a person authorized by an Owner or Purchaser, ISRA must give the person making the request a Certificate of Payment in a form prescribed by ISRA if The Owner does not owe money to ISRA, or The Owner does owe money but:
  - (a) The money claimed by ISRA has been paid into court, or to ISRA in trust, under section 104, or,

- (b) Arrangements satisfactory to ISRA have been made to pay the money owed.
- (2) The certificate is current for a period of 60 days from the date it is issued.
- (3) ISRA may charge a reasonable fee for the certificate.
- (4) In completing the certificate, ISRA may include money owing in respect of the matters set out in section 106.
- (5) A certificate must not include claims of damages against an Owner which have not been determined by a court or by arbitration.

#### **106. Certificate of Lien**

- (1) ISRA may register a lien against an Owner's Lot by registering in the Clerk and Recorder's Office in the prescribed form if the Owner fails to pay ISRA any of the following with respect to that Lot:
  - (a) Maintenance Fees;
  - (b) A Special Levy;
  - (c) A Benefited Assessment, including reimbursement of the cost of work referred to in section 81; or,
  - (d) The Lot's share of a judgment against ISRA.
- (2) ISRA may register a lien against any Lot, but only one Lot, owned by the Developer, by registering in the Lincoln County Clerk and Recorder's Office in the prescribed form if the Developer fails to pay an amount payable to ISRA under these bylaws.
- (3) Subsections (1) and (2) do not apply if the amount owing has, under section 104, been paid into court or to ISRA in trust, or arrangements satisfactory to ISRA have been made to pay the money owing, or the amount owing is in respect of a fine or the costs of remedying a contravention..
- (4) On registration the certificate creates a lien against the Owner's Lot in favor of ISRA for the amount owing.
- (5) ISRA's lien ranks in priority to every other lien or registered charge except to the extent that ISRA's lien is for a Lot's share of a judgment against ISRA,
- (6) On receiving the amount owing, ISRA must as soon as feasible remove the lien by registering in the Clerk and Recorder's Office an Acknowledgment of Payment in the prescribed form.

**107. Forced sale of Owner's Lot to collect money owing**

- (1) After ISRA has registered a Lien against a Lot, ISRA may apply to the Court for a foreclosure sale on the lot.
- (2) If ISRA has obtained a judgment for the amount owing, the Court may, after considering all the circumstances, make an order for the sale of the Lot.
- (3) ISRA reserves the right to buy the lot at foreclosure sale.

**108. Costs added to amount owing**

Reasonable legal costs, land title and court registry fees, and other reasonable disbursements related to registering a lien against an Owner's Lot under section 106 or enforcing a lien under section 117 may be added to the amount owing to ISRA under a Certificate of Lien:

## **Part 7 — Bylaws, Conditions, Covenants, and Restrictions (CC&R's), and Rules**

### **Division 1 — General**

#### **109. Nature of Bylaws**

These Bylaws may provide for the control, management, maintenance, use and enjoyment of the Lots, Common Property and Common Assets of ISRA and for the administration of ISRA.

#### **110. Specific Bylaws**

The Bylaws of ISRA are contained in this document except to the extent that they differ from the CC&R's. If there is a difference between these Bylaws and the CC&R's, the CC&R's shall prevail. The Bylaws may be amended according to section 116.

#### **111. Unenforceable Bylaws**

- (1) A Bylaw is not enforceable to the extent that it
  - (a) Contravenes the CC&R's, or any other enactment or law,
  - (b) Destroys or modifies an easement created under section 66, or
  - (c) Prohibits or restricts the right of an Owner of a Lot to sell, lease, mortgage or otherwise dispose of the Lot or an interest in the Lot, except those restrictions in Section 112, and limits on rentals under section 125
  - (d) Restricts the age of persons who may reside in a Lot.

#### **112. Bylaws relating to sale of Lot**

ISRA may pass a Bylaw, or the CC&R's may include items, which govern activities relating to the sale of a Lot, including locations for the posting of signs and times for the showing of Common Property, agents allowed to enter premises, and the holding of open houses.

#### **113. Amendments to pet Bylaws**

An amended Bylaw that prohibits a pet does not apply to a pet living with an Owner or Occupant at the time the Bylaw is passed and which continues to live there after the Bylaw is passed.

#### **114. Dispute Resolution and Limitation on Litigation**

The agreed process to encourage amicable resolution of disputes involving the Properties, without the emotional and financial costs of litigation, is included in Article XIII of the CC&R's, including the claims subject to the process, those exempt, the mandatory procedures, and enforcement. The Developer agrees to follow this procedure. ISRA and the Board are required to encourage use of this process whenever possible to avoid litigation, and to encourage others to do the same.

#### **115. Rules**

- (1) ISRA may make rules governing the use, safety, and condition of the Common Property and Common Assets.
- (2) Section 111, Unenforceable Bylaws, applies to rules as well as Bylaws.

- (3) All rules, including those posted on signs, must be set out in a written document capable of being photocopied.
- (4) ISRA must inform Owners and Occupants of any new rules as soon as feasible.
- (5) If a rule conflicts with a Bylaw, the Bylaw prevails.
- (6) A rule ceases to have effect at the first annual meeting held after it is made, unless ratified by a resolution passed by a Majority Vote at that annual meeting, or at a special meeting held before that annual meeting.
- (7) Once a rule has been ratified, it is effective until repealed, replaced or altered, without need for further ratification.

## **Division 2 — Amending the Bylaws**

### **116. Amendment of Bylaws**

- (1) Amendment by Developer. Until termination of the Class “B” Control Period, Developer may unilaterally amend this declaration for any purpose, provided however, that such amendment shall be in the best interests of ISRA and shall not have significant adverse effect on any Owners at the time of amendment, individually or collectively.
- (2) Amendment by Owners: Except as otherwise specifically provided in these Bylaws or the CC&R’s, the Bylaws may be amended only by a Majority Vote at an annual or special meeting of Members representing at least 50% of the total Class “A” votes, and during the Class “B” Control Period, with the consent of Developer.
- (3) Validity and Effective Date of Amendments: Amendments in accordance with this Declaration shall become effective upon recordation in the Official Records, unless a later effective date is specified therein.
- (4) ISRA must inform Owners and Occupants of any amendment to the Bylaws as soon as feasible after the amendment is approved.

## **Division 3 — Enforcing the Bylaws and Rules**

### **117. Enforcement options**

- (1) Every Owner and every Occupant of a Lot shall comply with the Governing Documents and all rules, regulation and policies of ISRA. The Board may impose sanctions for violation of the foregoing, after notice and an opportunity for a hearing in accordance with the procedures set forth in the By-Laws. Such sanctions may include, without limitation, some or all of the following:
  - (a) Reasonable monetary fines (including for failure to grant reasonable Permission to enter a Lot as may be reasonably requested by ISRA in accordance with this Declaration), which shall constitute a lien upon the violator’s Lot. Such fines shall be levied in accordance with the Bylaws and shall be consistent with applicable law;
  - (b) Suspending an Owner’s right to vote;
  - (c) Suspending any Person’s right to use any recreational facilities within the Common Property (provided, however, nothing herein shall authorize the Board to prohibit ingress or egress to or from a Lot);

- (d) Suspending any services provided by ISRA to an Owner or the Owner's Lot if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to ISRA;
  - (e) Exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation (specifically including, but not limited to, the towing of vehicles that are, after warnings, in violation of any applicable parking rules and regulations);
  - (f) Requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Lot in violation of Article V and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;
  - (g) Without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of Article V from continuing or performing any further work activities in the Properties; and,
  - (h) Levying Benefited Assessments to cover costs incurred by the Association to bring a Lot into compliance with the Governing Documents.
- (2) In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the By-Laws:
    - (a) Exercising self-help in any emergency situation; and,
    - (b) Bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.
  - (3) Before enforcing a Bylaw or rule ISRA may give a person a warning or may give the person time to comply with the Bylaw or rule.
  - (4) All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Governing Documents or any rule or regulation, ISRA shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.
  - (5) ISRA shall not be obligated to take action to enforce any covenant, restriction, or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with the applicable law, or in any case in which the Board reasonably determines that it would not be economically prudent or would otherwise not be sufficient benefit to ISRA to justify taking enforcement action. Any such determination shall not be construed a waiver of the right of ISRA to enforce such provision at a later time under other circumstances or stop ISRA from enforcing any other covenant, restriction or rule.

#### **118. Fines**

ISRA may fine an Owner or an Occupant if a CC&R, Bylaw or rule is contravened by the Owner or Occupant, a person who is visiting the Owner or Occupant or was admitted to the premises by the Owner or Occupant for any reason.

**119. Owner's responsibility for contraventions, fines and costs incurred by tenant**

- (1) If any Occupant, guest or invitee of a Lot violates the Declaration, the By-Laws or any rule or regulation and a fine is imposed, the fine shall first be assessed against the Occupant; provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Board.

**120. Maximum fines and Continuing Contraventions**

- (1) ISRA may set out, initially in its rules and then incorporate into its Bylaws:
  - (a) Different maximum amounts of fines for contraventions of different CC&R's, Bylaws and rules; and,
  - (b) The frequency at which fines may be imposed for a continuing contravention of CC&R's, Bylaws or rules.
- (2) The imposition of a fine does not constitute permission for an ongoing contravention; remedying the contravention is required. If an activity or lack of activity that constitutes a contravention of the CC&R's, a Bylaw, or a rule continues, without interruption, for longer than 3 days, a fine may be imposed on a per diem basis until the contravention is remedied.

**121. ISRA may remedy a contravention**

- (1) ISRA may do what is reasonably necessary to remedy a contravention of the CC&R's, or its Bylaws or rules, including:
  - (a) Doing work on or to a Lot, the Common Property or Common Assets, and,
  - (b) Removing objects from the Common Property or Common Assets.
- (2) ISRA must require, unless otherwise agreed by the Board, that the reasonable costs of remedying the contravention be paid by the person who may be fined for the contravention, through levying Benefited Assessments against particular Lots for expenses incurred or to be incurred by ISRA.

The costs assessed in a Benefited Assessment may include overhead and administrative costs in bringing the Lot into compliance with the Governing Documents or costs incurred (including overhead and administrative costs) as a consequence of the conduct of the Owner or Occupants of the Lot, their licensees, invitees or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing before levying a Benefited Assessment under this subsection.

**122. Complaint, right to answer and notice of decision**

- (1) ISRA must not impose a fine against a person, require a person to pay the costs of remedying a contravention, or deny a person the use of a recreational facility for a contravention of a Bylaw or rule unless ISRA has:
  - (a) Received a complaint about the contravention, which may include complaints from Owners, tenants, ISRA staff, contractors working in Indian Springs Ranch, or their employees.
  - (b) Given the Owner or Occupant the particulars of the complaint, in writing, and a reasonable opportunity to answer the complaint, including a hearing if requested by the Owner or Occupant, and,

- (c) If the person is an Occupant, given notice of the complaint to the Owner of the Lot occupied.
- (2) ISRA must, as soon as feasible, give notice in writing of a decision on a matter referred to in this section above, to the persons referred to in this section, above.
- (3) Once ISRA has complied with this section in respect of a contravention of a Bylaw or rule, it may impose a fine or other penalty for a continuing contravention of that Bylaw or rule without further compliance with this section.

### **123. Complaint against Board member**

If a complaint is made about a Board member contravening the CC&R's, a Bylaw or rule, the Board member must not participate in a decision made under section 122 about the complaint.

### **124. Eviction Clause in Tenancy Agreements**

Lot Owners shall be liable for their occupant's, lessee, designee, licensee or invitee's contravention of a Bylaw or rule. Accordingly, ISRA strongly recommends that all Owners include in any tenancy or rental agreement a provision to terminate the tenancy for a repeated or continuing contravention of a reasonable and significant Bylaw or rule by an Occupant.

## Part 8 — Rentals

### 125. Restriction of rentals by ISRA

- (1) ISRA must not screen tenants, establish screening criteria, require the approval of tenants, require the insertion of terms in tenancy agreements other than including ISRA's right to evict under Section 124, or otherwise restrict the rental of a Lot, except as provided in subsection (2) and (3).
- (2) Owners may rent their own Lots for *bona fide* periods of more than one month.
- (3) Certain properties in Indian Springs Ranch may be desirable as short-term rentals for periods of less than one month (for example, for vacation rentals). ISRA may only restrict the rental of a Lot by Bylaws that:
  - (a) Limits the period of time for which residential Lots may be rented (for example, requiring rentals of longer than a certain period), or,
  - (b) Requires that rentals for less than one month be handled through a rental management company appointed by ISRA.

### 126. Limits to Rental Restriction Bylaws

A Bylaw referred to in section 125 (3) does not apply to prevent the rental of a Lot to a member of the Owner's family.

### 127. Rental Restriction Bylaw does not immediately apply to some Lots

- (1) A Bylaw that limits rentals does not apply to a Lot until the later of:
  - (a) One year after a Tenant who is occupying the Lot at the time the Bylaw is passed ceases to occupy it as a Tenant, and,
  - (b) One year after the Bylaw is passed.

### 128. Owner to give CC&R's, Bylaws, rules, and Notice of Tenant's Responsibilities to Tenant

- (1) Before an Owner rents a residential Lot, the Owner must give the prospective Tenant:
  - (a) The CC&R's, current Bylaws, and rules; and,
  - (b) A Notice of Tenant's Responsibilities in a form prescribed by ISRA.
- (2) Within 2 weeks of renting a residential Lot, the Owner must give ISRA a copy of the notice signed by the Tenant.
- (3) If an Owner fails to comply with subsection (1) or (2), the Tenant is still bound by the CC&R's, Bylaws, and rules, but may, within 90 days of learning of the Owner's failure to comply, end the tenancy agreement without penalty by giving notice to the Owner.

### 129. Assignment of powers and duties to Occupant

- (1) An Owner may assign to an Occupant (including a Tenant) some or all of the powers and duties of the Owner that arise under the CC&R's, these Bylaws, or the rules, but may not assign to an Occupant the Owner's responsibility under section 119 for fines or the costs of remedying a contravention of the CC&R's, Bylaws or rules.

- (2) The assignment is not effective until the Owner gives ISRA a written notice stating all of the following:
  - (a) The name of the Occupant to whom the assignment is made;
  - (b) The powers and duties that have been assigned; and,
  - (c) The time period during which the assignment is effective.

## **Part 9 — Insurance**

### **130. Property insurance required**

- (1) ISRA must obtain and maintain property insurance on:
  - (a) Common Property and Common Assets,
  - (b) Buildings that are part of Common Property; and,
  - (c) Fixtures built or installed on a Lot, if the fixtures are part of the original construction on the Lot.
- (2) The property insurance must
  - (a) Be on the basis of full replacement value; and,
  - (b) Insure against all major perils, and any other perils specified in the Bylaws.

### **131. Liability insurance required**

ISRA must obtain and maintain liability insurance to insure ISRA against liability for property damage and bodily injury, in an amount the Board may with professional advice determine prudent.

### **132. Errors and omissions insurance**

ISRA must obtain and maintain errors and omissions insurance for Board members against their liability and expenses for errors and omissions made in the exercise of their powers and performance of their duties as Board members.

### **133. Optional insurance**

ISRA may obtain and maintain insurance in respect of a peril or liability or on any asset of ISRA that is not referred to in section 130 or 131.

### **134. Insurable interest**

ISRA has an insurable interest in any property insured under section 130 or 133.

### **135. Review and report on insurance**

ISRA must review annually the adequacy of ISRA's insurance, and report on the insurance coverage at each annual meeting.

### **136. Named Insureds**

Named insureds in ISRA's insurance policy must include:

- (a) ISRA;
- (b) The Owners and Occupants from time to time of the Lots; and,
- (c) The persons who normally occupy the Lots.

### **137. Payment of insurance proceeds**

The terms of ISRA's insurance policies must specify that in making a payment, other than a payment arising from the liability of ISRA under ISRA's insurance policy, the an insurer must make the payment:

- (a) To the order of an insurance trustee designated by ISRA, or
- (b) If an insurance trustee is not designated, to the order of ISRA to be held in trust until paid out under section 138.

**138. Application of insurance money**

Insurance money received under section 134 with respect to damaged property must be used to repair or replace the damaged property without delay unless ISRA decides not to make the repair or replacement under section 140.

**139 Insurance deductible**

- (1) Subject to the regulations, the payment of an insurance deductible in respect of a claim on ISRA's insurance is a common expense to be contributed to by means of Maintenance Fees calculated in accordance with section 90 (2) or 91 (1).
- (2) Subsection (1) does not limit the capacity of ISRA to sue an Owner in order to recover the deductible portion of an insurance claim if the Owner is responsible for the loss or damage that gave rise to the claim.
- (3) Despite any other section of these Bylaws or the CC&R's, ISRA approval is not required for a special levy or for an expenditure from the Contingency Reserve Fund to cover an insurance deductible required to be paid by ISRA to repair or replace damaged property, unless ISRA has decided not to repair or replace under section 140.

**140. Decision not to repair or replace**

- (1) ISRA may, by a resolution passed by a Majority Vote at an annual or special meeting held no later than 60 days after the receipt of the money referred to in section 137, decide not to repair or replace the damaged property.
- (2) If ISRA decides not to repair or replace the damaged property, the money received under subsection (1) (and any interest on the money) is held by the insurance trustee or ISRA in trust for each person who has an interest in the money, including the holder of a registered charge. The insurance trustee or ISRA must distribute the money according to each person's interest.

## **Part 10 — Legal Proceedings and Arbitration**

### **Division 1 — Suits Against ISRA**

#### **141. Owner's liability for judgment against ISRA**

- (1) A judgment against ISRA is a judgment against all the Owners.
- (2) A Lot's share of a judgment against ISRA (if any portion of the judgment is not covered by insurance) is calculated in accordance with section 90 or 91 or 149 as if the amount of the judgment were a contribution to the Operating Fund and Contingency Reserve Fund, and an Owner's liability is limited to that proportionate share of the judgment.
- (3) Other than as set out in this section, an Owner has no personal liability, in his or her capacity as an Owner, for loss or damage arising from any of the following:
  - (a) The management and maintenance of the Common Property and Common Assets by ISRA;
  - (b) The actions or omissions of the Board or ISRA;
  - (c) Any contracts made or debts or liabilities incurred by or on behalf of ISRA.

#### **142. Defending suits**

- (1) ISRA must inform Owners as soon as feasible if it is sued.
- (2) The expense of defending a suit brought against ISRA is shared by the Owners in the same manner as a judgment is shared under section 141, except that an Owner who is suing ISRA is not required to contribute.

#### **143. ISRA may join Owner**

In suits against ISRA, ISRA may join as a party the Owner whose act or omission gave rise to the claim against ISRA.

#### **144. Limit on Owner's responsibility for costs**

If ISRA joins or sues an Owner in the Owner's capacity as Owner or as Developer, or if an Owner sues ISRA, that Owner:

- (a) Is not liable to contribute to legal costs that a court or arbitrator requires ISRA to pay,
  - (b) Does not, despite being an Owner, have a right to information or documents relating to the suit, including legal opinions kept under section 37 (2) (g), and
  - (c) Does not, despite being an Owner, have a right to attend those portions of any annual or special meeting or Board meeting at which the suit is dealt with or discussed.
- (2) If ISRA pays an amount to an Owner in full or partial satisfaction of the Owner's claim against ISRA, whether or not under a judgment, the Owner is not liable to share in the cost of the payment with other Owners.

## Part 11 — Sections

### 145. Indian Springs Ranch Sections

Indian Springs Ranch will establish sections of Lots for the purpose of representing the different interests of:

- (a) Owners of residential Lots and Owners of nonresidential Lots,
- (b) Owners of nonresidential Lots, if they use their Lots for significantly different purposes, or,
- (c) Owners of different types of residential Lots or similar types in different areas of the subdivision.

### 146. Creation of sections by Developer

- (1) The Developer will create the sections for ISRA, and will designate Limited Common Property for each section if required, for exclusive use by all the Lots in a section in accordance with section 70.
- (2) The Developer may also vary or create Bylaws specific to any section if necessary to administer that section.
- (3) The Developer may amend the designation of sections before any Lot in a section is conveyed to a Purchaser, or thereafter with the written consent of all Owners in the affected section(s), until all Lots in the section(s) have been conveyed to Purchasers.

### 147. Creation or cancellation of sections by ISRA

- (1) To create or cancel sections, ISRA must hold an annual or special meeting to consider the creation or cancellation.
- (2) The notice of meeting must include:
  - (a) A resolution to amend the Bylaws to provide for either the creation and administration of each section or the cancellation of the sections, and
  - (b) Any resolutions to designate Limited Common Property for the exclusive use of all the Lots in a created or affected section or to remove a designation, in accordance with section 71.
- (3) The resolution referred to in subsection (2) (a) must be passed:
  - (a) By a Majority Vote by the Eligible Voters in the proposed or existing section, and,
  - (b) By a Majority Vote by all the Eligible Voters in ISRA.

### 148. Powers and duties of section

- (1) After the creation of sections, ISRA retains its powers and duties in matters of common interest to all Owners.
- (2) With respect to matters that relate solely to the section, the section has the same powers and responsibilities as ISRA, including (but not limited to):
  - (a) Establishing an Operating Fund and Contingency Reserve Fund for Common Expenses specific to the section, including those relating to Limited Common Property for the exclusive use of all Lots in the section;

- (b) Budgeting and requiring section Owners to pay maintenance fees and special levies for the expenditures the section authorizes (which will be assessed through ISRA as Benefited Assessments applicable to Lots in the respective section); and,
  - (c) Enforcing Bylaws and rules.
- (3) ISRA will coordinate contracts for work authorized on behalf of the section, and will provide the section with financial statements including the charges incurred, revenue collected through the Benefited Assessments to the Lots in the section, and the status of the section's Contingency Reserve Fund.
  - (4) ISRA will coordinate insurance coverage with the section, so that the section will be responsible only for insurance:
    - (a) On items not covered by ISRA;
    - (b) Against perils that are not insured by ISRA; and,
    - (c) For amounts in excess of amounts insured by ISRA.

**149. Expenses of section**

Expenses of ISRA relating solely to the Lots in a section are shared by the Owners of Lots in the section. Each Lot's share of a contribution to the Operating Fund and Contingency Reserve Fund is calculated as follows:

$$\frac{\text{Unit Entitlement of Lot}}{\text{Total Unit Entitlement of all Lots in section}} \times \text{total contribution}$$

**150. Administration of section**

- (1) The Eligible Voters of a section may call and hold meetings and pass resolutions in the same manner as Eligible Voters of ISRA.
- (2) Each section may elect an executive for that section, and the section executive has the same powers and duties with respect to the section as ISRA's Board has with respect to ISRA. A section executive may be a single person (with an alternate in case the person is unavailable). If no executive is elected, ISRA must send notices to all Owners to establish a budget for section expenses and Benefited Assessments
- (3) A member of a section executive is eligible for election to ISRA's Board.

**151. Bylaws and rules for section**

- (1) ISRA's Bylaws apply to the section unless amended by the section.
- (2) These Bylaws may only be amended by the section if the amendment is in respect of a matter that relates solely to the section.
- (3) An amendment to the Bylaws under subsection (2) must be approved by a resolution passed by a Majority Vote at an annual or special meeting of the section.
- (4) The executive of a section may make rules governing the use, safety and condition of Limited Common Property designated for the exclusive use of all the Lots in the section, or land and other property acquired.
- (5) Section 111 applies to section rules.

**152. Judgments against ISRA relating to section**

- (1) If a judgment against ISRA relates solely to the Lots in a section, the judgment is against only the Owners of Lots in the section.
- (2) A Lot's share of a judgment referred to in subsection (1) (if any portion of the judgment is not covered by insurance) is calculated in accordance with section 140, applied to the Lots of the section.

## **Part 12 — Expansion and Reduction of the Community**

### **153. Expansion by the Developer:**

The Developer may wish to incorporate additional lots into ISRA and/or incorporate additional real estate in Lincoln County, Montana, into ISRA. The Developer's right to do so is included in the CC&R's, Article 1.3. The Developer's right to expand the community shall expire upon termination of the Class "B" Control Period or 20 years after the recording of the CC&R's in the Official Records, whichever is earlier.

### **154. Expansion by ISRA:**

As set out in the CC&R's, ISRA may also subject additional property to the provisions of the CC&R's and these Bylaws by filing a supplemental Declaration (of CC&R's) in the Official Records describing the additional property. Any such supplemental Declaration shall require the affirmative vote of Members representing a majority of the Class "A" votes of ISRA and the consent of the owner of the additional property. In addition, during the Class "B" Control Period, the consent of the Developer shall be necessary. The Supplemental Declaration shall be signed by the President and Secretary of ISRA, by the owner of the additional property, and by the Developer, if the Developer's consent is necessary.

### **155. Effect of Filing Supplemental Declaration:**

Any supplemental Declaration shall be effective upon recording in the Official Records unless otherwise specified in such supplemental Declaration. On the effective date of the supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in ISRA and assessment liability in accordance with the provisions of the original Declaration.

## Part 13 — Master Plan Amendment

### 156. Amending Master Plan to Add to a Lot or Consolidate Lots

- (1) Lots may not be consolidated unless they are owned by the same person, and the holders of registered charges against the Lots have dealt with the issue of the priority of their interests as they will apply to the consolidated Lot.
- (2) An amendment to the Master Plan to consolidate 2 or more Lots does not require ISRA approval if the Unit Entitlement of the consolidated Lot is the same as the combined Unit Entitlement of the 2 or more Lots being consolidated, and the consolidated Lot has only one vote; and,
- (3) An amendment to the Master Plan to add part of a Lot to another Lot (a boundary adjustment does not require any ISRA approval if:
  - (a) The total Unit Entitlement of the affected Lots is the same as the combined Unit Entitlement of the affected Lots before adjustment; and,
  - (b) The total number of votes of the affected Lots after the amendment is equal to or less than the total number of votes of the Lots before amendment.
- (4) Separate application to the DRC is required under the CC&R's to modify the building envelope on the consolidated or changed lots.
- (5) If the conditions in subsections (2) or (3) above are not met, to consolidate 2 or more Lots or to add part of a Lot to another Lot, the Master Plan must be amended as follows:
  - (a) An application to amend the Master Plan must be made to ISRA and the Developer accompanied by an explanatory plan that shows the amendment, complies as far as the Board and Developer considers necessary with standards for such a plan, and is in a form required by the Clerk and Records Office to register the changes.
  - (b) A resolution approving the amendment must be passed by a  $\frac{3}{4}$  Majority Vote at an annual or special meeting;
  - (c) The amendment shall not change the rights of any Lot; the combined Lot shall be recognized as one Lot and given such treatment in any respect.

### 157. Amending Master Plan to Subdivide a Lot:

- (1) An Owner may not subdivide a Lot during the Class "B" Control Period except with the concurrence of the Developer.
- (2) After the termination of the Class "B" Control Period, any proposal to subdivide a Lot (before application to governing authorities for subdivision approval) requires:
  - (a) A resolution approving the subdivision to be passed by a  $\frac{3}{4}$  Majority Vote at an annual or special meeting, including revised Unit Entitlements if any (calculated as in subsection (b) (ii) below);
  - (b) A proposal to ISRA to amend the Master Plan, accompanied by:
    - (i) A reference or explanatory plan, whichever ISRA and Developer requires, that shows the amendment, and complies with legal requirements for such an amendment;

- (ii) If the amendment changes the Unit Entitlement of any Lot, a new Schedule of Unit Entitlement, established by using the same formula for calculations that was used to establish the Schedule of Unit Entitlement that is being replaced;
  - (v) A transfer of any land that is being added to the Common Property; and,
  - (vi) Any document required by the Clerk and Records office to ensure that the land being added to the Common Property is free of mortgages or charges referred to in subsection (1).
- (3) If approved by ISRA, the subdivision requires approval of the governing authorities.
  - (4) Subdivision of any type, including Family Transfer, requires ISRA approval as set out in this section

**158. Amending Master Plan to add a Lot to Common Property**

- (1) A Lot or part of a Lot may not be added to Common Property unless it is free of mortgages or any other charges that may result in a transfer of an estate or interest in the Lot.
- (2) To add a Lot or part of a Lot to Common Property, the Master Plan must be amended as follows:
  - (a) A resolution approving the amendment must be passed by a Majority Vote at an annual or special meeting, including revised Unit Entitlements if any (calculated as in subsection (b) (ii) below);
  - (b) An amendment must be made to the Master Plan accompanied by:
    - (i) A reference or explanatory plan, whichever ISRA and Developer requires, that shows the amendment, and complies with legal requirements for such an amendment;
    - (ii) If the amendment changes the Unit Entitlement of any Lot, a new Schedule of Unit Entitlement, established by using the same formula for calculations that was used to establish the Schedule of Unit Entitlement that is being replaced;
    - (v) Documents required to transfer of any land that is being added to the Common Property; and,
    - (vi) Any document required by the Clerk and Records office to ensure that the land being added to the Common Property is free of mortgages or charges referred to in subsection (1).

## Part 14 — Duties of Owners, Occupants and Visitors

### Division 1 – Right of Entry

#### 159. Right of Entry, and Easements for Maintenance and Enforcement:

As set out in the CC&R's:

- (1) ISRA shall have the right, but not the obligation, and a perpetual easement is granted to ISRA, to enter all portions of the Properties, including each Lot, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents of ISRA, its Board, officers or committees, and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry onto a Lot shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any dwelling on any Lot to cure any condition which increases the risk of fire or other hazard if any Owner fails or refuses to cure the conditions within a reasonable time after request by the Board, but does not authorize entry into any Home without permission of the Owner, except by emergency personnel acting in their official capacities. Public providers of emergency services shall have access to Lots in an emergency as provided by state law and, if applicable, City of Eureka, Montana and/or County of Lincoln, Montana, operating policies.
- (2) Authorized agents of ISRA, shall have the right to enter all portions of the Properties, including each Lot to (a) perform its maintenance responsibilities, if any, and (b) make inspections to ensure compliance with this Declaration. Except in emergencies, entry onto a Lot shall be only during reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any physical damage caused by ISRA shall be repaired by ISRA at its expense. ISRA also may enter a Lot to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Governing Documents.
- (3) Refusal to permit entry under this section constitutes a violation of the CC&R's subject to enforcement procedures in the CC&R's and these Bylaws.

### Division 2 – Repair and Maintenance Responsibilities

#### 160. **Repair and maintenance of property by Owner**

- (1) An Owner must repair and maintain the Owner's Lot, except for repair and maintenance that is the responsibility of ISRA under these Bylaws.
- (2) An Owner who has the exclusive use of Limited Common Property must repair and maintain it, except for repair and maintenance that is the responsibility of ISRA under these Bylaws.
- (3) Limited Common Property which is for the use of more than one Lot must be repaired and maintained by ISRA, which will assess Benefited Assessments to the Lots which have such use.
- (4) ISRA must repair and maintain Common Property which is for the use of all Lots.

### **Division 3 — Use Restrictions**

#### **161. Use Restrictions – Background**

Land at Indian Springs Ranch is subject to a set of restrictive covenants benefiting the owners of the adjoining 69 Ranch. These covenants were placed into effect before the previous owners of the land of Indian Springs Ranch sold to the principals of Indian Springs Ranch. These covenants were and are fully consistent with the Developer's plans for Indian Springs Ranch. As some of these Covenants were, in effect, use restrictions, they are included in the CC&R's. For completeness, use restrictions included in the CC&R's are also included in these Bylaws.

#### **162. General Use of Property**

- (1) An Owner, Occupant, or visitor must not use a Lot, the Common Property or Common Assets in a way that:
  - (a) Causes a nuisance or hazard to another person;
  - (b) Causes unreasonable noise;
  - (c) Unreasonably interferes with the rights of other persons to use and enjoy the Common Property, Common Assets or another Lot;
  - (d) Is illegal; or,
  - (e) Is contrary to a purpose for which the Lot or Common Property is intended, as shown expressly or by necessary implication on or by the Master Plan.
- (2) An Owner, Occupant or visitor must not cause damage, other than reasonable wear and tear, to the Common Property, Common Assets or those parts of a Lot which ISRA must repair or maintain under these Bylaws and the CC&R's, or insure under section 130 of these Bylaws.

#### **163. Use Restrictions**

- (1) Exterior Lighting: All exterior lighting, both on common property and residential lots, shall minimize light pollution to the extent reasonably feasible, i.e. high-level unshielded halogen lamps will not be permitted and all outdoor lights shall be directed downward.
- (2) Trail Use: Trails on Indian Springs Ranch are for non-motorized use only, with the exception of golf carts on designated golf course trails.
- (3) No hunting: No hunting is permitted anywhere on Indian Springs Ranch.
- (4) Residential Signs: No sign of any kind shall be displayed to public view on the Subdivision residential Lots except for:
  - i. Numbers on each residential lot indicating its address or location. Each numeral shall be at least 4 inches high and one-half inch wide when viewed from 100 feet so as to assist emergency vehicles in identifying the residence. The sign may also include the name of the Owners of the Lot, and shall not be larger than six square feet.
  - ii. One sign of not more than six square feet advertising a residential Lot for sale may be displayed by persons approved in the CC&R's and/or these Bylaws.
  - iii. A builder's sign, not to exceed six square feet, during construction

- (5) Signs on Commercial Lots and Recreational Facilities: Reasonably sized recreational and commercial signs may be constructed
- (6) Refuse, Ruins, and Remains:
  - i. No trash, garbage, ashes, refuse, ruins or other remains of any kind (including disabled vehicles) shall be thrown, dumped, placed, disposed of or permitted to remain on any parcel of land.
  - ii. The person or persons in control or possession of any residential Lot shall, irrespective of fault, be responsible for the prompt removal therefrom of all trash, garbage, ashes and other remains. All trash, garbage, ashes and other refuse shall be kept in containers which shall be maintained in a clean and sanitary condition and shall be kept hidden from street view. No household garbage may be incinerated on the property.
- (7) Animals. No animal or fowl of any kind may be kept or quartered in the Subdivision, except for ordinary and usual household pets (excluding pigs) and horses for personal use. For parcels under 4 acres in size, horses shall be limited to corrals or grazing areas made available for the common use of such property owners. For parcels between four and seven acres in size, one horse may be kept on the property. No commercial uses relating to the animals may be conducted on the property. Dogs and/or cats shall be limited in number to a total of three per residential parcel and dogs shall be contained within a kennel or fenced yard.
- (8) No Temporary Structures: No structure of a temporary character, including mobile homes, camper trailers, tents, shacks, basements, or other outbuildings shall be used for residential purposes on a parcel not part of a community cluster, except during construction of a residence.
- (9) No outdoor storage: Outdoor storage of motorcycles, trailered boats, campers, travel trailers and RV's is not permitted on residential Lots less than four acres in size. No large trucks or contractor equipment may be kept on residential property.
- (10) Parking: Except when required for short periods by visitors, no vehicles shall be parked or kept on the roads of any subdivided parcels less than two acres in size. For smaller Lots, motorcycles, trailered boats, campers, travel trailers and RV's shall be stored in an enclosed and reasonably out-of-sight storage area.
- (11) No activity shall be allowed or conducted on a Lot which disturbs the peace of surrounding property owners. This includes the persistent barking of dogs.
- (12) Fire protection: Weeds, brush and other debris capable of rapidly transmitting fire shall be removed from within a 30 foot perimeter around structures. No portion of a tree or any other vegetation may extend to within 25 feet of the outlet of a stovepipe or chimney.
- (13) Weed control: If noxious weeds are detected, appropriate steps shall be taken to prevent them from spreading to neighboring properties.
- (14) General Maintenance: The buildings and grounds of residential areas shall be kept in a safe and aesthetically pleasing state of repair, cleanliness and neatness.