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JEFFERSON COUNTY
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By _____ Deputy

**BY-LAWS OF THE SADDLE MOUNTAIN SERVICE CORPORATION
(As Amended May 22, 2023)**

The Board of Directors ("Board") of Saddle Mountain Service Corporation ("Corporation") sets forth these amended By-Laws which govern Saddle Mountain Services Corporation located within the unincorporated community of Montana City, County of Jefferson, more particularly described as follows:

The Maronick First Addition to Saddle Mountain Estates Subdivision:

A tract of land in Lot 3, Sec. 19, Township 9 North, Range 2 West and the NE1/4 and SE1/4 Sec. 24, Township 9 North, Range 3 West, M.P.M., Jefferson County, Montana. The tract being more particularly described as commencing at the corner and common to Secs. 24 and 25, Township 9 North, Range 3 West and Secs. 19 and 30, Township 9 North, Range 3 West. Then N3°49', W1277.42' to the point of beginning, an iron pin. Then N29°0' W, 959.44' to an iron pin buried. Then on a curve to the right of radius, 954.93' an arc length of 616.83' to an iron pin buried. Then North 8°0' East, 367.80' to an iron pin buried. Then on a curve to the right of 954.93' radius, an arc length of 584.95' to an iron pin buried. Then North 43°06' East, 288.74' to a point on an existing county road. Then along the center line of the county road: S49°15' E, 151.88', S59°17' E, 413.75', S48°37' E, 206.03', S40°02' E, 953.20', S30°55' E, 521.94'. Then S0°18' E, 508.98' along the east boundary of Lot 3 to an iron pin. Then S74°31' W, 1484.57' to the point of beginning. The area of tract excluding roads is 69.94 acres.

The Maronick Second Addition to Saddle Mountain Estates Subdivision:

A tract of land in Section 24, Township 9 North, Range 3 West, M.P.M. and being more particularly described as beginning at a point on the center-line of an existing road, said point being N23°31' E a distance of 872.26 feet from the one-quarter corner common to Sec. 24 and 25, Township 9 North, Range 3 West, M.P.M., a brass cap. Then N61°19'W, 188.16' along centerline of said existing road and the following curves, distances, and bearings along the road; a curve to the left of arc length 326.84', Radius 904.67'; N82°01' W, 0.97'; a curve to the right of arc length 240.83'. Radius 582.67'; N57°27'W, 44.53'; a curve to the left of arc length 347.61', Radius 747.34'; N84°06' W, 107.94'; a curve to the right of arc length 113.94', Radius 227.66' to the point of intersection of the centerline of a platted road; then along centerline of the platted road N28°22' E, 365.78' to a point at the beginning of a curve; then N28°22' E, 52.77' to the point of intersection of said curve; then N42°40' E, 850.91' to an iron pin; then N59°40' E, 725.00' to a point on the centerline of a platted road, then N40°20'W, 179.44' along centerline of said platted road and the following curves, distances, and bearings along the road; a curve to the right of arc length 653.71; Radius 430.52'; N46°40'E, 208.08; a curve to the left of arc length 251.16; Radius 595.62; N21°40' E, 444.20'; N51°40' E, 740.00' to a point on the centerline of the county road; then the following distances and bearings along the centerline of the county road: S58°20' E, 481.95'; S49°15' E, 864.04' to the intersection of the centerline of

said existing road; then along the centerline of said existing road the following curves, distances and bearings: S43°06' E, 288.74'; a curve to the left of arc length 584.94', Radius 954.93'; S08°00' W, 367.80'; a curve to the left of arc length 616.83', Radius 954.93'; S29°00' E, 710.68'; a curve to the right of arc length 366.92, Radius 212.21'; S70°04' W, 30.94'; a curve to the right of arc length 233.68', Radius 220.37'; N49°11' W, 4.16'; a curve to the left of arc length 319.82', Radius 603.11'; N79°34' W, 233.76'; a curve to the left of arc length 279.27', Radius 249.11'; S36°12' W, 1.53'; a curve to the right of arc length 172.33', Radius 229.18'; S79°17' W, 237.11'; a curve to the left of arc length 268.39', Radius 190.99'; S01°15' E, 156.63'; a curve to the right of arc length 269.29', Radius 159.16'; a curve to the right of arc length 194.03', Radius 234.13'; N36°50' W, 28.11'; a curve to the left of arc length 111.29', Radius 260.44' to the point of beginning.

The Board intends that this document supersedes any and all other By-Laws which govern the Corporation including, but not be limited to the October 2019, March 2015, December 2014, December 2010, October 2006, and the May 1972 By-Laws, which are hereby repealed.

Article I. Offices

The Corporation may have an office within the State of Montana as the Board may determine or as the affairs of the Corporation may require. The principle address of Saddle Mountain Service Corporation is 919 Big Dipper Drive, Clancy, MT 59634.

Article II. Members

Section 1. Class of Members. The Corporation shall have one class of members. The designation of such class and the qualification and rights of the members of such class shall be as follows:

(A) Every person, firm, corporation, or other entity that is a record owner of any lot originally platted by the Maronick Company, a partnership, as a portion of Saddle Mountain Estate Subdivision of Jefferson County, Montana or surveyed and platted as a part and parcel of the first and second additions to Saddle Mountain Estates Subdivision, Revised APRIL 1972 of Jefferson County, Montana, including sellers or purchasers under a contract for deed, shall be a member of the Corporation.

(B) Members shall be entitled to one vote for each lot in which they hold the interest required for membership. When more than one person, firm, corporation, or other entity holds such interest required for membership in any one lot, the vote for such lot shall be exercised as such persons, firms, corporations, or other entities may determine among themselves, but in no event shall more than one vote be cast with respect to any one lot.

Section 2. Initiation of Membership. Persons, firms, corporations, or other entities that are a record owner of any lot surveyed and platted as a part and parcel of the first and second additions of Saddle Mountain Estates Subdivision of Jefferson County, Montana, as recorded on revised Platt dated APRIL 1972. Any sellers or purchasers under a contract for deed shall become a member upon purchase of said lot or parcel.

A member shall not be obligated to pay dues, assessments, or water usage fees as set by the Board pursuant to these By-Laws unless and until that lot is watered, the water on that lot is used, or the member purchases a lot with existing permanent structures. Whenever a member ceases to own real property in any lot of said subdivision, such membership shall terminate.

Section 3. **Exclusion.** Membership in the Corporation is not intended to include persons, firms, corporations, or other entities holding a security interest in any lot or lots originally platted by the Maronick Company, a partnership, as a portion of Saddle Mountain Estates Subdivision of Jefferson County, Montana or surveyed and platted as a part and parcel of the first and second additions to Saddle Mountain Estates Subdivision of Jefferson County, Montana. Sellers or purchasers under contracts for deeds should determine in the instrument which of them shall exercise the right to vote as a member of the Corporation and notify the Corporation in writing of their decision. In the absence of such notification, the Corporation shall grant voting rights only to the record title owner of the lot.

Section 4. **Termination or Suspension of Rights.** The Board, by an affirmative vote of two-thirds of the Board, may summarily terminate or suspend a member's voting rights and remove their ability to be on the Board, for, but not limited to, the following reasons:

- (A) Failure to pay any monthly or annual dues, charges for water service, or special assessment levied by the Corporation, for more than 120 days.
- (B) Late payment of dues/fees exceeding 90 days past due more than 3 times in any 12-month period.
- (C) Violation of any rules, regulations, By-Laws or Covenants of the Corporation, or violation of any of the protective and restrictive covenants placed on the member's property as platted.
- (D) Default in the member's proportionate share of any obligations assumed by the Corporation and consented to by the member in writing, governing the installation, construction, or financing of services, including, but not limited to, later service distribution systems or other service systems.

(E) Fraud or criminal behavior committed by a member against the corporation. Any suspension of voting rights shall be made by the Board only after a Regular or Special meeting of the Board at which a quorum of the Board is present. Written notice of such meeting shall be given to the member whose rights are being sought to be suspended at least five (5) days prior to the holding of such meeting. Such notice shall be given by either personal delivery or deposited in the United States mail, certified or registered postage and fees prepaid addressed to such member. Said member whose rights are being sought to be suspended shall be entitled to appear at such meeting and present his/her case as to why such rights should not be suspended in accordance with the provisions of this Section. Suspension of voting rights shall be made by a majority of the Board present at such meeting and shall be binding upon all members of the Corporation.

Section 5. **Re-instatement.** Upon written request by a former member and filed with the Secretary, the Board may, by the affirmative vote of two-thirds, re-instate such former member to membership upon such terms as the Board may deem appropriate.

Section 6. **Action of the Membership.** Any action contemplated by this Article by the Board with respect to the members or members' rights may also be taken or acted upon by a majority of those present at any regularly constituted meeting of a quorum of the members of the Corporation, when said matter has been referred by the Board to the members as a whole.

Article III. Meetings of Members

Section 1. **Annual Meeting.** An Annual Meeting of the members shall be held on the third Monday in the month of June in Jefferson County, Montana, in each year, beginning in 2023, at the hour of 6:30 p.m. for the purpose of electing Directors to the Board and the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Montana, such meeting shall be held on the next successive business day. If the election of Directors is not held on the day designated herein for the annual meeting, the Board shall cause this election to be held at a special meeting of the members as soon thereafter as can conveniently be done.

Section 2. **Special Meeting.** Special meetings of the members may be called by the President, the Board, or not less than one-tenth of the members having voting rights. If all the members shall meet at any time and place within the State of Montana and consent to the holding of a meeting, such meeting shall be valid without call or notice. At such meeting, any corporate action that the members have the authority to take may be taken. Such action may also be taken by the unanimous consent of the members in writing as provided by law.

Section 3. **Meeting Parliamentary Rules.** All meetings will be conducted using the intent of Robert's Rules of Order[®]. Should questions arise concerning parliamentary procedure in any meetings, the Board will refer to Roberts Rules of Order[®] for guidance. Failure to strictly follow Robert's Rules of Order[®] shall not invalidate any action taken at a meeting of the Board or Members.

Section 4. **Place of Meeting.** The Board may designate any place within Jefferson County, Montana, as a place of meeting for any Annual Meeting or any Special Meeting called by the Board.

Section 5. **Notice of Meetings.** Written notice stating the place, date, and hour of any meeting of the members shall be hand-delivered in person, by first class United States mail postage paid, or by electronic mail to each member entitled to vote at such meeting not less than ten (10) days nor more than fifty (50) days before the date of such meeting by or at the direction of the President or the Secretary or the officer(s) or person(s) calling the meeting. In the case of a special meeting or a meeting required by statute or by these By-Laws, the purpose or purposes of the meeting shall be stated in the notice. If sent via United States mail, the notice of the meeting shall be deemed to be delivered when the notice is deposited in the United States mail addressed to the member at the member's address as it appears on the records of the Corporation, with postage paid. If sent via electronic mail, the notice of the meeting shall be deemed delivered when the notice is sent via electronic mail addressed to the member at the member's electronic mail address as it appears in the records of the Corporation.

Section 6. **Quorum.** The members holding 20 percent of the votes that may be cast at any meeting of the members shall constitute a quorum at any such meeting. If a quorum is not present at any meeting of the members, a simple majority of the members present at said meeting may adjourn the meeting without further notice.

Section 7. **Proxies.** At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by said member or by the member's duly authorized attorney-in-fact. No proxy shall be valid longer than 11 months after the date of execution. All proxies shall expire upon transfer of the subject membership.

Section 8. **Manner of Acting.** A simple majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of a proposal unless otherwise specified by law or by these By-Laws.

Section 9. **Voting by Mail.** For any issue, including the election of Directors of the Board by members, such election may be conducted by United States mail or electronic mail in such a manner as the Board may determine.

Article IV. Board of Directors

Section 1. **General Powers.** The affairs of the Corporation shall be managed by the Board. Directors need not be residents of the State of Montana, but they must be members of the Corporation. The primary responsibility of this Board is fiduciary in the maintenance and repair of the community water system and, secondarily in the enforcement and compliance with the covenants by its members.

Section 2. **Number, Tenure, and Qualifications.** The number of Directors shall be six. Each Director shall hold office for a three-year term. Directors' terms will be staggered, with two Directors coming up for election each year. Only one member of a household may be on the Board of Directors at the same time.

Section 3. **Regular (Monthly) Meetings.** Regular meetings of the Board shall be held on the third Monday of each month at 6:30 p.m. On the night of the Annual Meeting, the regular monthly meeting will be held without other notice immediately after and at the same place as the annual meeting of members. In extenuating circumstances, ex. weather, lack of quorum, this meeting may be moved to another night, or be cancelled with business conducted the following month, provided all board members are notified.

Section 4. **Special Meetings.** Special meetings of the Board may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place within Jefferson County, Montana, as the place of any special meeting of the Board.

Section 5. Notice of Special Meeting. Notice of any special meeting of the Board shall be given at least three (3) days prior to each Director to the address, email, or phone number in the records of the Corporation by:

- a. written notice hand-delivered in person,
- b. electronic mail,
- c. telephone call,
- d. or text.

If sent via electronic mail or text, the notice of the meeting shall be deemed delivered when the notice is sent via electronic mail to the director at their electronic mail address or phone number as it appears in the records of the Corporation.

NOTE: This requirement can be waived in the case of an emergency.

Section 6. Meeting Options. Meetings may be held in person, by telephone, video conference, or similar remote communication. If a director is unable to attend in person, these options may be used to include the director if requested.

Section 7. Meeting Parliamentary Rules. See Article III, Section 3.

Section 8. Director's Action Without Meeting. The Board shall have the right to take action in the absence of a meeting which they could take at a meeting by obtaining the written or electronic approval of the action by a majority of the Directors. Each Director's written or electronic response for the action taken will be printed and signed by each Director and will be attached to the minutes of the next meeting of the Board. Any action so approved shall have the same effect as though taken at a meeting of the Board. This shall be used primarily for extenuating circumstances that require immediate action when a meeting is not feasible. Questions, concerns or clarifications for any matter brought up for action can be communicated by email for resolution.

Section 9. Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of Board are present at any meeting, a simple majority of the Board present may adjourn the meeting without further notice.

Section 10. Manner of Acting. Any act of a simple majority of the Board present at a meeting at which a quorum is present shall be an act of the Board unless otherwise specified by law or by these By-Laws.

Section 11. Vacancies. See Article V. Section 4.

Section 12. Salary. Directors shall not receive any salary for their services. The Board will waive the base rate water fee during a director's term of service. The Board may allow reimbursement for out-of-pocket expenses related to Board or system maintenance with a copy of receipts or expenses provided to the Treasurer for reimbursement.

Article V. Officers

Section 1. **Officers.** The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other offices, including one or more Assistant Secretaries or Treasurers, as the Board shall deem desirable. All duly-elected officers shall have the authority to perform such duties as shall be prescribed by the Board.

Section 2. **Election and Term of Office.** The officers of the Corporation shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers is not held at such regular annual meeting, such election shall be held as soon thereafter as is convenient. New officers may be created or installed at any meeting of the Board. Each officer shall hold office until his or her successor is duly elected.

Section 3. **Removal.** Any officer elected or appointed by the Board may be removed by the Board whenever, in the Board's judgment, the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. **Vacancies.** Any vacancy occurring on the Board by reason of an increase in the number of Directors or by resignation or removal of a Director shall be filled by a vote of a simple majority of the remaining Directors, even if the remaining Directors are less than a quorum. A Director elected to fill a vacancy shall be elected for the remainder of the term of said Director's predecessor.

Section 5. **President.** The President shall:

- (A) Be the principal executive officer of the Corporation and shall supervise and control all the business and affairs of the Corporation.
- (B) Preside at all meetings of members and of the Board.
- (C) May sign on behalf of the Corporation and with the Secretary or any other proper officer of the Corporation authorized by the Board any deeds, mortgages, bonds, contracts, or other instruments that the Board has authorized to be executed, unless otherwise prohibited by the Board, these By-Laws, or by statute.
- (D) Perform all duties incident to the office of President and such other duties as may be prescribed by the Board.

Section 6. **Vice President.** The Vice President shall:

- (A) Perform the duties of the President in the event the President may be unable to attend, or refuse to act, and when so acting, shall have all the powers and duties of the President. (In the event of more than one Vice President, the most senior Vice President in order of election shall perform the duties of the President.)
- (B) Perform all duties incident to the office of Vice President and such other duties as may be prescribed by the Board.
- (C) Perform such other duties as may be assigned by the President or Board of Directors.

Section 7. Secretary. The Secretary shall:

- (A) Be the custodian of the corporate records for the Board. These records will be stored in electronic format on the Board supplied laptop and backed up to a thumb drive quarterly.
- (B) Take the minutes of the meetings of the members and of the Board in electronic format on the Board supplied laptop and provide electronic copies for approval to the board. Ensure that all notices are duly given in accordance with these By-Laws or as required by law, and keep a register of the post office address of each member which shall be furnished to the Secretary by such members.
- (C) In general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to the Secretary by the President or by the Board.

Section 8. Treasurer. The Treasurer shall:

- (A) Have charge and custody and shall receive and give receipts for all monies due and payable to the Corporation from any source whatsoever.
- (B) Provide copies of financial records in electronic or paper format to the Board for each regular or annual meeting for review and approval; keep copies of financial records in electronic format on the Board supplied laptop and maintain paper copies in monthly files.
- (C) Coordinate corporate accounting activities with any accounting or bookkeeping services contracted by the corporation.
- (D) In accordance with the provisions of Article VII of these By-Laws and shall, in general, perform all the duties incident to the office of Treasurer and such other duties as may be assigned to the office of Treasurer by the President or the Board.

Section 9. Directors: Directors shall:

- (A) Attend Annual, Regular, and Special meetings.
- (B) Review Agenda and bank account information for each meeting.
- (C) Work on assigned action items and provide updates at meetings.
- (D) Understand and complete Fiduciary Duties.

Article VI. Committees

Section 1. Committees of Directors. The Board, by a motion adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of two or more Directors. The Committee shall have the authority to exercise the authority of the Board with regard to matters delegated by resolution of the Board. The designation and appointment of any such committee and the delegation of authority shall not operate to relieve the Board or any individual Director of any responsibility imposed by law.

Each committee may exercise the specific authority which the Board confers upon the committee in the resolution creating the committee; provided, however, a committee may not authorize distributions, approve or recommend to members dissolution, merger, or the sale, pledge or transfer of all or substantially all of the corporation's assets; elect, appoint or remove directors or fill vacancies on the board or an any action of its committees; or adopt, amend or repeal the Articles of Incorporation or bylaws. The requirements listed for meetings in Article IV of these bylaws apply to all committees.

Section 2. **Other Committees.** Other committees not having or exercising the authority of the Board in the management of the Corporation may be appointed in such manner as may be designated by a motion adopted by a majority of the Board present at a meeting of the Board. The members of each such committee shall be members of the Corporation, and the President of the Corporation shall appoint the members of said committee. Any member of any committee so appointed may be removed by the person or persons authorized to appoint such committee whenever, in the judgment of the person or persons authorized to appoint such committee, the best interests of the Corporation shall be served by such removal. The requirements listed for meetings in Article IV of these bylaws apply to all committees.

Section 3. **Term of Office.** Each member of a committee shall continue as such until the next annual meeting of the members of the Corporation and until a successor is appointed, unless the committee shall be sooner terminated, such member is removed from such committee, or such member shall cease to qualify as a member of such committee.

Section 4. **Chairman.** One member of each committee shall be appointed Chairman by the person or persons authorized to appoint the members of the committee.

Section 5. **Vacancies.** Vacancies in the membership of any committee may be filled by appointments made in the same manner as original appointments.

Section 6. **Quorum.** Unless otherwise provided in the motion of the Board designating a committee, a simple majority of the committee members shall constitute a quorum. The act of a simple majority of those committee members present at a committee meeting at which a quorum is present shall be the act of the committee.

Section 7. **Rules.** Each committee may adopt rules for its own government not inconsistent with these By-Laws or with rules adopted by the Board.

Article VII. Contracts, Checks, Deposits and Funds

Section 1. **Contracts.** In addition to the officers so authorized by these By-Laws, the Board may authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

The Board is specifically empowered and directed to originate, amend, or cancel any contract for the provision of services to the members and specifically for the delivery of water by means of a distribution system planned, constructed, and financed at the special instance and request of the Corporation.

Section 2. **Checks, Drafts, Etc.** All checks, or orders for the payment of money must be signed by two directors include an invoice, receipt, or bill that is verified or verification that contracted amount is correct. Notes or other evidence of indebtedness issued in the name of the Corporation or received by the Corporation from any member shall be signed by such officer or agent of the Corporation and in such manner as shall be determined by motion of the Board. In the absence of verified invoice information to the Board, the board will vote on the payment of the unverified billed amount at a regular meeting.

Section 3. **Credit Card.** The Corporation may have a credit card issued to the President for use of the Board. This credit card will be used for SMSC expenses when there isn't an account set up with a business. The Treasurer should be notified when the credit card is used, with a receipt provided to the Treasurer, who will verify each expense prior to paying off the amount due.

Section 4. **Deposits.** All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

Section 5. **Gifts.** The Board may accept on behalf of the Corporation any contribution, grant, gift, bequest, or devise for the general purpose or any special purpose of the Corporation.

Section 6. **Conflicts of Interest.** No contracts (informal or formal) for services provided to the Corporation can be made to any Director or their immediate family members. Directors must be fully transparent with any relationship whether familial or financial with any potential provider of services to the Corporation.

Article VIII. Books and Records

The Corporation shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its members, Board, and committees having any authority of the Board, and shall maintain a record giving the names and addresses of the members of the Corporation. All books and records of the Corporation may be inspected by any member or by any member's agent or attorney properly authorized in writing for any lawful purpose at any reasonable time.

Article IX. Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January and shall end on the last day of December.

Article X. Dues and Charges

Section 1. **Annual Dues, Fees and Assessments.** The Board may determine the amount of any initiation fee, initial charge, charges for water, or annual or monthly dues payable to the Corporation by members and shall provide notification and explanation when such charges, dues, or fees will be paid.

Section 2. **Payment of Dues.** Dues, fees, or charges accrued to Members are due and payable within 30 days of receipt of the same. When any member shall be in default in the payment of any dues, fees, or charges for more than 120 days from the time when such charges, fees, or dues become payable, the member's membership may be terminated in the manner provided in Article II Section 4.

Section 3. Past Due Accounts.

- (A) Any bill that is more than 90 days past the due date will result in a \$50 per month late fee. If past due amounts and late fees are not paid within 180 days or a payment arrangement has not been made with the Board, a 48-hour shutoff notice will be sent via certified mail to the last known address and water services will be shutoff. If water is shutoff, a \$250 reconnection fee will be charged to the member. The member will be responsible for any damage to the system resulting from shutoff and reconnection of water services.
- (B) Failure to pay in full any other monthly or annual dues or special assessment levied by the Directors for more than 60 days past the due date will result in a \$50 per month late fee.
- (C) All legal fees and collection service fees incurred by the Corporation will be paid by the member who is delinquent in their payments.

Section 4. **Payment of water usage fee with inoperative meter.** When a monthly water usage reading is incorrect, (whether low or 0) due to a failing or failed meter component, the last three year's readings for that month will be averaged and used as the basis for that month's water usage charge. Once the replacement parts are supplied to the homeowner for installation, a 10% surcharge will be added to the averaged month's usage charge, and the surcharge will go up 10% each month until the replacement parts are installed, (ex: 10%, 20%, 30%, etc.).

Article XI. Waiver of Notice

Whenever any notice is required to be given under the provisions of the Montana Nonprofit Corporation Act, Montana Code Annotated Title 35, Chapter 2, or under the provisions of the Articles of Incorporation or By-Laws of the Corporation, a waiver in writing signed by the person entitled to such notice, whether before or after the time stated for such notice, shall be deemed equivalent to the giving of such notice.

Article XII. Amendments of the By-Laws

These By-Laws may be altered, amended, or repealed and new By-Laws may be adopted by a simple majority of the Board present at any regular meeting or at any special meeting of the Board, if at least five days' written or electronic notice is given to the Directors of intention to alter, amend, or repeal or to adopt new By-Laws at such meeting. This provision shall in no way circumscribe or limit the right of the Board in a properly constituted meeting to alter, amend, or repeal these By-Laws or any other provision for the government of the Corporation, except that the Directors are expressly admonished that no action by them should be assumed to modify or limit the terms of any validly existing contract or financial agreement entered into by the Board on behalf of the Corporation obligating the members for their property as a part of the conditions of the membership in the Corporation.

It is further expressly provided that no action of the Directors shall be effective to modify the declaration of protective and restrictive covenants filed with respect to the Maronick Additions to Saddle Mountain Estates, this power being reserved expressly and exclusively to a vote of no less than fifty percent of the members present either in person or by proxy at a meeting of the members.

Article XIII. Distribution of Water

Section 1. Members Right to Water Distribution. Pursuant to the May 4, 1978 Certificate of Subdivision Plat Approval No. 22-78-L2-90 issued by the State of Montana Department of Health and Environmental Sciences, superseded by Subdivision Plat Approval E.Q.# 00-1907 for Tract 3A and 4A; all members shall receive all water supply for all purposes exclusively from the Corporation. The connection or reconnection of any property within Saddle Mountain Subdivisions I or II to the Corporation's system shall be witnessed by a certified water operator of the Corporation. No request for services outside the boundaries of the Saddle Mountain Service Subdivisions I and II shall be considered.

Section 2. Water Quality and System Protection. In order to maintain the integrity of the Saddle Mountain Services system and potable water quality in the system and to comply with Montana Code Annotated 75-6-101, et. seq. (as may be amended from time to time) and Administrative Rule of Montana 17.38.101(4) and 17.38.305, (as may be amended from time to time) and the May 4, 1978 Certificate of Subdivision Plat Approval No. 22-78-L2-90 issued by the State of Montana Department of Health and Environmental Sciences, no lot within the boundaries of Saddle Mountain Subdivisions I or II nor any member shall construct an individual well for any purpose within the boundaries of Saddle Mountain Subdivisions I or II.

(A) An authorized representative of the Corporation and appointed by the Board of Directors may periodically enter members' property within the boundaries of Saddle Mountain Subdivisions I or II for the purposes of reading water meter, testing water or inspecting plumbing connections used to provide service from the Corporation.

(B) Individual wells within Saddle Mountain Subdivisions I or II are prohibited with the exception of:

(i) A private well located at 5 Crazy Mountain Road, Clancy, Montana more specifically described as: Maronick Saddle Mountain 2, S24, T09N, R03W, lot 28, Acres 0.94, COS 164057 F404B will be allowed for irrigation only. The well shall not be connected to the Saddle Mountain Services Public Water Supply System based upon specific conditions set forth in a written agreement between the owners of the property and the Board of Directors attached to the By-Laws, and

(ii) A private well located at 212 McClellan Creek Road, Clancy, Montana, more specifically described as: Maronick Saddle Mountain 1, S19, T09 N, R02 W, Lot 14, Acres 1.76, COS 96322.F39 will be allowed for the owner's home and irrigation use so long as the well is not connected to the Saddle Mountain Service Corporation water system.

Article XIV. Attorney's Fees and Costs

Should the Board of Directors determine that it is necessary to retain legal counsel in the course of official Corporation business, said legal counsel shall seek recovery on all attorney's fees and costs as allowed by law in any partial or complete settlement or in the course of any litigation.

ARTICLE XV. Hold Harmless and Liability

Directors or officers of the Corporation shall not have personal liability or responsibility for action undertaken on behalf of SMSC when within the scope of authority of the duties that are specified in the Declaration of Covenants, By-Laws, or Procedures and Guidelines for Building Applications.

Article XVI. Policies

The Board may maintain policies that pertain to governance, personnel, finance, property and other matters as the need arises. The policies will be maintained in a Board of Directors Policy Manual. The original manual will be maintained by the Secretary to the Board and copies provided to each Director.

State of Montana

County of Jefferson

This record was signed before me on 24th day of May, 2023, by the following, in their representative capacities for Saddle Mountain Service Corporation:

Thomas Hillesland
Thomas Hillesland, President

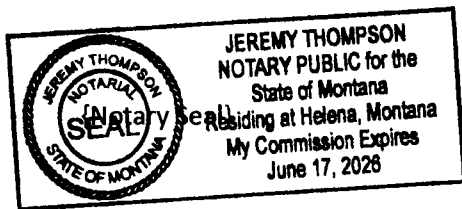
Not Available to sign
Mike Anderson, Vice President

Linda Kindrick
Linda Kindrick, Treasurer

Joanna Haddon
Joanna Haddon, Secretary

Keith Stark
Keith Stark, Director at Large

Amy Teegarden
Amy Teegarden, Director at Large



[Signature]
Notary Public for the State of Montana
Jeremy D. Thompson
Printed Name

My Commission expires: June 17, 2026

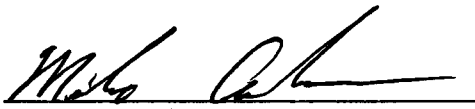


State of Montana

County of Jefferson

This record was signed before me on 26th day of May, 2023, by the following, in their representative capacities for Saddle Mountain Service Corporation:

Previously Signed on 5/24/23
Thomas Hillesland, President

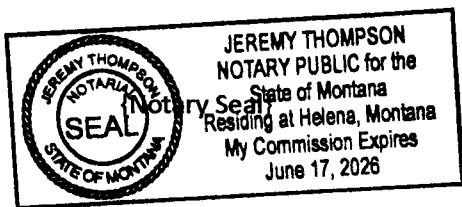

Mike Anderson, Vice President


Previously Signed on 5/24/23
Linda Kindrick, Treasurer

Previously Signed on 5/24/23
Joanna Haddon, Secretary

Previously Signed on 5/24/23
Keith Stark, Director at Large

Previously Signed on 5/24/23
Amy Teegarden, Director at Large




Notary Public for the State of Montana
Jeremy D. Thompson
Printed Name

My Commission expires: 6/17/26

AGREEMENT

Whereas, the Saddle Mountain Services Corporation Board of Directors, hereinafter referred to as "SMSC" and Kevin and Michelle Harris, hereinafter referred to as "Harris" enter into THIS AGREEMENT regarding the private well located on the property of owned by Harris located at 5 Crazy Mountain Road Clancy, Montana . The parties mutually agree to the following:

SECTION 1. SCOPE OF AGREEMENT. Harris maintains a private well on the premises of their property. SMSC provides the water system for the residents of the Saddle Mountain Services Home Owners Association. The well has been the subject of review by State of Montana DEQ, and the SMSC with the prior homeowner of the property. The SMSC agrees to allow the private well to be utilized for irrigation only by Harris based upon the following conditions:

- a. Harris agrees to maintain the plumbing system for the well separate from the SMSC water system. Any connection between the SMSC water system and the well is strictly prohibited. The well shall be for irrigation purposes only.
- b. Harris permits the inspection by the SMSC water operators and any third party retained by SMSC of the plumbing on the property including the interior of the home. The inspection may include but is not limited to the testing of the water.
- c. Harris will provide the SMSC with one month's written notice prior to any excavations being completed for the purpose of making any plumbing modifications to his house, well or irrigation system. The notice will include the purpose and schedule for the excavation. SMSC will have the right to inspect the excavation activities to insure that the well is not being connected to the SMSC system. Any regular maintenance and repair of sprinkler lines and heads is permitted.
- d. Harris will notify any subsequent purchaser of the home and property of the Agreement and require that the subsequent purchasers of their residence and property abide by the terms of this Agreement and the bylaws on record of the SMSC.
- e. In the event the Harris violates the Agreement, Harris agrees to abandon the well immediately. All costs associated with the abandonment shall be paid by Harris. The well will be abandoned in compliance with the State of Montana's requirements for well abandonment.



SECTION 2. BYLAWS. The SMSC will present proposed the Bylaws to reflect the private well exception of the Harris property to the SMSC residents. The Bylaws will be recorded with the Jefferson Clerk and Recorder's Office. In the event Bylaws are not passed, the provisions of this agreement shall be modified.

SECTION 3. SUCCESSOR AND ASSIGNS. This agreement will be binding on all successors and assigns of the parties.

SECTION 4. VENUE. Venue shall be in the Fifth Judicial District, County of Jefferson, State of Montana.

Dated this 8th day of October, 2014.

Kevin Harris

Michelle Harris

Bo Stuart
President