

AFFIDAVIT

State of Montana County of Jefferson
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By Bonnie R. Roney Clerk & Recorder
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STATE OF MONTANA)
(ss
COUNTY OF LEWIS AND CLARK)

RAYMOND O. STROMAN, being first duly sworn, upon oath, deposes and says:

THAT The following five pages are a true copy of the originals of THE BY-LAWS OF BLUE SKY HEIGHTS WATER USERS ASSOCIATION.

Further affiant sayeth not.

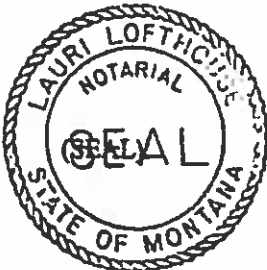
Dated at HELENA, MT, this 19TH day of OCTOBER, 2001

Raymond O. Stroman
RAYMOND O. STROMAN

State of Montana
County of Lewis & Clark

On this 19th day of October, 2001, before me Lauri Lofthouse a notary public in and for the State of Montana, personally appeared Raymond O. Stroman known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.



Lauri Lofthouse
Notary for the State of Montana
Residing at: Helena
my Commission Expires 10-1-2003

**BY-LAWS OF
BLUE SKY HEIGHTS WATER USERS ASSOCIATION**
(A Montana Non-profit Corporation)
As amended May 2, 1996

ARTICLE I.

This association shall be named the "Blue Sky Heights Water Users Association", hereinafter referred to as the "Association." The principal office for the transaction of business of the Association shall be located at Blue Sky Heights, Box 70, Clancy, Montana 59634.

ARTICLE II.

Section 1. Every person or entity who meets the following requirements is entitled to one voting membership: a) record ownership of at least one lot, including buyers under a contract for deed and contract sellers, and b) ownership of at least one (1) lot subject to assessment by the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of a lot which is subject to assessment by the Association.

Section 2. During any period in which a member shall be in default in the payment of any monthly, annual or special assessment levied by the Association, including charges for water services, the voting rights of such member may be suspended by the Board of Directors/Officers until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed 30 days, for violation of any rules and regulations established by the Board of Directors/Officers governing the use of water.

ARTICLE III.

Section 1. Members shall be entitled to one (1) vote for the lot of record upon which there is a residence. When more than one person holds interest in any lot, the vote for such lot shall be exercised as such persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to the lot of record upon which there is a residence.

Section 2. Proxies. At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the members. No proxy shall be valid after eleven (11) months from the date of its execution. A proxy may be canceled by notice executed by the member with like formality and directed to the secretary. Proxies shall not be binding on purchasers of property from the grantor of the proxy.

ARTICLE IV.

The Board of Directors and officers of the Association shall be the same individuals. The Board of Directors/Officers of the Association shall be president, vice-president, secretary and treasurer.

The president shall be the chief executive agent and officer of the Association in the management of its affairs. The president shall preside at all business meetings of the Board of Directors/Officers and the members, sign all contracts and perform such other duties as are or may be required by law or the laws of the Association.

The vice-president shall have the power to perform all the duties of the president in case of the absence or inability of the president to act or in case the office of president is vacant.

The secretary shall keep a record of the minutes of the proceedings of all business meetings, and shall give notice as required in these By-Laws of all such meetings. The secretary shall have custody of all books, records and papers of the Association, except such as shall be in the charge of the treasurer, or of some other person authorized by a resolution of the Board of Directors/Officers.

The treasurer shall keep accounts of all monies of the Association received or disbursed, and shall deposit all monies and valuables in the name of and to the credit of the Association in such banks or depositories as the Board of Directors/Officers shall designate.

In case of the death, disability, resignation or otherwise of one or more of the Board of Directors/Officers, the remaining directors/officers, -

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copy of the original.

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although less than a quorum, shall fill the vacancies of the unexpired term.

The president or treasurer or other person delegated by the Board of Directors/Officers may sign all checks for the payment of money by the corporation.

The Board of Directors/Officers of the Association shall receive such salaries as the Board of Directors/Officers may from time to time fix and determine.

ARTICLE V.

Section 1. Membership meetings shall be held as the members may elect at the annual meeting, or upon the call of the president, or upon the written request of the members who are entitled to vote, one-fourth (1/4) of all of the votes of the entire membership. The annual meeting shall be held at a predesignated and announced location during the first quarter of each year.

Section 2. Meetings of the members, both regular and special, shall be called by notice of the time and place of said meeting, published in some newspaper published nearest the place where the operations of the Association shall be carried on, at least once a week for at least two weeks preceding the day of such meeting, or by written notice signed by the president or secretary and delivered to each of the members at their last known place of residence at least ten (10) days before such meeting.

Section 3. If annual meetings are not held on the regular day, they may be held afterward. If, by failure to give the necessary notice, or for any other cause, the regular annual meeting shall not be held on the day herein provided for, such meeting may be called by the Board of Directors/Officers upon the notice herein required at any time thereafter and at such time may be held with the same effect and with the same proceedings as to the election of directors/officers as other business as if the meeting had been held on the regular day herein prescribed.

Section 4. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be

represented.

Section 5. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE VI.

This Association shall operate as a non-profit corporation under the Articles of Incorporation as filed with the Secretary of the State of Montana. (Two-thirds (2/3) of all the members must agree to dissolution of the corporation and after all legal obligations are satisfied, the corporation may be dissolved as prescribed by the laws of Montana.

ARTICLE VII.

Section 1. The Board of Directors/Officers shall consist of members who shall be elected at the annual meeting according to the following terms:

The president shall serve a two year term and is to be elected in odd numbered years;

The vice president shall serve a two year term effective 1990 and shall be elected thereafter in even numbered years;

The secretary shall serve a two year term effective 1990 and shall be elected thereafter in even numbered years;

The treasurer shall serve a two year term and is to be elected in odd numbered years.

Directors/Officers shall formulate policies for the conducting of the affairs of this Association. The directors/officers may by majority vote remove any director/officer from office and such vacancy shall be filled by an election at the meeting. The directors/officers have authority to borrow money and pledge the Association's property for security on behalf of the Association. The Board of Directors/Officers shall have all the powers as prescribed by the laws of the State of Montana for corporation except as herein limited to defined.

Section 2. In addition to the powers hereinabove enumerated, the Board of Directors/Officers shall have the power to:

- (a) Equip, maintain, repair and operate the water system; and collect water fees as established by the membership;

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(b) Exercise for the Association all powers, duties and authority vested in our delegates to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(c) Declare the office of a member of the Board of Directors/Officers to be vacant in the event such member shall be absent from four (4) consecutive regular meeting of the Board of Directors/Officers, and

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

Section 3. It shall be the duty of the Board of Directors/Officers to:

(a) Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, which such statement is required in writing by one-fourth (1/4) of the Class-A members who are entitled to vote;

(b) Supervise all agents and employees of the Association, and to see that their duties are properly performed;

(c) As more fully provided herein, and in the Declaration, to:

1. Fix the amount of the assessment against each lot at least thirty (30) days in advance of each assessment period;

2. Send written notice of each assessment to every owner subject thereto at least fifteen (15) days in advance of the assessment period.
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advance of each assessment period; and

3. Determine and fix the amount of each special assessment when necessary and to call for and conduct the meeting thereon.

(d) Issue, or to cause an appropriate director/office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors/Officers for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.

(f) Cause all directors/officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) Equip, operate, maintain and repair the water system, and keep proper and correct books of account reflecting the operation thereof.

ARTICLE VIII.

Section 1. "Blue Sky Heights Water Users Association" Unit No. 1 and Unit No. 2 shall be served by a water system owned by the Association and operated and maintained through its Board of Directors/Officers.

Section 2. Water shall be furnished by the Association to each owner upon the owner's request. Such water so provided by the Association shall be used by each owner as the sole source of water. All service pipes and installation of service shall be paid for by the property owners.

Section 3. The owner of each lot which is connected to the water system shall pay to the Association a reasonable charge for such water. Vacant lots owned by the Developer shall be exempt

from any water charges.

(a) The maximum water charge may be increased as is necessary to establish a reserve fund for repairs and replacements for extensions of the mains and for operation and maintenance.

(b) The treasurer shall establish accounts in some bank or other financial institution as the Board of Directors/Officers may from time to time designate. Upon the collection of the monthly water charges, the treasurer shall deposit the amount fixed in the bank or other financial institution.

(c) The accounts shall be used to defray the costs incident to the operation, maintenance and repair of the water system and for the payment of compensation as fixed by the Board of Directors/Officers.

(d) The Board may assess a sufficient charge to meet the capital and operational expenses of the water system including reasonable reserves. The Board of Directors/Officers may invest funds of the Association in government obligations, government guaranteed obligations or other secure investments.

(e) The Association shall repair and maintain the water system up to the point of connection of each owner and each such owner shall be responsible for his own water system from the point of such connection to the main.

Section 4. No consumer or user of water will be allowed or permitted to furnish water to another person or entity, except in cases of emergency, and then only with the consent of the Association.

(a) All pipes and fixtures shall at all reasonable hours, be subject to inspection by the Association or its duly authorized agent.

(b) The Association shall in no event

be responsible for maintaining any service line owned by a consumer, nor for damages done by water escaping therefrom, nor for defects in lines, or fixtures, on the property of the consumer.

Section 5. In the event a consumer fails or neglects to pay the Association the periodic water bill when due, or within such reasonable time as may be extended by the Association, the Association shall have the right to use any lawful means to collect such indebtedness.

Section 6. The Board of Directors/Officers may limit the use of water for irrigating purposes as it deems in the best interests of all the members of the Association, and may fix a reasonable charge for the use of water for irrigating purposes and such charge shall be in addition to the maximum allowable monthly charges as provided in Section 3 of this Article.

ARTICLE IX.

Section 1. Creation of Personal Obligation.

The owner of each lot owned within the "Blue Sky Heights" subdivision covenants to and with each other owner of any lot by acceptance of a deed or contract for purchase of any lot within the subdivision, whether or not it shall be so expressed in said deed or contract is deemed to covenant and agree to, and shall be a member of, and subject to the assessment and duly enacted By-Laws and other rules of the Association. Payment of all assessments shall be the personal obligation of the member. This personal obligation shall not pass to successors in title unless expressly assumed by them.

Section 2. Rate of Assessments. Both annual and special assessments must be fixed at a uniform rate per lot.

Section 3. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement in the water system, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

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Section 4. Quorum for any action authorized under Section 3. At a meeting called for the purpose of increasing the "annual" assessment, as provided in Section 3 above, or for levying a "special assessment", as provided in Section 3 above, the presence at a meeting of members or of proxies entitled to cast forty percent (40%) of all votes of the membership shall constitute a quorum. If the required quorum is not forth-coming at such meeting, another meeting may be called, subject to the notice and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Commencement of Assessments. The Board of Directors/Officers of the Association is authorized to make the initial assessments at such time as it determines appropriate. The Association shall upon demand at any time furnish a certificate in writing signed by a director/officer of the Association setting forth whether the assessments on a specified lot have been paid. A reasonable charge may be made by the Board of Directors/Officers for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 6. Nonpayment of Assessment. Any assessment or installment payments on assessments which are not paid when due shall be delinquent. If not paid within thirty (30) days after the due date, the amount shall bear interest from the date of delinquency at a rate established annually by the Board of Directors/Officers. The Association may also bring an action at law to collect the amount of the assessment, together with interest costs, and reasonable attorney's fees for such action.

ARTICLE X.

Amendment to these By-Laws shall require the assent of members representing one-half (1/2) of the entire number of outstanding votes.

ARTICLE XI.

The Association may conduct such other business as the Association desires for the control, maintenance and improvement of the Blue Sky Heights Subdivision and the imposition of such charges upon the landowners in the subdivision as are necessary to pay the costs thereof and to accomplish such other lawful purposes and objectives as may be approved by the directors/officers of the corporation.

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Original By-Laws were adopted by a majority of the Directors, Jerry Hamlin, Delbert D. Sharbono and Virginia Sheet on January 4, 1974. By-Laws were amended by the Association January 25, 1983, May 15, 1989 and May 2, 1996.

Let it be know that the undersigned secretary and a majority of the directors/officers of the corporation know as the "Blue Sky Heights Water Users Association" do hereby certify that the above and foregoing Amended By-Laws were duly adopted by the member of said corporation as the By-Laws of the said corporation on the 2nd day of May, 1996, and that they do constitute the By-Laws of said corporation.

Mark H. Nguyen-Wick

Quentin H. Harker

Lucan Palermis

A Majority of the Board of Directors / Officers

ATTEST: *Lynette Dunkel*
Secretary

pay the costs thereof and to accomplish such other lawful purposes and objectives as may be approved by the directors/officers of the corporation.