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PAULA ROBINSON FLATHEAD COUNTY MONTANA

DECLARATION OF CONDOMINIUM FOR WATERSIDE CONDOMINIUM
UNDER THE MONTANA UNIT OWNERSHIP ACT

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APPROVED 8/5/05 U.A. 046/350

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**DECLARATION
FOR
WATERSIDE CONDOMINIUM**

WATERSIDE DEVELOPMENT, LLC, a Montana limited liability company of Kalispell, Montana (hereinafter referred to as "Declarant"), does hereby make and submit for approval by the agent of the Montana Department of Revenue in Flathead County, Montana and to the office of the Clerk and Recorder of Flathead County, Montana the following Declaration pursuant to the Montana Unit Ownership Act, Sections 70-23-101, *et seq.*, Montana Code Annotated. Declarant is the fee simple owner of all real property described hereinafter, which real property is hereby submitted to the Montana Unit Ownership Act.

1. **Definition of Terms:** Unless the context expressly provides otherwise, the following definitions shall apply throughout this Declaration and in the interpretation thereof:
 - a. **Association** means all of the Unit Owners acting as a group in accordance with this Declaration and with duly adopted Bylaws.
 - b. **Boatslips** means the space within which a boat or other water vessel is moored and the one-foot (1') perimeter of the physical Dock structure bordering each such space.
 - c. **Board of Directors** means the Board of Directors of the Association as more particularly defined in the Bylaws.
 - d. **Common Elements** means both General Common Elements and Limited Common Elements.
 - e. **Common Expenses** means expenses of administration, maintenance, repair, or replacement of Common Elements, expenses agreed upon by the Association, and expenses declared common by the Montana Unit Ownership Act.
 - f. **Declarant** means Waterside Development, LLC or its successors or assigns, who shall be the entity to receive service of process as set forth in Section 70-23-301, MCA. The place of business of Declarant is 3 Meridian Court, Suite 3, Kalispell, Montana 59901.
 - g. **Dock/Docks** means the physical walkways, viewing platforms and benches depicted on Exhibit B2, excluding Boatslips.
 - h. **General Common Elements** has the same meaning as set forth in Section 70-23-102(7), MCA.
 - i. **Limited Common Elements** means those Common Elements reserved for the use of a certain Unit or number of Units to the exclusion of the other Units. Limited Common Elements specifically include, but are not limited to, Boatslips, carports, garages and garage/carports referenced in Section 6 hereof.
 - j. **Limited Expense** means expenses associated with Limited Common Elements.
 - k. **Property** means all the land and all buildings, improvements, and structures on the land, and all easements, rights, and appurtenances belonging thereto which are submitted to the Montana Unit Ownership Act by this Declaration.
 - l. **Unit** means the separate Units of Waterside Condominium. Each Unit is intended for independent use with a direct exit to a common area or areas leading to a public street together with an undivided interest in the Common Elements.
 - m. **Unit Owner** means the person or entity owning a Unit in fee simple absolute or in any real estate tenancy recognized under the laws of Montana, including an undivided interest in both the land and improvements constituting the Property.
2. **Property Subject to Declaration:** The Property subject to this Declaration consists of the following land and improvements situated in Lakeside, Flathead County, Montana:

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A tract of land located in US Government Lot 4 of Section 7, Township 26 North, Range 20 West, Principal Meridian, Montana, Flathead County, Montana and more particularly described as follows:

Commencing at the Southwest corner Parcel D of Certificate of Survey No. 8202 and which point is the true Point of Beginning;

Thence on and along the boundaries of said Parcel D, the following eight (8) courses:

North 15°30'30" W, a distance of 337.59 feet to a point;
South 89°04'41" E, a distance of 56.70 feet to a point;
North 00°42'27" E, a distance of 95.57 feet to a point;
South 89°08'06" E, a distance of 423.09 feet to a point;
South 47°04'34" E, a distance of 190.03 feet to a point;
South 05°00'04" E, a distance of 281.20 feet to a point;
South 89°32'07" W, a distance of 265.50 feet to a point;
South 89°37'49" W, a distance of 288.83 feet to the true Point of Beginning.

This Tract contains 5.315 acres as shown on Certificate of Survey No. 16830.

RESERVING UNTO Declarant the right to amend this Declaration pursuant to the terms and conditions hereinafter set forth.

3. **Name and Description of Property:** The Property subject to this Declaration shall be known as Waterside Condominium. The Property will initially consist of one (1) three (3) story condominium building comprised of seventeen (17) condominium Units numbered as set forth on Exhibit B1 attached hereto and by this reference incorporated herein. The location and general dimensions of said condominium building are depicted on Exhibit A1 attached hereto and by this reference incorporated herein. Declarant, its successors and assigns, specifically reserves the right to expand the number of Units to be included within this Declaration by Amendment of this Declaration. In this regard, Declarant intends to construct three (3) additional condominium buildings comprised of approximately fifty-nine (59) additional Units. The approximate location of said buildings is set forth on Exhibit A1. However, said depicted locations are general preliminary locations. Declarant specifically reserves the right to alter said building locations in any manner desired by Declarant. Declarant reserves unto itself, its successors and assigns, an easement over and across the Property for purposes of storing materials and equipment reasonably necessary to complete the construction of said three (3) additional condominium buildings and other structures or appurtenances associated with the Property. No more than seventy-six (76) condominium Units will be constructed on the Property. For identification and descriptive purposes, the following Exhibits are attached and incorporated, by this reference, into this Declaration:

EXHIBIT A1 - Subdivision plat setting forth the location, dimensions, and Unit designations of the three (3) story, seventeen (17) Unit condominium building the subject hereof and the approximate location of the three (3) additional condominium buildings to be constructed.

EXHIBIT A2 - First floor plans depicting Units 1-100 through 1-105.

EXHIBIT A3 - Second floor plans depicting Units 1-200 through 1-205.

EXHIBIT A4 - Third floor plans depicting Units 1-300 through 1-304.

EXHIBIT A5 - East and west elevation drawings depicting the seventeen (17) Unit condominium building the subject hereof.

Each Unit, together with its appurtenant undivided interest in the Common Elements, shall comprise one Unit, shall be inseparable, and may be conveyed, leased, devised, or encumbered only as a condominium Unit. Each Unit shall be bound as to both horizontal and vertical boundaries as shown on the floor plans set forth on Exhibits A2, A3 and A4 subject to any encroachments contained in the building whether they exist now or are created by construction, settlement, or movement of the building or by permissible repairs, reconstruction, or alterations. Each Unit shall include all of the walls and partitions within the Unit's perimeter boundaries, the interior decorated or finished surfaces of all walls, floors, and ceilings within the Unit's perimeter boundaries, and all fixtures attached to the Property that are within the Unit's perimeter walls.

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Each Unit Owner shall maintain the interior of its Unit and shall maintain all other areas, features, or parts of its Unit and all Property not otherwise maintained by the Association. Each Unit Owner shall maintain all fixtures and equipment located within its Unit and utilities serving that Unit. Each Unit Owner shall also maintain and repair any appliances, such as air conditioning units, located in the exterior of his or her Unit. No Unit Owner shall permit any act or work to be performed on his or her Unit that will impair the structural soundness or integrity of the Unit or impair any easement or hereditament, and no Unit Owner shall allow any condition to exist which will adversely affect the other Units or Unit Owners. The Association shall maintain the utility lines and water lines up to the point of entry of those lines into the Units.

4. **Appurtenances/Easements:** The Units shall include the following appurtenances, whether or not separately described, conveyed, or encumbered:
- a. Each Unit shall include an undivided interest in the Common Elements as set forth in Section 5 of this Declaration and Exhibit B1 (subject to reallocation as set forth herein).
 - b. Each Unit shall include Association membership and an undivided interest, as set forth in Section 5 and of this Declaration, in the funds and assets held by the Association for the benefit of the Unit Owners.
 - c. Each Unit shall benefit from the following easements:
 - i. An easement through the Common Elements for ingress and egress for all persons making use of the Common Elements in accordance with the terms of this Declaration, including all easements and rights-of-way of record at or before the recording of this Declaration. The Property, and all portions thereof, shall be subject to the easements as shown on any recorded plat affecting the Property as shown on the recorded plat.
 - ii. An easement is granted to the Condominium Owners Association, its officers, agents, employees, and assigns, through the Units and Common Elements for maintenance, repair, and replacement of any features or parts of the Units and Common Elements. Use of these easements, however, shall be limited to reasonable hours, except that access may be had at any time in case of emergency.
 - iii. An easement is granted to the Condominium Owners Association, its officers, agents, employees, and assigns, to repair and maintain structural support for the benefit of the Common Elements for every portion of a Unit which contributes to the structural support of the buildings.
 - iv. An easement is granted for encroachments and maintenance of encroachments of any portion of the Common Elements upon a Unit and easements for encroachments and maintenance of encroachments of any portion of a Unit upon the General Common Elements, the Limited Common Elements, or an adjoining Unit.
 - v. All conveyances of Units hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Section even though no specific reference to such easements or to this Section appears in the instrument for such conveyances.
 - vi. An Owner's right to an easement with respect to the Common Elements is subject to the following restrictions:
 - The right of the Condominium Owners Association to suspend the voting rights and any and all rights of any Owner to the use of any recreational facility for any period during which any Condominium Owners Association's assessment against such Owner or against such Owner's individual Unit remains unpaid for thirty (30) days beyond its due date.
 - The right of the Condominium Owners Association to suspend the use of any recreational facilities for any period as a result of the Owner's infraction or the infraction by any member of the Owner's family, guests, or invitees of any rule or regulation of the Condominium Owners Association or its designated Manager.

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- The right of the Condominium Owners Association to adopt any and all rules and regulations concerning vehicular traffic and travel upon, in, under, or across the Property.
- The right of the Condominium Owners Association to limit the number of guests or invitees of each Owner who may use the recreational facilities contained in the Common Elements.
- The right of the Condominium Owners Association to adopt any and all rules and regulations concerning the Common Elements and the facilities located thereon as the Condominium Owners Association may deem necessary or prudent from time to time.

The encroachments and easements set forth in this Section 4 shall not constitute encumbrances either on the Common Elements or on the Units for purposes of marketability of title.

5. **General Common Elements:** The General Common Elements include, but are not limited to, the land specifically described in Section 2 of this Declaration, all buildings on the Property except the individual Units, all exterior doors, windows, screens, fences, roadways, curbs, gutters, sidewalks and landscaping amenities, and all other elements necessary for the safety, maintenance, and existence of the Property and all the buildings except for the individual Units and all those items listed in Section 70-23-103(7), MCA.

The Owner of each Unit shall have an undivided one-seventeenth (1/17) interest in the Common Elements subject to the interests of Owners of the other Units in Waterside Condominium as presently constructed or to be constructed in the future pursuant to the provisions contained herein and the Future Development Agreement attached hereto as Exhibit D and by this reference incorporated herein. The percentage ownership of the Common Elements is set forth on Exhibit B1. Although ownership of the Common Elements is as aforesaid, Declarant and all future Unit Owners hereby grant necessary possession and control thereof to such Manager as may be appointed by the Board of Directors of Waterside Condominium Owners Association solely for the purposes of maintaining, repairing, improving, and administering them, and otherwise carrying out the duties and obligations as set forth in such Management Agreement as may be entered into between the Condominium Owners Association and the Manager, Montana law, and such other regulations as may be imposed by law.

The Docks are hereby designated as General Common Elements, and the Boatslips are designated as Limited Common Elements. Notwithstanding the foregoing, for purposes of assessments, eight-five percent (85%) of all assessments made relative to maintenance and repair (including replacement) of the Docks shall be a Limited Expense, and fifteen percent (15%) of all assessments made relative to maintenance and repair (including replacement) of the Docks shall be a Common Expense.

If and when Common Elements are added or annexed by Declarant, this Declaration shall be duly amended to describe and reflect the General and Limited Common Elements as then existing. The percentage ownership of the Common Elements by Unit Owners shall always be based upon that fraction with a numerator of one (1) and a denominator equal to the number of Units comprising Waterside Condominium.

Waterside Development, LLC, as Declarant and as Owner of all Units referenced herein and on Exhibit B1, hereby consents to future inclusions of additional Units to be constructed by Waterside Development, LLC on the Property subject to this Declaration. Such additional Units will be constructed pursuant to the Future Development Agreement attached hereto as Exhibit D. Said inclusion of additional Units will alter each Unit Owner's interest in the General Common Elements consistent with the immediately preceding paragraph.

6. **Limited Common Elements:** The Limited Common Elements are those Common Elements reserved for the use of fewer than all of the Unit Owners. Without limiting the foregoing, the Limited Common Elements shall include stairways, balconies, entrances, stoops, flues, chimneys, ducts, cables, conduits, public utility lines, water, sewer, electrical, gas, cable television lines, hot and cold water pipes (all such utility pipes and lines are Limited Common Elements where they service fewer than all of the Units; where they service all of the Units, they shall be General Common Elements), boilers, hot water tanks, and fixtures, or other portions of the building servicing only a particular

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Unit or less than all the Units, skylights, and the utilities and heating contained within such individual Unit to the exclusion of the use thereof by the Owners, except by invitation.

The Limited Common Elements shall also include Boatslips, carports, garages, and garage/carports. Declarant intends to construct a Dock facility comprised of thirty-two (32) Boatslips. The 32 Boatslips are hereby designated as Limited Common elements and reserved for the use of a certain Unit or number of Units to the exclusion of other Units. Said Boatslips are numbered 1 through 32 and depicted on Exhibit B3. No Boatslip shall be construed as reserved and allocated to any Unit as a Limited Common Element unless specifically designated pursuant to future Amendment(s) of this Declaration. No Boatslip may be leased, rented, or otherwise utilized by any person other than a Unit Owner or anyone utilizing the Unit of the Unit Owner entitled to the use of a Boatslip. No Boatslip may be used for commercial purposes. As used herein, "commercial purposes" includes any service or activity for which remuneration is provided. A Boatslip may be designated as a Limited Common Element appurtenant to one (1) Unit or three (3) Units. A Unit Owner to whom a Boatslip is designated as a Limited Common Element shall be allowed the use of the Boatslip as follows:

- a. If the Boatslip is allocated to only one Unit, the Unit Owner shall be entitled to the exclusive use of said Boatslip.
- b. If the Boatslip is allocated to three (3) Units, the Unit Owners shall be entitled to the usage set forth on Exhibit B4.

Notwithstanding anything to the contrary contained herein, the Dock structures shall be Common Elements, with the Boatslips being designated as Limited Common Elements.

Declarant intends to construct fourteen (14) carports, twenty-four (24) garages, and thirty-one (31) garage/carports on the Property as depicted on Exhibit B3. The carports are designated as C-1 through C-14, the garages are designated as G-1 through G-24, and the garage/carports are designated as GC-1 through GC-31. No carport, garage, or garage/carport shall be construed as reserved and allocated to any Unit as a Limited Common Element unless specifically designated pursuant to either future Amendment(s) to this Declaration or as set forth on Deeds of Conveyance as set forth herein.

Declarant specifically reserves the right to amend this Declaration to allocate Boatslips, carports, garages, and garage/carports as Limited Common Elements appurtenant to any Unit to which said Limited Common Elements are appurtenant by designation of Declarant in said Amendment(s).

Subsequent to Declarant's allocation of Boatslips, carports, garages, and garage/carports to various Units as Limited Common Elements, the Unit Owner to whose Unit said Limited Common Element(s) is appurtenant shall be entitled to convey the right to the use of said Limited Common Element to any other Unit Owner to be appurtenant to said transferee Unit Owner's Unit. Said transfer shall be pursuant to a written form approved by the Board of Directors of the Association, who shall keep detailed records of the ownership of said Limited Common Element use rights. The foregoing shall only apply to Boatslips, carports, garages, and garage/carports and no other Limited Common Element. Declarant may allocate the Limited Common Elements referred to in the immediately preceding sentence by Deeds of Conveyance to be recorded with the Flathead County Clerk and Recorder. In no event shall a Unit Owner be entitled to transfer the right to the use of any such Limited Common Element to anyone other than a Unit Owner to be appurtenant to the Unit of said Unit Owner.

7. **Use of Units and Elements:** The Units and Common Elements shall be occupied and used in accordance with the following:
 - a. A Unit Owner shall occupy and use his or her Unit as a single-family, private residence and only for his or her family, guests, lessees, or invitees. No Unit Owner shall rent and/or lease his or her Unit for a period less than seven (7) days.
 - b. No Unit Owner shall permit the obstruction of the General Common Elements or the storage of any item in or on the General Common Elements without prior consent of the Association.
 - c. Each Unit Owner shall maintain and repair his or her Unit.

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- d. No Unit Owner shall permit any activity in any Unit or in the Common Elements which will increase the rate of insurance of the Property without the prior written consent of the Association. Furthermore, no Unit Owner shall permit any activity in any Unit or in the Common Elements which will result in the cancellation of insurance on the Property or which would be in violation of any law.
 - e. No Unit Owner shall permit any nuisance or any practice which may be a source of annoyance to other Unit Owners or which interferes with the peaceful possession and proper use of the Property by the Unit Owners. No Unit Owner shall permit any immoral, improper, offensive, or unlawful use to be made of the Property. Each Unit Owner shall observe all valid laws, zoning ordinances, and regulations of all applicable governmental entities.
 - f. No Unit Owner shall alter the Common Elements or permit the construction of anything within the Common Elements except upon the written consent of the Association. No Unit Owner shall place boat lifts or construct other such devices on or near the Docks or Boatslips.
 - g. No Unit Owner shall permit any act in any Unit or in the Common Elements which will impair the structural integrity of the Property or will structurally change the Property except as otherwise provided in this Declaration.
 - h. The Association shall maintain the exterior of all Common Elements and shall decorate and maintain all General Common Elements. No Unit Owner shall maintain, decorate, or landscape the exterior of the General Common Elements except by previous written authorization of the Association.
 - i. Notwithstanding anything to the contrary contained herein, no Unit Owner shall be entitled to cause signage to be placed in or on the exterior portion of any building or on any other Common Element with the exception of a "For Sale" sign, which may be placed inside a window of a Unit.
 - j. Any question arising under the use restrictions set forth in this Section 7 may be referred to the Board of Directors of the Association. In addition, the Board of Directors may grant variances from the strict provisions and effect of these restrictions and covenants provided that any variance granted shall be granted only upon the written decision of a majority of the Board of Directors. All determinations as to the construction and interpretation of the provisions included in this Declaration shall require the vote of a majority of the Board of Directors and shall be set forth in writing. All determinations as to the construction and interpretation of such provisions shall be final.
 - k. Notwithstanding anything to the contrary contained herein, Declarant reserves the right to place signage on the property for purposes of marketing the Units and further reserves the right to use one or more Units owned or leased by Declarant for non-residential purposes until all Units contemplated to be constructed are completed and sold by Declarant.
8. **Administration:** The administration of Waterside Condominium shall conform with the provisions of this Declaration and with the provisions of the Bylaws attached hereto as Exhibit F and by this reference incorporated herein.

The obligation of each Unit Owner to pay a percentage of the Common Expenses assessed by the Association shall commence immediately after the recording of the Declaration with the Clerk and Recorder of Flathead County, Montana.

The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of those features and parts of the Common Elements that the Association shall maintain in accordance with this Declaration. The Association shall maintain the fund from the regular assessments for Common Expenses.

9. **Reservation unto Declarant:** Declarant submits the real property described in Section 2 hereof to the Montana Unit Ownership Act, reserving unto itself the right to expand the number of Units to be included in Waterside Condominium to a total of seventy-six (76) Units. No more than seventy-six Units shall be constructed on the Property. Declarant also reserves unto itself the right to amend this Declaration consistent with these provisions including, but not limited to, the allocation of

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Boatslips, carports, garages, and garage/carports as set forth in Section 6 hereof. In this regard, Declarant has or will enter into a Future Development Agreement with Waterside Condominium Owners Association, Inc. identical to that attached hereto as Exhibit D.

In this regard, Declarant reserves the right to alter, modify, build upon, or change all Common Elements, both General and Limited, pursuant to Declarant's right to construct additional buildings containing Units or other improvements as provided in this ¶ 9 until such time as a final Amendment to this Declaration, designated as such, has been recorded. Prior to recordation of such final Amendment, no person or entity whatsoever shall have any right to object to or in any way contest any alteration, modification, or change to any of the Common Elements, whether General or Limited, resulting from, caused by, or in connection with Declarant's right and privilege to construct additional buildings containing Units or to amend this Declaration in the manner contemplated herein.

Each person or entity who may become an Owner of any Unit does hereby irrevocably appoint Declarant as such Owner's agent to execute such Amendment or Amendments to this Declaration and the Bylaws of Waterside Condominium Owners Association, Inc. as Declarant, in its sole discretion, may, for purposes of exercising its reservation of development rights and allocation of Limited Common Elements relative to the Property, deem necessary. The agency created hereby is non-revocable and constitutes a power coupled with an interest until such time as Declarant completes the construction of all seventy-six (76) condominium Units planned to be constructed on the Property. The agency hereby created shall be binding upon the heirs, executors, personal representatives, administrators, successors, and assigns of all Unit Owners.

10. **Revocation or Amendment of Declaration Provisions:** Neither the Unit Owners nor the Directors shall revoke or amend any of the provisions of this Declaration unless fifty-one percent (51%) of all Unit Owners agree to the revocation or Amendment by duly recorded instrument. The Board of Directors shall record all Amendments in the office of the Clerk and Recorder of Flathead County, Montana. Notwithstanding the foregoing, Declarant reserves the right to amend and completely restate this Declaration without the consent of any Unit Owners until such time as all four (4) condominium buildings proposed to be constructed on the Property are actually constructed and one hundred percent (100%) of all condominium Units are sold, conveyed, transferred, or otherwise disposed of by Declarant. Notwithstanding anything to the contrary contained herein, the Unit Owners shall not have the right to revoke or amend any portion of this Declaration in accordance with the foregoing until such time as Declarant constructs all four (4) condominium buildings proposed to be constructed and one hundred percent (100%) of all condominium Units are sold, conveyed, transferred, or otherwise disposed of by Declarant.
11. **Assessments:** The Association shall levy assessments upon all Unit Owners for the purposes and in the manner provided in the Bylaws of the Association. No Unit Owner may exempt him or herself from liability for the assessments by waiving his or her right to use or enjoy the Common Elements or by abandonment of his or her Unit.

The Association or Declarant shall require the first Owner of each Unit to make a non-refundable contribution to the Association in an amount equal to the lesser of SIX HUNDRED SEVENTY-FIVE AND NO/100 DOLLARS (\$675.00) or three (3) times the monthly Common Expense assessment against that Unit in effect at the closing thereof. Within sixty (60) days of the conveyance of the first Unit to the first Owner thereof, other than Declarant, Declarant shall make the contribution to the working capital fund for each Unit it owns which is subject to assessment under this Declaration. Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Unit and shall be maintained in a segregated account with other such working capital funds for the use and benefit of the Association including, without limitation, to meet unforeseen expenditures or to purchase additional equipment. Such contribution to working capital funds shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of his/her Unit, an Owner shall be entitled to a credit from his/her transferee for the aforesaid contribution to working capital fund. Under no circumstances shall the Declarant utilize any working capital funds of the Association to defray any of Declarant's expenses, reserve contributions, or construction costs to make up any budget deficit while it is in control of the Association.

Assessments shall be made for the repair, replacement, general maintenance, management, and administration of the Common Elements, fees, costs, and expenses of the Manager, taxes for the Common Elements, if any, and for the Unit Owner's percentage share of any Special Improvement

District assessments. Assessments shall be based upon and computed by using the percentage of interest that each Unit Owner has in the Common Elements.

Assessments may also be made for the payment of Limited Common Element expenses such that the Unit Owners are chargeable only for the expenses relating to their respective Units or buildings. Unit Owners shall share in the payment for Limited Expenses for the repair, maintenance, and replacement of Limited Common Elements of their respective Units in accordance with the percentage the Unit or Units have in Limited Common Elements for which the assessment is being made. If only one Unit is associated with the Limited Common Element(s) involved, the entire cost of such repair, maintenance, or replacement shall be borne by that Unit.

Assessments may also be made for any purpose contemplated by this Declaration and for any purpose set out in the Montana Unit Ownership Act.

In a voluntary conveyance of a Unit, the Grantee of the Unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Association against the latter for his or her share of the Common Expenses up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. However, any such Grantee shall be entitled to a statement from the Manager or Board of Directors of the Association, as the case may be, setting forth the amount of said unpaid assessments against the Grantor due the Association, and such Grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the Grantor in excess of the amount therein set forth.

Any assessments, charges, costs, or fees provided for in this Declaration including, without limitation, any default assessment arising under the provisions of this Declaration, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof shall bear interest from the due date at the highest rate of interest allowed pursuant to Montana law. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges, costs, or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Unit. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid assessments, charges, costs, or fees, or any monthly or other installment thereof, may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien therefor. In the event any such assessment, charge, cost, or fee, or monthly or other installment thereof, is not fully paid when due and the Association shall commence such an action (or shall counterclaim or cross-claim for such relief in any action) against any Owner personally obligated to pay the same, or shall proceed to foreclose its lien against the particular Unit, all unpaid assessments, charges, and fees, and all unpaid monthly or other installments thereof, any and all late charges and accrued interest under this Paragraph, the Association's costs, expenses, and reasonable attorneys' fees incurred for preparing and recording any lien notice, and the Association's costs of suit, expenses, and reasonable attorneys' fees incurred for any such action and/or foreclosure proceedings shall be taxed by the Court as part of the costs of any such action or foreclosure proceeding and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Unit. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, costs, or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey, or otherwise deal with the same.

The lien created pursuant to this Section 11 shall have priority to all other liens except: (a) liens for real estate taxes assessed against the Unit; and (b) any first mortgage or trust indenture of record. Any unpaid assessments, charges, costs, or fees provided for in the Declaration shall constitute a lien on the Unit of a delinquent Owner.

12. **Insurance:**

- a. The Board of Directors shall purchase comprehensive general liability and property damage insurance as promptly as possible following its election or appointment and shall maintain the insurance in force at all times. The Association shall pay the premiums out of the maintenance fund created pursuant to the Bylaws. The Board of Directors shall purchase insurance with coverage limits of at least \$2,000,000.00 for bodily injury, including death

and property damage, arising out of a single occurrence. The Board of Directors shall purchase the insurance from reputable companies authorized to do business in the State of Montana. The policy or policies shall name as insured all the Unit Owners and the Association. The policy or policies shall insure against loss arising from perils in both the Common Elements and the Units and shall include contractual liability coverage to protect against liabilities as may arise under the contractual exposures of the Association or the Board of Directors.

- b. The Board of Directors shall purchase fire and other hazard insurance as promptly as possible following its election or appointment and shall maintain the insurance in force at all times. The Board of Directors shall pay the premiums as Common Expenses out of the assessments collected pursuant to the Bylaws. The insurance shall cover all Common Elements and improvements and shall have coverage limits equal to 100% of the current replacement costs of the Property exclusive of land and other items normally excluded from coverage. The policy or policies shall provide for the issuance of certificates or endorsements as may be required. The policy or policies shall insure against loss from perils in both the Common Elements and the Units, except as they may be separately insured. The policy or policies shall contain extended coverage, vandalism, and malicious mischief endorsements. If reasonably available, the policy or policies shall contain a stipulated amount clause, determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction of the Property and a decision not to rebuild. The policy or policies shall name as insured all of the Unit Owners and the Association. The policy or policies shall also cover any personal property owned in common by the Unit Owners and shall further contain a waiver of subrogation rights by the carrier as to negligent Unit Owners. Any casualty insurance policy obtained by the Association shall contain a provision prohibiting a reduction in the amount payable under the policy as a result of any casualty insurance proceeds payable to a Unit Owner under a separate policy procured by the Unit Owner.
- c. All Unit Owners shall obtain and at all times maintain a Condominium Unit Owner's insurance policy insuring any improvements made to the property within a Unit, any decorated or finished surfaces, any fixtures, any personal property of the Unit Owner, and personal liability. The Board of Directors or the Association may require all Unit Owners to provide to the Board or the Association certificates of such insurance or other evidence establishing compliance herewith.
- d. The Board of Directors may purchase and maintain in force debris removal insurance, fidelity bonds, and other insurance or bonds that it deems necessary.
- e. The Board of Directors is hereby appointed the attorney-in-fact for all Unit Owners to negotiate loss adjustment on the policy or policies carried under Subsections a, b, and d of this Section 12.
- f. If fire or other casualty damages or destroys any Unit or any portion of the Common Elements, all insurance proceeds paid in satisfaction of claims for any loss or losses shall be apportioned according to losses suffered by each Unit or the Common Elements and shall be paid to the Association as trustee for the Unit Owner. The insurance proceeds, whether or not subject to liens, and the proceeds of any special assessments as provided in this Declaration and the Bylaws shall be collected and disbursed by the trustee through a separate trust account on the following terms and conditions:
 - i. Unless a majority of the Units and Common Elements are destroyed, all damaged or destroyed Units and Common Elements shall be repaired or rebuilt, and the Board of Directors shall immediately contract to repair or rebuild the damaged portions of the Unit or Units and the Common Elements substantially in accordance with the original plans and specifications for Waterside Condominium. Original plans and specifications includes any Amendments/Annexes to the original Declaration filed by the Declarant pursuant to additional development as indicated in Section 3 of this Declaration.
 - ii. If the Units and the Common Elements are substantially damaged or destroyed, the Board of Directors shall determine, by majority vote at a meeting duly called for that purpose, whether it will proceed with repair or reconstruction or whether the Property shall be distributed as provided for hereinbelow. In the event the Board

of Directors votes to rebuild or repair, it shall prepare the necessary plans, specifications, and maps and shall execute the necessary documents to effect the reconstruction or repair as promptly as practicable and in a lawful and workmanlike manner. In the event the Board of Directors votes against rebuilding or repairing the Property, the proceeds, if any, of insurance carried by the Association shall be distributed to the Unit Owners in the proportions set forth in Section 5 hereof.

- iii. If the Board of Directors votes to repair or reconstruct the Common Elements, and if there is a deficiency between the insurance proceeds paid for the damage to the Common Elements and the contract price for repairing or rebuilding the Common Elements, the Board of Directors shall levy a special assessment to pay the difference. Each Unit Owner shall pay the special assessments in the proportions set forth in Section 5 of this Declaration. If any Unit Owner shall fail to pay the special assessments within thirty (30) days after the levy thereof, the Board of Directors shall pay the difference from the fund for Common Expenses and the remaining Unit Owners shall be entitled to the same remedies as those provided in Section 11 of this Declaration which covers defaults of any Unit Owner in the payment of assessments for Common Expenses.
- g. The Board of Directors may provide coverage for payment of maintenance charges which are abated on behalf of a Unit Owner whose Unit is rendered untenable by an insured peril. The maximum period of abatement of charges may not exceed four (4) months.
- h. The Board of Directors shall analyze insurance coverage at least every five (5) years from the date of this Declaration and shall revise the insurance program in accordance with its analysis, if necessary.
- i. The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements, and agreements with a condemning authority for acquisition of any portion of the Common Elements. The Unit Owners hereby appoint the Association as their attorney-in-fact for that purpose. If a condemning authority takes or acquires all or part of the Common Elements, the award or proceeds of settlement shall be payable to the Association or its designated trustee to be held in trust for the Unit Owners.
- j. Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall conform with this Declaration and the original plans and specifications unless the Board of Directors votes otherwise.

13. **Default and Remedies:**

- a. Each Unit Owner, his or her successors and assigns, shall be governed by and shall comply with the terms of this Declaration and the Bylaws as adopted under Title 70, Chapter 23 of the Montana Code Annotated, as well as all Amendments to this Declaration and the Bylaws as may be lawfully adopted from time to time.
- b. If any Unit Owner fails to comply with any of the terms of this Declaration or the Bylaws, the Association or other Unit Owners may commence a proceeding at law or in equity to enforce the provisions of the Declaration and the Bylaws.
- c. All Unit Owners shall be liable for the expense of their willful or negligent acts or the willful or negligent acts of their officers, employees, licensees, and invitees to the extent that those expenses are not covered by the proceeds of insurance carried by the Association. If the negligent or willful act of any of the foregoing persons causes the Association to incur repair or maintenance costs for any feature or part of the Common Elements, the Association shall assess those expenses against the Unit Owner which shall constitute a lien subject to foreclosure in accordance with Section 11 of this Declaration.
- d. In any proceeding to enforce the terms of this Declaration or the Bylaws, the prevailing party shall be entitled to recover its costs, charges, and expenses including reasonable attorneys' fees.
- e. Failure of the Association or a Unit Owner to enforce any provision in this Declaration or the Bylaws shall in no event constitute a waiver of the right to do so thereafter.

2005217 13500

- f. All rights, remedies, and privileges granted to the Association or a Unit Owner pursuant to the provisions of this Declaration and the Bylaws shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies nor shall it preclude the exercise of other and additional rights, remedies, or privileges granted by this Declaration or the Bylaws or by law.

14. **Miscellaneous:**

- a. The Association shall make available to all Unit Owners current copies of this Declaration, the Bylaws, and other books, records, and financial statements of the Association. Upon written request, the Association shall also make available to prospective purchasers current copies of this Declaration, the Bylaws, and the most recent audited financial statement of the Association.

Upon written request from any Unit Owner, the Association shall prepare and furnish a financial statement for the immediately preceding fiscal year within a reasonable time.

- b. All the provisions of this Declaration and of the Bylaws shall constitute covenants running with the land and any interest therein including, without limitation, every Unit and every Unit Owner, their successors and assigns. Every Unit and every Unit Owner, their successors and assigns, shall be bound by the provisions of this Declaration and the Bylaws.
- c. Each Unit, together with its interest in the Common Elements, shall be considered a parcel of real property subject to separate assessment and taxation by any taxing authority. The Property, the improvements, and the Common Elements shall not constitute a parcel of real property for purposes of taxation.
- d. This Declaration shall be terminated, if at all, in the manner provided in Sections 70-23-801 through 70-23-806 of the Montana Code Annotated.
- e. The County shall take no action which will adversely affect the rights of the Association with respect to the assurances against latent defects in the Property or other rights assigned to the Association, the members of the Association, their successors, and their assigns.
- f. Invalidation of any provision contained in this Declaration by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

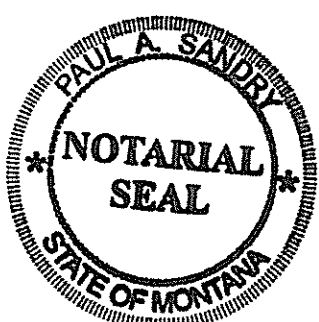
IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this 5th day of August, 2005.

WATERSIDE DEVELOPMENT, LLC
BY PEAK DEVELOPMENT, LLP

By: [Signature]
Matthew J. Waatti, Partner

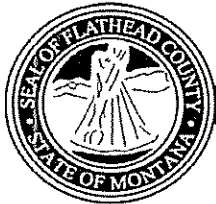
STATE OF MONTANA)
) ss.
County of Flathead)

This instrument was acknowledged before me on the 5th day of August, 2005 by **Matthew J. Waatti as a Partner of Peak Development, LLP, a Member of Waterside Development, LLC.**



[Signature]
PAUL A. SANDRY (printed name)
Notary Public for the State of Montana
Residing at FOURFIVE
My Commission expires 9/25/2006

2005217 13500



Plat Room
Flathead County, Montana
800 S. Main St.
Kalispell, MT 59901
(406) 758-5510

This Form is for Subdivisions & Condominiums Only

BY: WATERSIDE DEVELOPMENT LLC

FOR:

DATE: 8/01/2005

DESCP: WATERSIDE AT LAKESIDE FKA COTTAGE
COVE (on Tr 2A, 2C, 2BB 7-26-20)

PURPOSE: CONDO

YEARS
2000 THRU 2004

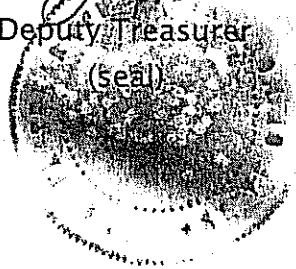
ASSESSOR #
0461350

I hereby certify that there are no outstanding taxes on the property assigned the assessor numbers listed above, for the years indicated for each assessor number.

E. Lunker AUG 02 2005

Deputy Treasurer

(seal)

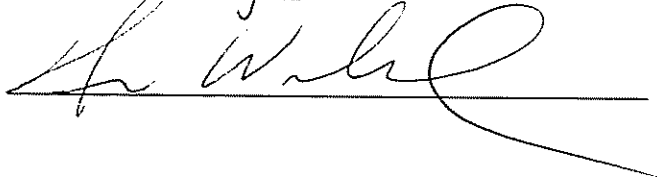


2005217 / 3500

CERTIFICATION BY DEPARTMENT OF REVENUE

I the undersigned, Nina Woolard being the agent of the Department of Revenue for Flathead County, Montana, as described in 70-23-304 MCA do approve the attached declaration as to the facts that the name is proper under 70-23-303 MCA and that the taxes due and payable on the property have been paid.

Dated this 4th day of August 2005



2005217 / 2500

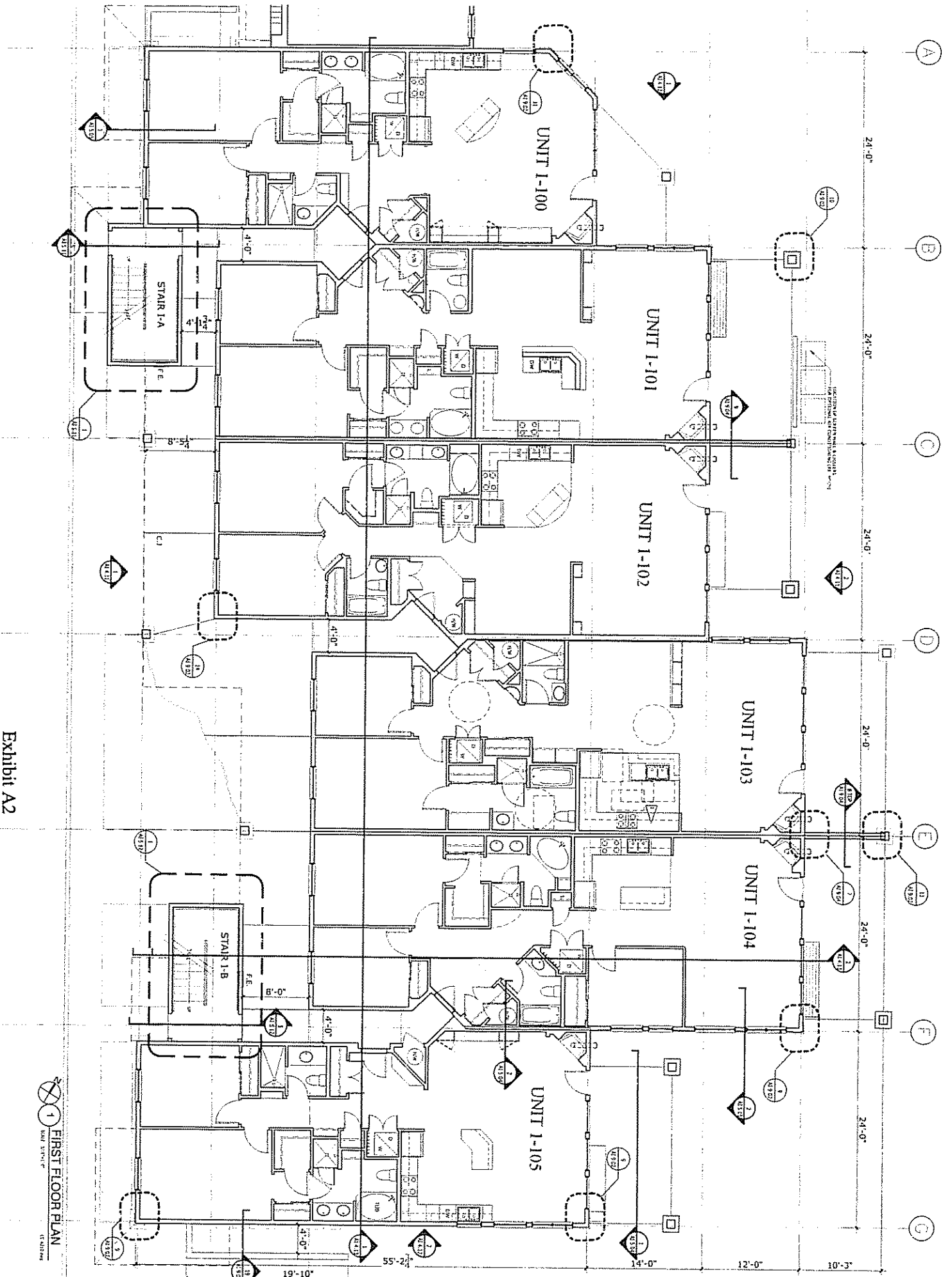


Exhibit A2

1 FIRST FLOOR PLAN
 UNIT 1-100
 11/17/10

PLAN KEY NOTES

- 1 Refer to unit plans for further information, quantities and material entry items.
- 2 Roof slope per 4:12 UNO.
- 3 Furniture is NTC.
- 4 Refer to schedule for details and for door, window and wall notes.
- 5 Provide fire rated 2 doors at all party wall locations.
- 6 Provide opening to all enclosed attic spaces min. 27" x 40" clear fire rating per FIREWASH of each unit.
- 7 Sleep cons. partition and head panels every four building.
8. Ceiling area per 1/2" x 1/2" grid UNO.
9. Roof sheathing shall have opening for ventilation connecting one from attic to primary attic.
10. Refer to sheet U-104 for standard mounting heights.
11. Refer to sheet A1-81X and project manual for sliver specification information.
12. Field verify all dimensions for ceiling in field and coordinate with appliances prior to ordering and installing.
13. Verify all plumbing fixtures are compatible with all plumbing fittings.
14. Cleaned floor finishes to look well at stains, refrigerator locations, and show removable floor cabinets are indicated.
15. Provide knee bars for each building height per fire department situations.
16. Refer to sheet A103X for floor location details.
17. Apply underlayment to ceiling areas, walls, ceiling, doors & tops as specified.
18. WALL FILLING/WORK indicated in schedule and sections.
19. Verify quantity & location of Department.

GENERAL NOTES

PROJ. NO: 54015.01
 DRAWN: DK
 CHECKED: AS
 CAD FILE: CC-A1-210.dwg
 DATE: 9/30/04
 REVISIONS:

C. OBERMEIER SHEKHET

ISSUED FOR:
 100% CD FOR CONSTRUCTION
 SHEET TITLE:
 FIRST FLOOR PLAN

SCALE: AS NOTED
 SHEET NUMBER:
 AI 2.10

WATERSIDE
 AT FLATHEAD LAKE
 7175 HWY 93 S., LAKESIDE, MONTANA

OBERMEIER SHEKHET ARCHITECTURE
 1580 Lincoln St. #200
 Denver, CO 80203
 Tel.: 303.327.4600
 Fax: 303.327.4665

2005217 / 13500

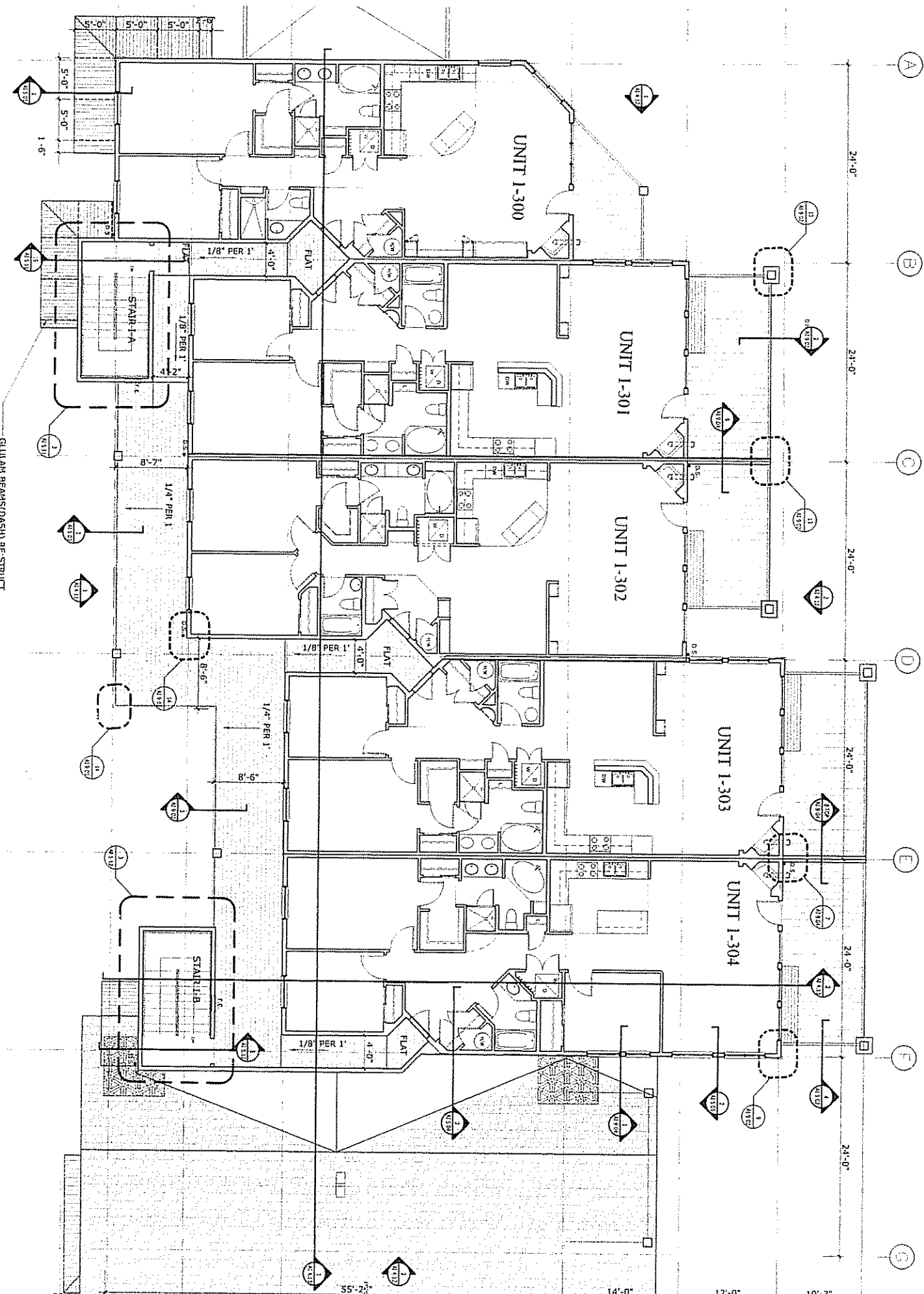


Exhibit A4

THIRD FLOOR PLAN
SCALE: 1/8" = 1'-0"

PLAN KEY NOTES

1. Refer to unit plans for further information, dimensions and structural carry plans.
2. Roof slopes are 4:12 UNO.
3. Furniture is N.C.
4. The landscape plans for construction of front walk, and for each patio and walk.
5. Provide fire rated J-Boxes at all party wall locations.
6. Provide opening to all enclosed attic spaces min. 22"x36" clear of each wall.
7. See grading plan for FILLWORK.
8. Signs, cans, posters and signs post on every room building.
9. Exterior work on 1/8" UNO.
10. Roof flashing and hose opening for ventilation connecting overhangs are to primary attic.
11. Refer to sheet U-104 for standard mounting heights.
12. Refer to sheet A1-83X and project manual for elevator specification information.
13. First walls of structure for enclosing a flat roof structure with openings prior to ordering and building.
14. Verify all finishes follow as compatible with all partying fillings.
15. Exterior floor finishes to have sets of stone, cementitious, isolation, and where removals base cabinets are indicated.
16. Provide fire box for each building kitchen per fire department instructions.
17. Refer to sheet A1-83X for base finisher details.
18. Apply underlayment to areas noted, unless noted as specified.
19. Unit FILLWORK indicated in plans shall not exceed 100-cf in partition and elevation.
20. Verify quantity & location of fillwork compliance with fire inspection.

GENERAL NOTES

PROJ. NO: 54025.01
 DRAWN: DK
 CHECKED: AS
 CAD FILE: CC-A1-212.dwg
 DATE: 9.30.04
 REVISIONS:

ISSUED FOR:
 100% CD FOR CONSTRUCTION
 SHEET TITLE:
 THIRD FLOOR PLAN

© OBERMEIER SHEYKHET ARCHITECTURE
 1580 Lincoln St #200
 Denver, CO 80203
 Tel: 303.327.4500
 Fax: 303.327.4505

WATERSIDE
 AT FLATHEAD LAKE
 7175 HWY 93 S., LAKESIDE, MONTANA

SCALE: AS NOTED
 SHEET NUMBER:
AI 2.12

2005217 13500

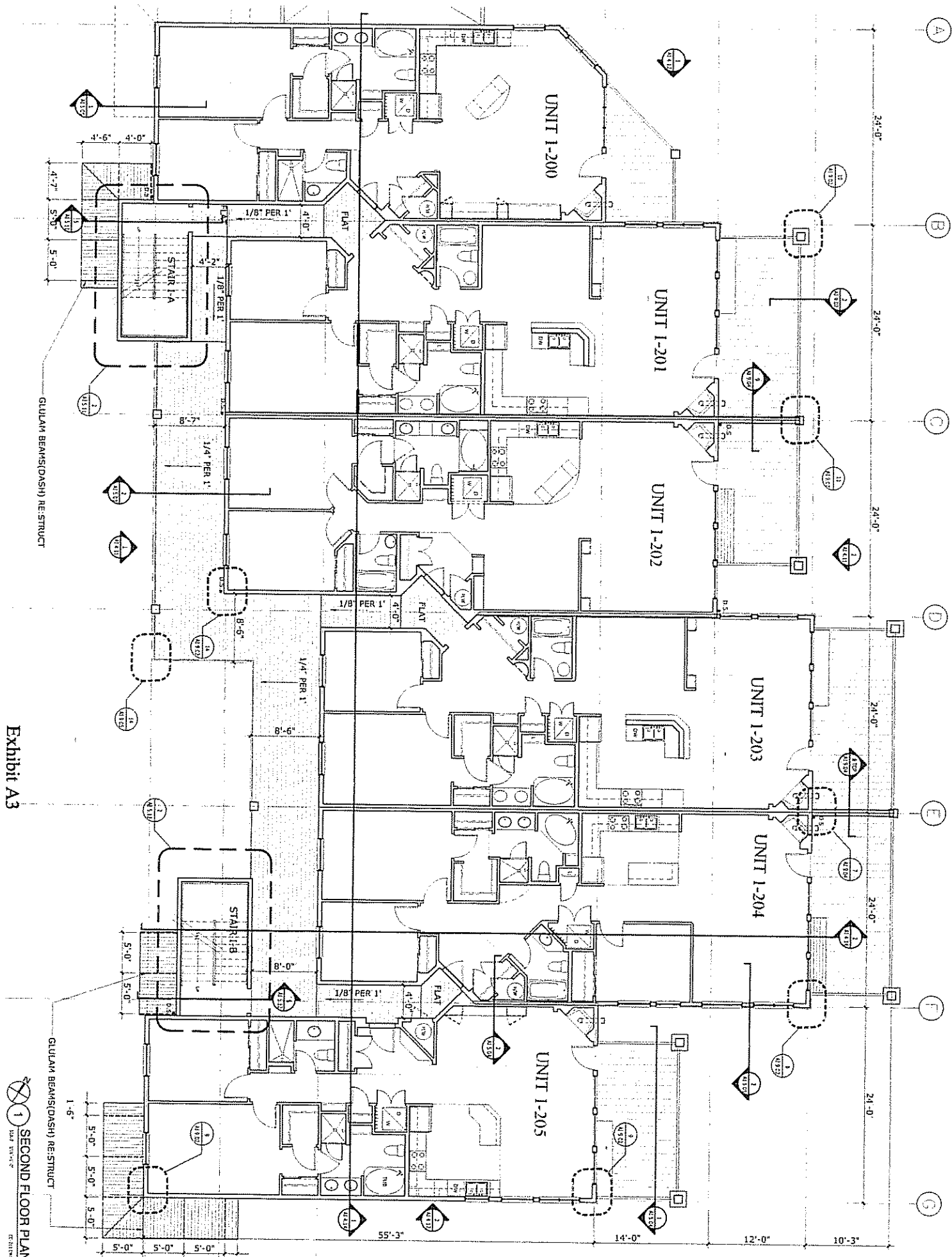


Exhibit A3

1 SECOND FLOOR PLAN

PLAN NOTES

- 1 Refer to unit area for further information, dimensions and reflected ceiling plans.
- 2 Roof areas are 412 SGA.
- 3 Furniture in NIC.
- 4 Be Landscape plans for construction of front walk, and for back patio and walk.
- 5 Provide fire rated J Boxes at all party wall locations.
- 6 Provide openings in all exterior walls, except min. 27" x 36" size of each unit.
- 7 Be getting plan for TELEVISION cable entry on building.
- 8 Show door, window and back 1/8" x 1/8" x 1/8" size.
- 9 Exterior walls are 16" x 16" x 16" size.
- 10 Roof flashing shall have opening for ventilation connecting overtop office to primary office.
- 11 Refer to sheet U, 10A for standard finishing heights.
- 12 Refer to sheet A1, B1X and project manual for kitchen specification information.
- 13 Field verify all dimensions for units who separates prior to ordering and installing.
- 14 Verify all plumbing fixtures are 16" x 16" x 16" size.
- 15 Field verify all plumbing fixtures are 16" x 16" x 16" size.
- 16 Provide base box for each building based per the department's instructions.
- 17 Refer to sheet A100X for base termination details.
- 18 Apply redeveloped to areas: cars, vans, signs & signs as specified.
- 19 Unit TELEVISION located in section and elevation of 71.
- 20 Verify quantity & location of Department.

GENERAL NOTES

PROJ. NO.	51015101
DATE:	08/01/01
CHECKED:	AS
DATE:	9/26/04
REVISIONS:	

WATERSIDE
AT FLATHEAD LAKE
7175 HWY 93 S., LAKESIDE, MONTANA

OBENMEIER SHEYKHET ARCHITECTURE
1500 Lincoln St., #200
Denver, CO 80203
Tel.: 303.327.4800
Fax.: 303.327.4805

ISSUED FOR:
100% CD FOR CONSTRUCTION
SHEET TITLE:
SECOND FLOOR PLAN
SCALE AS NOTED
SHEET NUMBER:
AI 2.11

2005217 / 13500

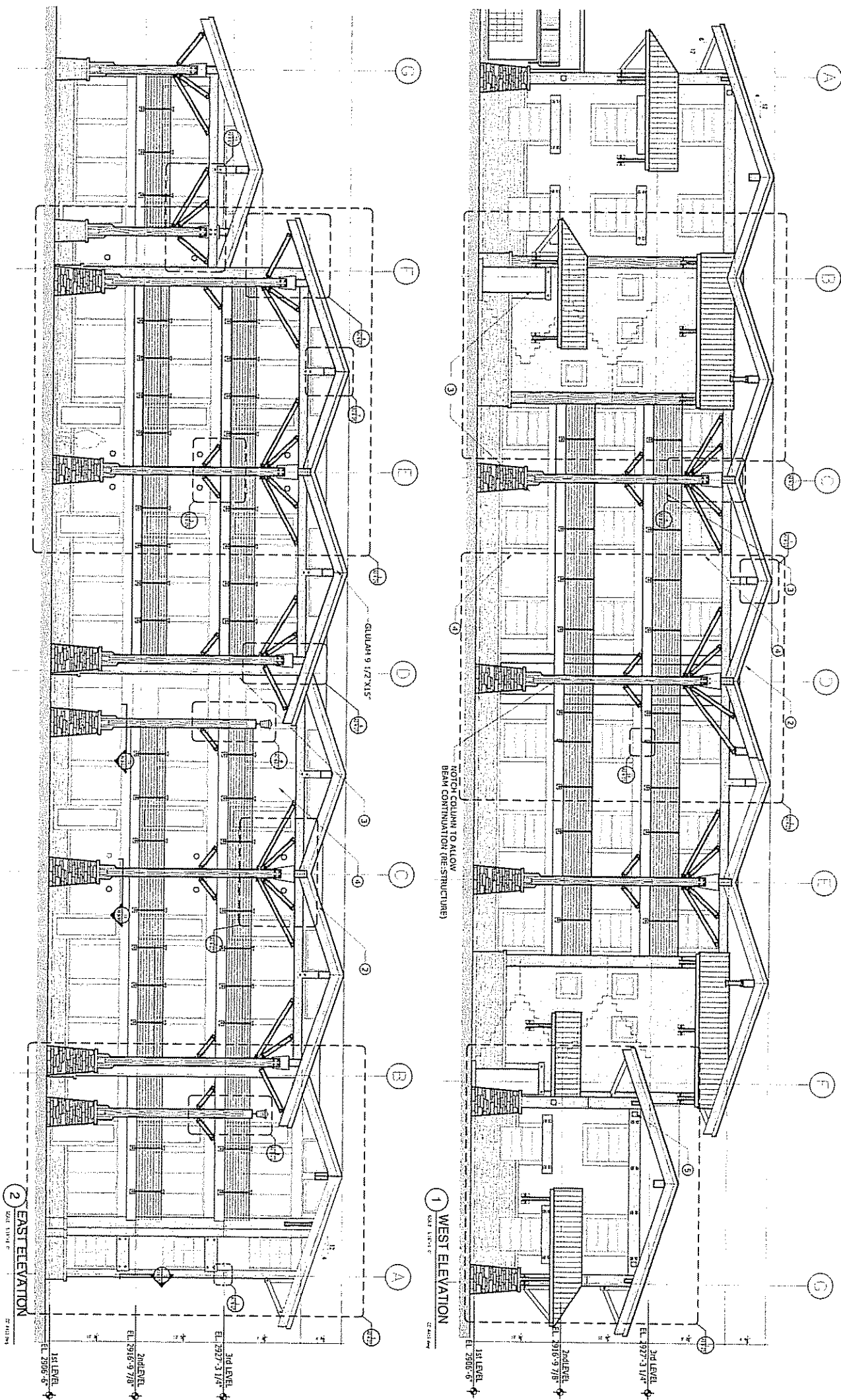


Exhibit A5

ADD ALTERNATE:
 1 PROVIDE 8"x1/2" - CEDAR (OR REDWOOD)
 SIDING TO RUN HORIZONTAL & HAVE SHIP
 LAP JOINTS

MATERIAL SYMBOLS
 ALL MATERIALS & COLORS
 TO MATCH EXISTING PHASE

- 1 - 2" x 4" SYPRESS
- 2 - 2" x 6" SYPRESS
- 3 - 2" x 8" SYPRESS
- 4 - 2" x 10" SYPRESS
- 5 - 2" x 12" SYPRESS
- 6 - 2" x 14" SYPRESS
- 7 - 2" x 16" SYPRESS
- 8 - 2" x 18" SYPRESS
- 9 - 2" x 20" SYPRESS
- 10 - 2" x 22" SYPRESS
- 11 - 2" x 24" SYPRESS
- 12 - 2" x 26" SYPRESS
- 13 - 2" x 28" SYPRESS
- 14 - 2" x 30" SYPRESS
- 15 - 2" x 32" SYPRESS
- 16 - 2" x 34" SYPRESS
- 17 - 2" x 36" SYPRESS
- 18 - 2" x 38" SYPRESS
- 19 - 2" x 40" SYPRESS
- 20 - 2" x 42" SYPRESS
- 21 - 2" x 44" SYPRESS
- 22 - 2" x 46" SYPRESS
- 23 - 2" x 48" SYPRESS
- 24 - 2" x 50" SYPRESS
- 25 - 2" x 52" SYPRESS
- 26 - 2" x 54" SYPRESS
- 27 - 2" x 56" SYPRESS
- 28 - 2" x 58" SYPRESS
- 29 - 2" x 60" SYPRESS
- 30 - 2" x 62" SYPRESS
- 31 - 2" x 64" SYPRESS
- 32 - 2" x 66" SYPRESS
- 33 - 2" x 68" SYPRESS
- 34 - 2" x 70" SYPRESS
- 35 - 2" x 72" SYPRESS
- 36 - 2" x 74" SYPRESS
- 37 - 2" x 76" SYPRESS
- 38 - 2" x 78" SYPRESS
- 39 - 2" x 80" SYPRESS
- 40 - 2" x 82" SYPRESS
- 41 - 2" x 84" SYPRESS
- 42 - 2" x 86" SYPRESS
- 43 - 2" x 88" SYPRESS
- 44 - 2" x 90" SYPRESS
- 45 - 2" x 92" SYPRESS
- 46 - 2" x 94" SYPRESS
- 47 - 2" x 96" SYPRESS
- 48 - 2" x 98" SYPRESS
- 49 - 2" x 100" SYPRESS

**EXTERIOR ELEVATION
 GENERAL NOTES**

1. WORK SHOWN TO BE FOR EXISTING PHASE AT 100% SCALE. ALL DIMENSIONS SHALL BE SHOWN TO NEAREST 1/8" UNLESS NOTED OTHERWISE.
2. THE EXISTING STRUCTURE SHALL BE REINFORCED TO SUPPORT THE NEW STRUCTURE.
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**EXTERIOR ELEVATION
 KEY NOTES**

1. SEE EXISTING PHASE FOR MATERIALS & COLORS.
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49. SEE EXISTING PHASE FOR MATERIALS & COLORS.
50. SEE EXISTING PHASE FOR MATERIALS & COLORS.

ISSUED FOR: 1500 LINDEN ST #200 DENVER, CO 80202 TEL: 303.327.6500 FAX: 303.327.2605

PROJECT: WATERSIDE AT FLATHEAD LAKE

DATE: 9.28.04

SCALE: AS NOTED

SHEET NUMBER: AI 4.11

PROJECT NO: 50415.01

DRAWN BY: DK

CHECKED BY: AS

DATE: 9.28.04

REVISIONS:

1. C. OBERMEIER SHEKHET

WATERSIDE
 AT FLATHEAD LAKE
 7175 HWY 93 S., LAKESIDE, MONTANA

OBERMEIER SHEKHET ARCHITECTURE

1500 LINDEN ST #200
 DENVER, CO 80202
 TEL: 303.327.6500
 FAX: 303.327.2605

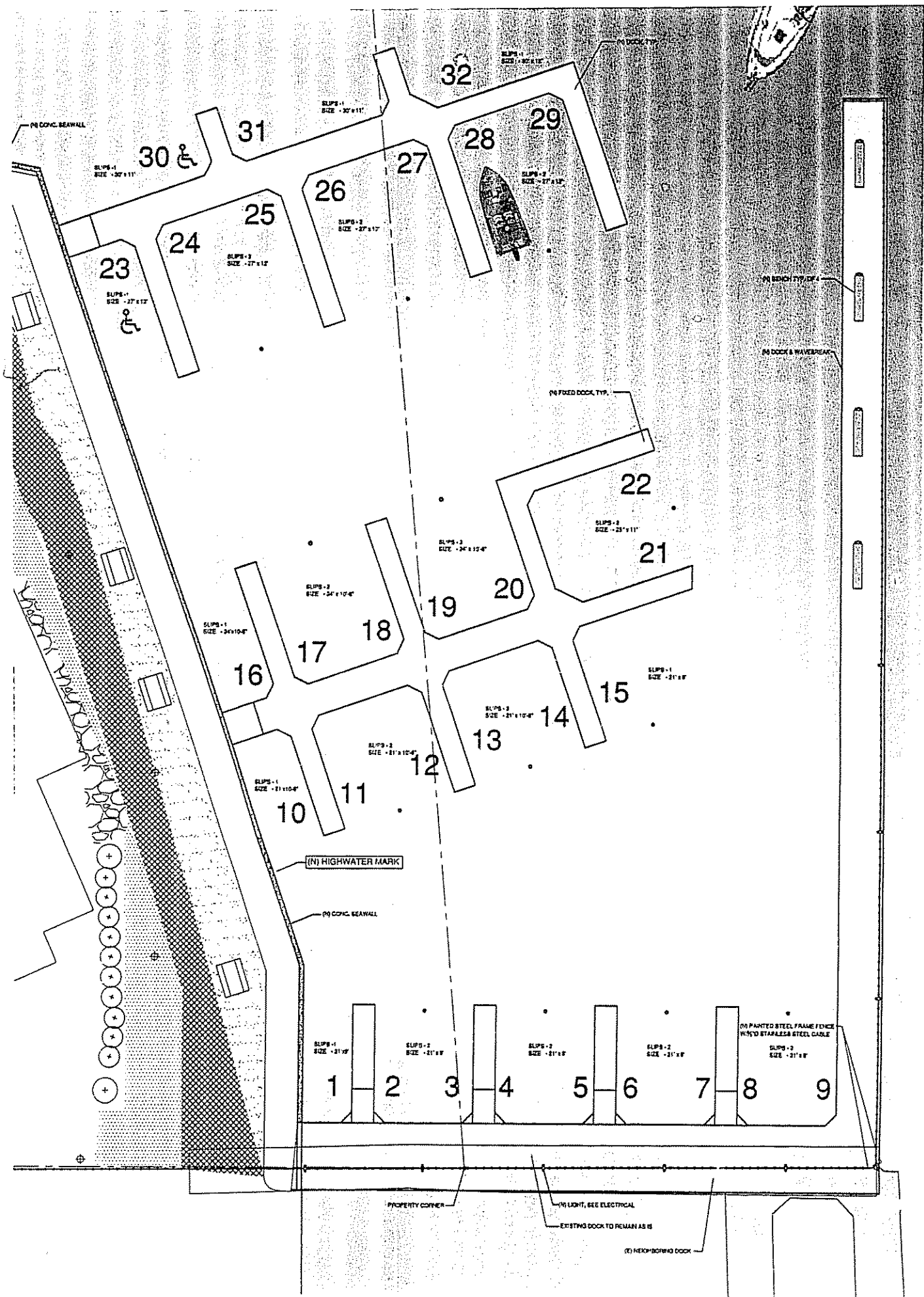
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**INITIAL ALLOCATION OF PERCENTAGE OWNERSHIP
OF COMMON ELEMENTS**

<u>Unit No.</u>	<u>Percentage Ownership of Common Elements</u>
1-100	5.88235294117%
1-101	5.88235294117%
1-102	5.88235294117%
1-103	5.88235294117%
1-104	5.88235294117%
1-105	5.88235294117%
1-200	5.88235294117%
1-201	5.88235294117%
1-202	5.88235294117%
1-203	5.88235294117%
1-204	5.88235294117%
1-205	5.88235294117%
1-300	5.88235294117%
1-301	5.88235294117%
1-302	5.88235294117%
1-303	5.88235294117%
1-304	5.88235294117%

The percentage of ownership of Common Elements is subject to adjustment for future additions to Waterside Condominium. In this regard, said adjustment shall occur as soon as reasonably feasible upon construction of additional condominium buildings containing condominium Units that are habitable. All such adjustments shall be memorialized by an Amendment to this Declaration as contemplated in said Declaration. All Unit Owners, by accepting a deed to a Unit, hereby consent to the adjustments contemplated herein and appoint Declarant as their attorney in fact for purposes of making said adjustment, which will reduce the Percentage Ownership in said Common Elements as set forth herein.

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WATERSIDE
LAKEHEAD LAKE
LAKE SIDE MARINA

EXHIBIT
tabbles
B-2



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**CARPORT, GARAGE AND GARAGE/CARPORT
LIMITED COMMON ELEMENT DESIGNATION**

The garages are designated as G-1 through G-7 and are depicted on Exhibit A1 attached to the Declaration. The garage/carports are designated as GC-1 through GC-15 and are also depicted on said Exhibit A1. Carports have not yet been constructed or designated. Pursuant to Section 6 of the Declaration, Declarant reserves the right to allocate said garages, garage/carports, and future carports, garages and garage/carports to certain Units, including those to be constructed in the future by Declarant.

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BOATSLIP USAGE

Certain boatslips will be allocated as Limited Common Elements to three (3) Units, the Owners of which shall be entitled to the exclusive use of said boatslips on a scheduled basis. The Owners of the three Units to whom a boatslip is allocated shall be designated by Declarant as Owner A, Owner B, or Owner C. Commencing in calendar year 2006, Owner A shall be entitled to Use Package A, Owner B shall be entitled to Use Package B, and Owner C shall be entitled to Use Package C defined below:

Use Package A:	Use weeks 22, 23, 28, 29, 34, and 35
Use Package B:	Use weeks 24, 25, 30, 31, 36, and 37
Use Package C:	Use weeks 26, 27, 32, 33, 38, and 39

Each year after 2006, the Use Package assigned to the Owners will rotate backwards. For example, in 2007, Owner A is entitled to Use Package C, Owner B is entitled to Use Package A, and Owner C is entitled to Use Package B.

Use Week No. 1 is the seven days commencing at 8:00 a.m. on the first Saturday of January each year. Use Week Nos. 2 through 52 are calculated by working forward from Use Week No. 1 each year. Use Weeks run from 8:00 a.m. on the first day of the Use Week to 7:59 a.m. on the first day following the Use Week.

The Association shall periodically prepare an extended calendar to establish and define the Use Weeks assigned to Owners A, B, and C for succeeding years pursuant to the schedule established and defined by this Exhibit B4.

Use of the boatslips during use weeks other than those specifically referenced herein shall be on a first come, first served basis.

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FUTURE DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into this 21st day of August, 2005 by and between WATERSIDE DEVELOPMENT, LLC, hereinafter referred to as "Declarant," and WATERSIDE CONDOMINIUM OWNERS ASSOCIATION, INC., hereinafter referred to as "Condominium Owners Association."

WHEREAS, Declarant is in the process of constructing four (4) condominium buildings on real property owned by it located in Lakeside, Flathead County, Montana; and

WHEREAS, the condominium buildings will be constructed in phases, with the first phase consisting of the construction of one (1) such condominium building containing seventeen (17) condominium Units; and

WHEREAS, the entire development will consist of four (4) condominium buildings collectively comprising not more than seventy-six (76) condominium Units; and

WHEREAS, the above-referenced seventeen (17) condominium Units will be subjected to the Declaration of Condominium for Waterside Condominium to which this Future Development Agreement is attached; and

WHEREAS, a Condominium Owners Association has been established to govern the affairs of its Members as applicable to the operation, administration, use, and occupancy of the Waterside Condominium development; and

WHEREAS, all parties desire that the additional condominium Units be built on the Property pursuant to the aforesaid Declaration, which Units will be subjected to the terms and conditions of said Declaration by Amendment of said Declaration; and

WHEREAS, all parties desire the additional condominiums be built in an orderly fashion and to have such further additions to the Property subsequently subjected to the Declaration of Condominium of Waterside Condominium; and

WHEREAS, all parties recognize and acknowledge the future development rights of Waterside Development, LLC as reserved in the Declaration, the Owners Association Bylaws and this Future Development Agreement.

NOW, THEREFORE, in consideration of the promises, covenants, and conditions herein contained, as well as other good and sufficient consideration hereby acknowledged, the parties hereto agree as follows:

1. Waterside Development, LLC shall have the absolute right, but shall not be obligated to, construct and complete additional Units on the Property described in the Declaration of Condominium of Waterside Condominium. Waterside Development, LLC may construct up to but no more than seventy-six (76) total Units on the Property.

2. After construction of such additional Units, and upon the subsequent filing of an Amendment or Amendments to the Declaration of Condominium of Waterside Condominium under the Montana Unit Ownership Act, such additional Units shall be fully annexed and incorporated into said condominium project and the Waterside Condominium Owners Association, Inc. All such Units shall be subjected to the same rules, regulations, and restrictions as existing Units. Waterside Condominium Owners Association, Inc. hereby approves the annexation of additional Units and shall approve and execute such Amendments at the appropriate time.

3. All parties agree to undertake such acts and execute such documents as may be necessary to facilitate the purposes and intent of this Agreement. Declarant shall have the right to construct three (3) additional condominium buildings comprised of approximately fifty-nine (59) additional Units.

4. Any and all revenues derived from the sale of any condominium Units constructed on the real property the subject of the above-referenced Declaration shall be the sole and exclusive property of Declarant, and neither the Unit Owners nor Waterside Condominium Owners Association, Inc. shall have any claim thereto.

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5. Declarant, in the process of completing the seventy-six (76) condominium unit development, will allocate, pursuant to the Declaration, the boatslips, carports, garages, and garage/carports to certain Units as Limited Common Elements. The determination as to said allocation shall be solely that of Declarant in Declarant's sole discretion, and said allocation shall be memorialized by Amendment(s) to said Declaration to be filed by Declarant with the office of the Flathead County Clerk and Recorder. All revenues derived by Declarant from the allocation of said boatslips, carports, garages, and garage/carports shall be the sole and exclusive property of Declarant, and neither the Unit owners nor Waterside Condominium Owners Association, Inc. shall have any claim thereto.

6. Waterside Condominium Owners Association, Inc. hereby agrees that it shall not in any way alter or amend the Declaration of Condominium of Waterside Condominium or the Bylaws of Waterside Condominium Owners Association, Inc. so as to alter or otherwise adversely affect Declarant and Declarant's reservation of rights to construct the additional Units contemplated herein and in said Declaration.

7. This Future Development Agreement is binding on the parties' successors and assigns. This Future Development Agreement shall be recorded in the office of the Flathead County Clerk and Recorder.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first written above.

**WATERSIDE DEVELOPMENT, LLC
BY PEAK DEVELOPMENT, LLP**

**WATERSIDE CONDOMINIUM OWNERS
ASSOCIATION, INC.**

By: _____
Matthew J. Waatti, Partner

By: _____
_____, President

Attest: _____
_____, Secretary

STATE OF MONTANA)
) ss.
County of Flathead)

This instrument was acknowledged before me on the 26th day of July, 2005 by **Matthew J. Waatti as a Partner of Peak Development, LLP, a Member of Waterside Development, LLC.**

(printed name)
Notary Public for the State of Montana
Residing at _____
My Commission expires _____

STATE OF MONTANA)
) ss.
County of Flathead)

This instrument was acknowledged before me on the 26th day of July, 2005 by _____ as **President of Waterside Condominium Owners Association, Inc.**

(printed name)
Notary Public for the State of Montana
Residing at _____
My Commission expires _____

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ARTICLES OF INCORPORATION
OF
WATERSIDE CONDOMINIUM OWNERS ASSOCIATION, INC.

The undersigned incorporator, in order to form a nonprofit corporation pursuant to Section 35-2-114 through 35-2-1402, inclusive, of the Montana Code Annotated, does hereby voluntarily adopt and certify the following Articles:

ARTICLE I - NAME - DESIGNATION

The name of the corporation is **WATERSIDE CONDOMINIUM OWNERS ASSOCIATION, INC.** The corporation shall be a mutual benefit corporation.

ARTICLE II - DURATION

This corporation formed shall have perpetual existence, unless dissolved in accordance with Montana law.

ARTICLE III - PURPOSES

The purposes for which this corporation is formed are:

a) The primary and specific purpose is to further promote the interests and welfare of the Owners of Waterside Condominium, a condominium development situated in Lakeside, Flathead County, Montana, and to operate, maintain, and improve the Common Elements, or Limited Common Elements, and any other equipment or facilities appurtenant to the development for the benefit of said Owners.

b) The general purposes are to provide all types of services, facilities, and improvements deemed useful, beneficial, and helpful to said Owners; to enforce restrictions, liens, charges, and covenants pertaining to said Waterside Condominium Owners Association, Inc.; to purchase, lease, construct, contract for, develop, or otherwise acquire such property, real or personal, tangible or intangible, as may be necessary or convenient to carry out said primary objectives and purposes; to care for and maintain all property owned by it or under its control; to borrow or raise money or contract indebtedness by giving any form of obligation and security therefor; to appoint such committees as may be necessary or convenient in carrying out the said primary objectives and purposes; to make and collect charges and assessments by which to further said primary objectives and purposes; to enter into, make, or perform contracts of any kind with any person, firm, association, corporation, municipality, county, state, body, politic, or government conducive to the attainment of any of the objectives or purposes of the corporation.

c) To have and exercise all rights and powers and to do any and all things that a corporation can do for the benefit of its Members pursuant to the Montana Nonprofit Corporation Act and such other Montana laws as may be applicable, as same may be amended from time to time, or otherwise.

ARTICLE IV - NONPROFIT

This corporation shall adopt Bylaws which shall control and regulate the internal affairs of the corporation, including a provision for the distribution of assets on dissolution or final liquidation, and this corporation shall maintain a membership with such class or classes of Members as shall be set forth in said Bylaws. This corporation shall not have nor issue any shares of stock. No dividends shall be paid and no part of the income, profit, or net earnings of the corporation shall be distributed to or otherwise inure to the

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benefit of its Members, Directors, or officers, or other private persons. This corporation may pay compensation in a reasonable amount to its Members, Directors, or officers, or other employees, for services rendered; may confer benefits upon its Members in conformity with its purposes; and, upon dissolution or final liquidation, may make distribution to its Members as may be permitted by the Bylaws and the laws of the State of Montana. No such payment, benefit, or distribution shall be deemed to be a dividend or distribution of income or profit, and it is the intention and overriding purpose to establish and qualify this corporation as an exempt organization for income tax purposes as that term is defined in Section 501(c) of the United States Internal Revenue Code, as replaced or amended.

ARTICLE V - REGISTERED OFFICE AND AGENT

The address of the initial registered office and the name of the initial registered agent at such address are:

**Matthew J. Waatti
3 Meridian Court, Suite 3
Kalispell, Montana 59901**

ARTICLE VI - DIRECTORS

The initial Board of Directors shall be three (3) in number. These initial Directors shall serve until new Directors are elected pursuant to the Waterside Condominium Owners Association Bylaws.

ARTICLE VII - INCORPORATOR

The name and address of the incorporator of this corporation are:

**Matthew J. Waatti
3 Meridian Court, Suite 3
Kalispell, Montana 59901**

IN WITNESS WHEREOF, the undersigned duly authorized incorporator has hereunto set his signature this 26th day of July, 2005.

Matthew J. Waatti
Incorporator and Registered Agent

STATE OF MONTANA)
) ss.
County of Flathead)

This instrument was acknowledged before me on the ____ day of July, 2005, by **MATTHEW J. WAATTI** as both the Incorporator of and Registered Agent for Waterside Condominium Owners Association, Inc.

Notary Public for the State of Montana
Residing at Kalispell
My Commission expires _____

BYLAWS
OF
WATERSIDE CONDOMINIUM OWNERS ASSOCIATION, INC.

ARTICLE I

Section 1. The provisions of these Bylaws are applicable to a condominium located on real property described in the Declaration of Condominium of Waterside Condominium filed or to be filed with the Flathead County Clerk and Recorder, to which a copy of these Bylaws is attached, in accordance with the provisions of the Montana Unit Ownership Act, Title 70, Chapter 23, Montana Code Annotated, and such subsequent phases of Waterside Condominium, if any, as may hereafter be subjected to the provisions hereof. Should subsequent phases of the Waterside Condominium development be subjected to the terms of the Montana Unit Ownership Act, a copy of these Bylaws shall be recorded simultaneously with the Declaration of Condominium of Waterside Condominium (or with the Amended Declaration) to which these relate, all in accordance with Section 70-23-301, Montana Code Annotated. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Declaration.

Section 2. All present or future Owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws. The acquisition or rental of any of the Units of the Property or the occupancy of any of the Units shall signify that these Bylaws are accepted and ratified.

ARTICLE II

Section 1. The "Unit Owner" of a Unit on the Property means the person owning a Unit in fee simple absolute individually or as co-owner in any real estate tenancy relationship recognized under the laws of the State of Montana. Each Unit Owner, by virtue of ownership, shall be a Member of the Waterside Condominium Owners Association (the "Association"). If ownership of any Unit is vested in more than one person or entity, each person or entity shall be a Member, but the co-Owners or joint Owners shall be deemed to be one Unit Owner for the purpose of voting and shall be entitled to vote only in accordance with the provisions of the Bylaws on voting.

Section 2. Each Unit Owner shall be entitled to a voting interest equal to his, her or its percentage interest in the General Common Elements as set forth in the Declaration or Declaration as Amended. The vote for any Unit owned by more than one person or entity shall be exercised as the co-Owners may among themselves determine, but in no event shall the vote with respect to any one Unit exceed the total voting interest provided for in this Section

Section 3. As used in these Bylaws, the term "Majority of Owners" shall mean the Owners holding fifty-one percent (51%) of the votes assigned as provided in these Bylaws. Ownership shall be determined according to the records of the Clerk and Recorder of Flathead County, Montana provided, however, that an executor, administrator, guardian, or trustee may vote in person or by proxy with respect to any dwelling or Unit owned or held by him, her or it in such capacity, whether or not ownership shall have been transferred to his, her or its name by a duly recorded conveyance.

Section 4. Except as otherwise provided in the Bylaws, the presence in person or by proxy of ten percent (10%) of Unit Owners shall constitute a quorum. If, however, a quorum shall not be present or represented at any meeting, the Members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present.

Section 5. At all meetings of Unit Owners, each Unit Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Unit Owner of its Unit. While every proxy shall be revocable, the authority contained therein, unless otherwise limited by its terms, shall be deemed to continue in effect until revoked in writing or until the recording of a conveyance by the Unit Owner of its Unit. Whenever a Unit is owned by two or more persons or entities, the Unit Owners' voting interest may be exercised by any one of the Unit Owners present in the absence of protest by the other Unit Owners.

ARTICLE III

Section 1. The Association shall administer the operation of Waterside Condominium, approve the annual budget, establish and collect assessments, and arrange for the management of the project pursuant to an agreement containing provisions relating to the duties, obligations, removal, and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority vote of Owners attending any meeting of the Association (whether in person or by proxy) at which a quorum is present.

Section 2. The Association shall convene an organizational meeting no later than 120 days after the Declaration has been filed with the Clerk and Recorder of Flathead County, Montana.

Section 3. The Association shall convene its annual meeting at the time and place specified in the written notice provided to Members of the Association as provided in Section 5 of this Article.

Section 4. Any two (2) Members of the Board of Directors or the management agent, by written request, may call a special meeting at any time.

Section 5. The Association shall deliver written notice of any annual or special meeting to each Unit Owner no less than ten (10) days prior to the date of the meeting. The notice shall specify the time, date, place, and purpose of the meeting. The Association shall deliver the notice to each Unit Owner personally by leaving the notice at the Unit Owner's usual place of business or by mailing it, postage prepaid, addressed to the Unit Owner at his last known address as reflected by the Association's records. If notice is given pursuant to the provisions of this Section, the failure of any Unit Owner to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings conducted at the meeting.

Section 6. The Association shall transact no business at a special meeting except as stated in the notice unless by consent of two-thirds ($\frac{2}{3}$) of the Board of Directors present, either in person or by proxy.

Section 7. The order of business at all meetings of the Association shall be as follows:

- a. Proof of Notice of Meeting or Waiver of Notice.
- b. Determination of quorum.
- c. Reading of Minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees.
- f. Appointment of Directors, if applicable.
- g. Unfinished business.
- h. New business.
- i. Adjournment.

ARTICLE IV

Section 1. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons. The initial Directors are identified in the Articles of Incorporation of Waterside Condominium Owners Association, Inc.

Section 2. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law or by these Bylaws directed to be exercised or done by the Unit Owners. The Board of Directors shall serve without compensation.

Section 3. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have the following powers and duties:

- a. To enforce the provisions of the Declaration and Bylaws by appropriate action.
- b. To provide for management of the Property by contracting with a suitable and capable manager or management company for operation and maintenance of the Property.

- c. To impose, charge, and collect assessments as allowed by the Bylaws and the Declaration.
- d. To delegate authority to the manager for routine conduct of business, subject at all times, however, to ultimate authority residing in the Board of Directors.
- e. To prepare an annual budget in order to determine the amount of the assessments payable by the Unit Owners to meet Common Expenses, and to allocate and assess common charges among Unit Owners according to their respective interests in the General Common Elements.
- f. To impose, charge, and collect special assessments whenever necessary in order to meet increased operating or maintenance expenses or because of emergency.
- g. To take appropriate legal action to collect delinquent assessments, and to impose, charge, and collect penalties and charge interest in accordance with these Bylaws.
- h. To defend, in the name of the Association, any and all lawsuits wherein the Association is a party defendant or the Property is at issue.
- i. To enter into contracts and agreements necessary to carry out the duties set forth in these Bylaws.
- j. To establish a bank account for the Association and to keep records and accounts according to generally accepted accounting practices.
- k. To establish rules and regulations for conduct, behavior, and use of the General Common and Limited Common Elements.
- l. To make repairs, alterations, additions, and improvements to the General Common and Limited Common Elements consistent with managing Waterside Condominium in the best interest of the Unit Owners.

Section 4. The Members of the Board of Directors shall serve staggered terms of two (2) years, with the terms of two (2) Members of the Board of Directors expiring in even years and the terms of three (3) Members of the Board of Directors expiring in odd years. The Directors shall hold office until their successors have been appointed and hold their first meeting.

Section 5. A Director may be removed by a vote of the Unit Owners of at least fifty-one percent (51%) of the undivided interests in the General Common Elements. Vacancies on the Board of Directors, however, must be filled in accordance with Article IV, Section 7 of these Bylaws.

Section 6. No Director shall receive remuneration for services performed by him or her for the Association in any other capacity unless the Board of Directors unanimously adopts a resolution authorizing the remuneration before the services are undertaken. A Director may not be an employee of the Association.

Section 7. If a vacancy occurs in the Directors, the remaining Directors shall appoint another Director to then and there fill the vacancy for the remainder of the term. However, if a Director is removed pursuant to Article IV, Section 5 of these Bylaws, the Unit Owners then voting shall, at the time of removal, appoint a new Director by majority vote.

Section 8. The Board of Directors shall hold their first meeting immediately following the annual meeting of the Association and, provided that a majority of the Board of Directors is present, no notice shall be necessary to the newly appointed Directors in order to legally constitute such a meeting.

Section 9. The Board of Directors may hold regular meetings at such time and place as shall be determined from time to time by a majority of the Directors provided, however, that the Board of Directors shall hold at least two (2) regular meetings during each fiscal year. The Board of Directors shall give notice of its regular meetings to each Director, personally or by mail, telephone, or telegraph, at least three (3) days prior to the day named for the meeting.

Section 10. The Chairman of the Board of Directors may call special meetings on three (3) days notice to each Director, given personally or by mail, telephone, or telegraph, stating the time, date, place, and purpose of the meeting. The President or Secretary of the Board of Directors shall call special meetings in a like manner and on a like notice upon the written request of at least two (2) Directors. All Directors' meetings shall be held within Flathead County, Montana.

Section 11. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of the meeting, and the waiver shall be deemed equivalent to the giving of notice. Furthermore, attendance by a Director at any meeting of the Board of Directors shall constitute waiver of notice by him or her of the time and place of the meeting. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12. A majority of the Directors shall constitute a quorum of the Board of Directors for the transaction of business at any meeting. If, however, a quorum is not present or represented at any meeting, the Directors present at the meeting shall have the power to adjourn the meeting from time to time without notice other than an announcement at the meeting until a quorum shall be present or be represented. If a quorum shall be present or be represented at the meeting following such adjournment, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. The Board of Directors may require that officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds, with the premiums on such bonds to be paid by the Association.

Section 14. In the event there is a deadlock in voting of the Board of Directors, the Members of said Board shall mutually agree upon the appointment of a mediator who shall decide the deadlocked issue. The mediator's decision shall be binding upon the Board of Directors.

ARTICLE V

Section 1. The Board of Directors, at its annual meeting, shall elect the following officers: Chairman, Vice-Chairman, Secretary, and Treasurer, and may elect any assistants the Board of Directors may deem necessary. The officers shall be Directors.

Section 2. The officers of the Association shall hold office at the pleasure of the Board of Directors, and in the event of a vacancy, the Board of Directors shall elect a successor at any regular meeting or at any special meeting called for that purpose.

Section 3. The Chairman shall preside at all meetings of the Association and of the Board of Directors. The Chairman shall have general supervision over the affairs of the Association and its officers and all of the powers and duties usually vested in the office of president or chairman of an association including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as the Chairman may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4. The Vice-Chairman shall act for the Chairman in the event of the absence or disability of the latter and shall also perform any other duties as from time to time may be imposed upon him or her by the Board of Directors.

Section 5. The Secretary shall keep all books and records of the Association and of the Board of Directors and shall record all Minutes of meetings of both.

Section 6. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in any depositories as the Board of Directors may from time to time designate.

ARTICLE VI

Section 1. The Board of Directors shall approve assessments against the Unit Owners, and the Unit Owners shall pay the assessments to the Association in accordance with the following provisions:

- a. The Board of Directors shall approve assessments for the repair, replacement, general maintenance, management, and administration of the General Common and Limited Common Elements and for payment of insurance premiums. The Board of Directors shall base and compute the assessments on the percentage interest that each Unit Owner has in the General Common Elements as provided in the Declaration.
- b. The Unit Owners shall pay any assessments imposed and charged in the proportions set forth in the provision of the Declaration authorizing the assessment.

- c. The Board of Directors may maintain separate accounts for operating expenses and for reserves. The Board of Directors shall, however, account for the funds collected from each Unit Owner separately and shall pay the Common Expenses in the same proportion in which the Board of Directors collected the assessments. The Board of Directors shall maintain the following records:
- i. Common Expense Records - to which shall be credited collections for assessments for all Common Expenses including liability and hazard insurance premiums and payments received for defraying costs of the use, reconstruction, and repair of Common Elements.
 - ii. Alteration and Improvement Accounts - to which the Board of Directors shall credit all sums collected for alteration and improvement assessments.
 - iii. Emergency Account - to which the Board of Directors shall credit all sums collected for emergencies.
- d. All Unit Owners shall be obligated to pay assessments for Common Expenses in monthly installments. The Board of Directors shall impose, charge, and collect assessments for Common Expenses for each fiscal year (January 1 through December 31) reasonably required for the proper management, maintenance, and operation of the Common Elements. The annual assessments shall be due and payable in twelve (12) equal consecutive monthly payments due on the first day of each month. The total of the assessments shall be in the amount of the estimated Common Expenses for the year including a reasonable allowance for contingency and reserves less the amounts of unneeded Common Expense account balances. If an annual assessment is not made as required, a payment in the amount required in the last prior assessment shall be due upon each assessment payment date until changed by a new assessment.
- e. The Board of Directors shall impose, charge, and collect other assessments in accordance with the provisions of the Declaration to be paid at the time determined by the Board of Directors.
- f. The Secretary and Treasurer shall maintain records showing assessments made against Unit Owners. The Secretary and Treasurer shall make the records available for inspection by Unit Owners at all reasonable times. The records shall show the amounts of all assessments paid and unpaid. The Treasurer may issue certificates as to the status of a Unit Owner's assessment account to any person or entity the Unit Owner may request in writing, and the certificates shall limit the liability of any person or entity to whom it is addressed other than the Unit Owner.
- g. Unit Owners and their grantees shall be jointly and severally liable for all unpaid assessments due and payable at the time of a conveyance without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor. Unpaid portions of assessments which are due shall be secured by a lien upon the Unit as provided in the Declaration upon the filing of a claim in accordance with the provisions of Section 70-23-607 of the Montana Code Annotated.
- h. Any portion of an assessment paid more than fifteen (15) days after the date when due shall bear interest at the rate established from time to time by the Board of Directors, but in no event shall the interest rate exceed the maximum rate permitted by Montana law. The Board of Directors shall apply all payments first to interest due and then to the earliest assessment due. The Board of Directors shall credit the Common Expense account with all interest collected.

Section 2. Maintenance and Repair.

- a. Every Unit Owner must perform promptly all maintenance and repair work within its own Unit which, if omitted, would affect the project in its entirety or in any part belonging to other Unit Owners. Each Unit Owner shall be responsible for the damages and liabilities caused by its failure to act.

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- b. Each Unit Owner shall bear the cost of all the repairs of internal installations to the Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories and appliances belonging to the Unit.
- c. Each Unit Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Element damaged by the willful or negligent acts of that Unit Owner or its officers, employees, licensees, and invitees to the extent such expenditures are not covered by the proceeds of insurance carried by the Association.

Section 3. No Unit Owner shall make any structural modifications or alterations to its Unit without previously notifying the Board of Directors in writing through the management agent or the Chairman of the Association if no management agent is employed. The Board of Directors shall have the obligation to answer within thirty (30) days after receiving notice. Failure by the Board of Directors to answer within the stipulated time shall mean that there is no objection to the proposed modification of alteration.

Section 4. The managing agent and any person authorized by the Board of Directors shall have the right to enter each Unit in case of any emergency originating in or threatening the Unit or the Property whether or not the Unit Owner or occupant is present at the time. Every Unit Owner and occupant, when so required, shall permit other Unit Owners or their representatives to enter its Unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the Common Elements therein provided, however, that each Unit Owner shall request entry in advance and that each Unit Owner shall enter only at a time convenient for the other Unit Owner.

Section 5. Rules of Conduct. [Reserved]

Section 6. The Board of Directors may adopt, delete, or amend the Rules of Conduct relating to the details of the operation of Waterside Condominium and the use of Units, Common Elements, and Limited Common Elements at any regular meeting or at any special meeting called for that purpose.

ARTICLE VII

Section 1. No Director or officer of the Association shall be liable for acts or defaults of any other officer or Member or for any loss sustained by the Association or any Member thereof unless the loss has resulted from his or her own willful misconduct or negligence.

Section 2. Every Director, officer, and Member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including attorneys' fees) actually and necessarily incurred by or imposed upon him or her in connection with any claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which he or she may be involved as a party or otherwise by reason of his or her having been an officer or Member of the Association whether or not they continue to be a Director, officer, or Member of the Association at the time of incurring the cost, expense, or liability. This provision shall apply except in relation to matters as to which he or she shall be finally adjudged in any action, suit, proceeding, investigation, or inquiry to be liable for willful misconduct or negligence towards the Association in the performance of his or her duties or, in the absence of a final adjudication, any determination of liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition, and not in limitation of, all rights to which every Director, officer, and Member of the Association may be entitled as a matter of law and shall inure to the benefit of their legal representatives.

ARTICLE VIII

The Association may establish, from time to time, the fiscal year of the Association.

ARTICLE IX

Section 1. The Association may amend these Bylaws in a duly constituted meeting for such purpose. No amendment shall take effect unless approved by seventy-five percent (75%) of the Unit Owners and until a copy of the Bylaws, as amended and certified by the presiding officer and Secretary of the Association, is recorded in the office of the Clerk and Recorder of Flathead County, Montana provided, however, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the Montana Unit Ownership Act, Title 70, Chapter 23, Montana Code Annotated.

Section 2. In the event of any conflict between these Bylaws and the provisions of the Montana Unit Ownership Act, the latter shall govern and apply.

The Association may establish, from time to time, the fiscal year of the Association.

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ARTICLE X

Section 1. Each person or entity who may become a Unit Owner of any Unit does hereby irrevocably appoint Waterside Development, LLC as such Owner's agent to execute such amendment or amendments to the Declaration of Condominium for Waterside Condominium and these Bylaws as Waterside Development, LLC, in its sole discretion, desires for purposes of exercising its reservation of development rights, relative to the property the subject of said Declaration, as such development rights are specifically set forth in said Declaration and the Future Development Agreement attached thereto as Exhibit D. The agency created hereby is non-revocable and constitutes a power coupled with an interest until such time as Waterside Development, LLC completes the construction of all seventy-six (76) condominium Units planned to be constructed on the Subject Property. The agency hereby created shall be binding upon the heirs, executors, personal representatives, administrators, successors and assigns of all Unit Owners of all Units within Waterside Condominium.

IN WITNESS WHEREOF, the Directors of **WATERSIDE CONDOMINIUM OWNERS ASSOCIATION, INC.** have executed and certified and adopted these bylaws as of the 26th day of July, 2005.

Matthew J. Waatti

W. R. McKee

James Binger

Name: _____

Name: _____