

DECLARATION OF HOMEOWNERS' ASSOCIATION FOR
WYLIE CREEK ESTATES SUBDIVISION, PHASE I

Richard E. Thomson is the present owner in fee simple of all the property included within the boundaries of Wylie Creek Estates Subdivision, Phase I, a planned subdivision approved by Gallatin, as designated on the official plat on file and of record with the Clerk and Recorder of Gallatin County at Book J of Plats, page 237.

Richard E. Thomson does hereby adopt the following Declaration of Homeowners' Association for Wylie Creek Estates Subdivision, Phase I.

MEMBERSHIP

Every owner of property in Wylie Creek Estates Subdivision, Phase I shall be a member of the Homeowners' Association. Membership shall be appurtenant to and may not be separate from the ownership of any site subject to assessment. Each site owner shall be responsible for advising the Association of his acquisition of ownership and his current address. Each owner shall be bound by the Bylaws and the duly passed Resolutions of the Association. The Association may be incorporated as a non-profit homeowners' association by the Grantor or by the vote of simple majority of the votes for the record owners.

The Association shall have two (2) classes of voting membership:

CLASS "A": Class A membership shall be all site owners with the exception of Class B members named below. Class A members shall be entitled to one vote for each site owned. When more than one person holds an interest in any site, all such persons shall be members. The vote for such a site shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any site.

CLASS "B": The Class B member shall be the Grantor, who shall be entitled to two (2) votes for each site owned. Class B membership shall cease and be converted to Class A membership when seventy percent (70%) of the original sites are sold to third parties.

OPERATION AND ASSESSMENTS

The Directors of the Homeowners' Association shall have the authority to levy assessments on each site and the owner thereof for the purposes of improvement, repair and maintenance of roads, common areas, snow removal, administration, accounting and legal fees. The Directors may also levy assessments for such other purposes as may be approved by two-thirds (2/3) of

Accommodation Recording Only
STC # 96 57

Restrictions indicating a preference, limitation or discrimination based on race, color, religion, sex, or national origin

A preliminary search of the records has indicated that the attached does not affect the property in

the total votes of the site owners.

The Grantor for each site owned within the property herein described, hereby Covenants, and each owner of any site, by the acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to Covenant and agree to these Covenants and to pay to the Homeowners' Association, such assessments as shall be levied by the Homeowners' Association on an annual basis. The annual assessment shall be a charge upon the land and shall be a continuing lien upon the property and site upon which the assessments are made.

Each assessment shall also be a personal obligation of the person who is the owner of the property at the time the assessment falls due, and in the event of any action to enforce the collection of any assessment, the property Homeowners' Association shall be entitled to its costs and interest at the rate of ten percent (10%) per annum from the date due and reasonable attorney's fees incurred by the Association. No owner shall be entitled to a reduced assessment because such owner does not reside upon the property or does not use the roads or other amenities.

Members of the association shall annually elect three (3) directors from its membership who shall have the power and responsibility of setting an annual budget. The amount of the assessments on each site for each year for the estimated costs of the Association for the commencing year shall be based upon the budget. Such directors shall be elected by the greatest number of the votes represented at a quorum of any meeting of the association. The directors may be removed from time to time at any regular called meeting of the association by a majority of the quorum of votes at the meeting or immediately, upon termination of membership. The directors are authorized to manage the business of the association and are authorized to take such actions, as shall be necessary and reasonable to carry out the functions of the association. The directors shall elect a president and secretary from among the directors of members. The duties of the president and secretary shall be established by the board of directors.

The total assessment shall be divided and paid equally by the owners of each site regardless of the size of the site. After the initial assessment is set the assessment against any site shall not increased more than 10 percent (10%) per year without the approval of two-thirds (2/3) of the vote of the owners of the sites.

Written notice of any meeting called for the purpose of taking any action authorized hereunder shall be mailed to all members not less than 10 days nor more than 45 days in advance of the meeting. A general description of the items to be considered at such a meeting shall be contained in the notice. At such meeting called, the presence of members or of proxies

entitled to cast fifty-percent (50%) of all the votes of Class A and Class B members combined shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the 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.

The annual assessments provided for herein shall commence as to all sites on the date determined by the board of directors. The Board of Directors shall fix the amount of the annual assessment against each site based upon a budget of the estimated expenses of the association for each year. At least thirty (30) days in advance of the due date of each annual assessment, written notice of the annual assessment and the due date shall be mailed to every site owner at their last known address. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by a Directors of the Association, setting forth whether the assessment of a specified site has been paid.

An assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the owners personally obligated to pay the same or may foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his site or because he believes or she that these Covenants are not being properly enforced. Upon delivery of the notice of assessment to the owner, the assessment shall be a lien upon the owner's site until paid. The Association may record a notice of the lien with the Clerk and Recorder of Gallatin County, Montana. In the event of non-payment within thirty (30) days after recording the notice of the lien, the Association may foreclose the lien in a manner set forth under Montana law for the foreclosure of liens against real property. The recording of the notice of lien shall be notice to all third parties of the assessment outstanding against the site. In the event of action to collect a past due assessment, the association shall be entitled to recover its costs of filing the lien, interest, and the cost of action, reasonable attorneys fees in preparation and filing the lien and preparing and prosecuting the action, and title search fees in addition to the amount of the past due assessment.

The sale, transfer or encumbrance of any site shall not affect the assessment lien or the personal liability of the owner except to the extent extinguished by Montana law. No sale, transfer or encumbrance shall relieve such site from liability for any assessments thereafter becoming due or from the lien thereof.

The Homeowners Association may adopt such additional rules and regulations as shall be reasonable and necessary to carry out its authority and duties under the terms of these Covenants provided that such additional rules and regulations are first adopted by a majority of the Board of Directors and then submitted to a meeting of the Homeowners Association for a vote by delivering notice of the meeting together with a copy of the additional rules and regulations to the last known address of each site owner at least thirty days before the meeting.

Additional rules and regulations shall be adopted provided they receive a sixty percent (60%) vote of the site owners present in person or by proxy based on one vote per site. Additional rules and regulations shall be effective 30 days after the same are executed and recorded by the Board of Directors of the Homeowners Association with the Clerk and Recorder or Gallatin County, Montana, and mailed to each site owner at their last known address.

OTHER TYPES OF ASSESSMENTS

A) CAPITAL IMPROVEMENTS

The association may levy assessments for construction or reconstruction or unexpected repair or replacement of a capital improvement or equipment for use consistent with the purposes of the Association.

B) EMERGENCIES

Emergency assessments shall be levied only to meet the costs and expenses precipitated by a condition which must be remedied promptly to ensure the safe and adequate discharge of the responsibilities of the Association.

C) COMPLIANCE ASSESSMENTS

The Association may levy an assessment for purposes of defraying costs, including legal fees to enforce any protective covenant or authority or responsibility granted to the Association, or to pay for the necessary repair or maintenance of a property or residence which an owner has otherwise refused to repair or maintain or which has been caused by an emergency.

FORECLOSURE AND EXECUTION

As further security for payment of assessments levied by the Association, the Association may, in addition to foreclosing upon the lien as described above, execute upon a judgment through all remedies provided at law and equity, including sale

of the liened parcel in accordance with the laws of the State of Montana. At such a sale, the Association may bid upon and acquire such site.

ACCUMULATION OF REMEDIES

All remedies provided under the covenants and this instrument and all of the rules and regulations of the Association and remedies and authority granted to individual owners to enforce covenants shall be cumulative and shall be in addition to, and not in substitution of, all other rights and remedies which the Association may have under law.

In addition, any owner or the Association, may bring an action for damages for injunctive relief to abate a nuisance, to restrain any threatened or prospective violation or continuing violation of any portion of the covenants affecting Wylie Creek Estates Subdivision, Phase I. In any such action for the enforcement of covenants, the prevailing party shall be entitled to recover all costs, court costs, costs of discovery and reasonable attorney fees.

NOTICES

Each owner shall register with the Association, a current mailing address and shall promptly notify the Wylie Creek Estates Subdivision, Phase I Association of any change. All notices, demands, and other communication to any owner shall be sufficient for all purposes if personally served or if delivered by postage pre-paid United States Mail, Certified, return receipt requested, addressed to the owner at the last mailing address registered with the Association.

SEVERABILITY

Invalidity or un-enforceability of any provision instrument determined by a Court shall not affect the validity or enforceability of any other provision.

NO WAIVER

Failure to enforce any provision, restriction, covenant or condition shall not create a waiver of any such provision, restriction, covenant or condition or of any other provision, restriction, covenant or condition.

IN WITNESS WHEREOF, this Declaration has been executed this 26 day of November, 1996.

Richard E. Thomson,
by Linda Rabel, his attorney in fact
 Richard E. Thomson, by Linda Rabel,
 his attorney-in-fact

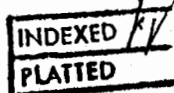
STATE OF MONTANA)
: ss.
County of Gallatin)

On this 26th day of November, 1996, before me, a Notary Public in and for said State, personally appeared LINDA RABEL, known to me to be the person whose name is subscribed to the within instrument as attorney-in-fact of RICHARD E. THOMSON and acknowledged to me that she subscribed the name of RICHARD E. THOMSON thereto and her own name as attorney in fact.



Kelly K. Eve
Notary Public for the State of Montana.
Residing at Bozeman, Montana
My commission expires: 10/03/00

335447



State of Mont., County of Gallatin. ss Filed for record November 26, 1996
at 2:54 P M., and recorded in Book 168 of Miscellaneous page 3628
Shelley M. Cheney Recorder. By Barbara E. Clawson Deputy

Fee: \$36.00
Security Title Co.