

By-Laws of the  
Lazy TH Estates Owner's Association

PART I

Article I

Purpose, Application, Definitions and Structure

The purpose of these By-Laws for the Lazy TH Estates Owner's Association, designated Association or HOA hereinafter, is to provide administrative and procedural criteria to be followed as required and specified by various sections of the Association Covenants, designated as Covenants hereinafter, or as voted on by the Association at annual meetings of the Association. All property owners in the Association, their guests, invitees or tenants shall have the rights and responsibilities as described in these By-Laws and in the Covenants and shall be subject to the provisions contained therein. Definitions of terms are as given in the Association Covenants. The properties covered by these By-Laws include all the properties described on page one (1) of the Association Covenants filed on October 21, 2015 with the Clerk and Recorder of Gallatin County. These By-Laws are in two parts. PART I contains the administrative and procedural criteria and will be filed with the Clerk and Recorder of Gallatin County as specified in the Association Articles of Incorporation and in the Association Covenants. PART II is an Appendix containing various forms and maintenance lists that may need to be modified from time to time and are not filed with the Gallatin County Clerk and Recorder. Both PARTS I and II will always be posted on the Lazy TH web site in the "Important Documents" tab.

No part of these By-Laws or any future amendments to these By-Laws may contravene any aspect or provision of the Covenants. The Covenants shall in all cases be superior to the By-Laws.

Article II

Association Organization and Management

2.1 Membership and Voting: Association membership, voting rights and voting responsibilities are specified in Article II Section 1 of the Covenants.

An Association Member/Association Property Owner, as defined in the Covenants, designated here in after as Member, may assign a voting proxy to another Member. Only Members may vote proxies. No Member may vote more than four (4) proxies from other Members. A proxy shall be valid for one (1) meeting only the date of which must occur on the proxy form. Proxy forms must be completed in ink and may not contain erasures. A proxy that does not have the correct date of the meeting for which it is intended or that has a crossed out and re-written date shall not be valid. Proxies delegated to one Member may not be transferred to a second Member. Voting by proxy is allowed at Annual Meetings or at other additional general Association meetings that may be called to address matters of Association business requiring broader

Association participation (See Article II Sections 3 and 4 of the Covenants). A quorum for Annual or additional Association meetings may not consist of more than forty nine percent (49%) proxies. A proxy form for Annual or additional Association meetings is given in the Appendix. Any Member who is not current in paying annual assessments, special assessments or any outstanding fines or penalties may not vote and may not give a proxy to another Association Member as indicated in the Covenants (See Section 2.1 of the Covenants).

2.2 Communication: The primary method of communication for the Association shall be electronic either via e-mail or postings on the web site, which, at the time of this writing is [www.lazyth.org](http://www.lazyth.org). The Association shall maintain a web site for such communications. Communications required to be delivered by mail as is specified in some sections of the Covenants shall also be done by e-mail. Members who do not have the means for electronic communications may submit a written request to the HOA Manager or to the Board for communications by mail. All Lazy TH e-mail messages shall start the title line with the phrase "Lazy TH Business – ", which shall be followed by a short descriptor.

All documents, meeting minutes, meeting agendas, reports or bids from outside vendors, and DRC reviews generated after the adoption date of these By-Laws shall be posted to the web site. Financial information and member Directory information may be posted on the web if means become available to provide password protection of such information. The password or passwords shall be announced at the Association annual meeting and shall be given to any HOA Manager the Association hires and, upon request, to any Association Member but may not be given to any other persons or entities. The Board may change the password at their discretion each year. Any Member may obtain a copy of any Association document if such documents are not posted on the web site by making a request to any Board member or to the HOA Manager.

All Members are responsible for providing current mailing addresses, telephone numbers and e-mail addresses to the Association by notifying the HOA Manager or the Secretary of the Board. Members who do not provide current contact information should not expect to receive timely communications from the Association. The Association shall maintain, to the best of its abilities, a directory of Member contact information which any Member may obtain by requesting a copy from any Board member or from the HOA Manager. If a property, or any part thereof, is rented to a third party who is not a property owner/Member, then the Member must provide the names, telephone numbers, and e-mail addresses of all renters to the Board, or to its designated HOA Manager, no later than September 30 of each year. A property owner who fails to provide full renter contact information shall be subject to a fine or penalty as described in Section 5.3 below.

2.3 Annual Meetings and Other Association Meetings: The Association annual meeting shall be held in the last three (3) weeks of June in each year. Every annual meeting shall have a minimum of the following agenda items; a financial review which shall include a line item summary of the status of funds in the Lazy TH RID account, a proposed budget for the new fiscal year which shall include a proposed annual assessment, and the election of a board. Other agenda

items may occur at the discretion of the Board, or as requested by Association Members in accordance with the appropriate sections of the Covenants. For all Association annual meetings and other meetings, the Association shall create a written roster of Members attending the meeting in person. In addition, a separate roster of Members voting proxies shall be created giving the name of the Member voting the proxies and the number of proxies they are voting. Both rosters and all proxy forms shall be kept as part of the written record of the respective meetings for at least five (5) years by the HOA Manager or by the Association Secretary.

Meeting agendas and minutes for all Association meetings, except as noted below, including Board meetings shall be posted on the web site. Meeting minutes shall be posted on the web site no later than three (3) weeks after the date of each respective meeting. Board member meetings with outside vendors, contractors or technical consultants are exempt from agenda and meeting minutes requirements. Criteria for annual meetings or other Association meetings are described in Article II, Sections 3 and 4 of the Covenants. A summary list of preparatory steps and notification requirements that are specified in the Covenants for Association meetings is given in the Appendix as a guide to future Boards and HOA managers. Copies of meeting attendance and proxy voting rosters occur in the Appendix.

If any person, other than a law enforcement officer, enters a Lazy TH meeting space with a fire arm, then all business shall cease immediately and shall not resume until the firearm is removed from the premises. If the firearm is not removed from the premises then the meeting shall adjourn, cease conducting any business, and be rescheduled no sooner than two (2) weeks from the original date of the meeting.

2.4 Board of Directors: Within sixty (60) days of being elected at an annual meeting the Board shall establish a meeting schedule for the coming year, which shall be posted on the web site. Any Association member may attend any Board meeting. The Board shall meet a minimum of four (4) times in each fiscal year in person on an approximately quarterly basis. Agendas for Board meetings shall be posted on the web site at least five (5) days before the respective meetings. The Board shall keep minutes of all meetings which shall be kept on file for five (5) years by the HOA Manager or by the Association Secretary. The Board may meet electronically via e-mail exchange to consider points that may not need an in-person meeting. A record of all such electronic meetings shall be kept on file for five (5) years by the HOA Manager or by the Association Secretary.

The term of office for Board members shall run from the end of the annual meeting in which they are elected to the end of the annual meeting of the following year. No Board member may be a co-owner of any Lazy TH property with another Board member. Any Board member who is not current in the payment of any annual assessment, special assessment, any other assessment the Association may levy, or any fines or penalties shall be considered to have resigned from the Board. Any Board member who misses two consecutive in person Board meetings shall be considered to have resigned from the Board. If Board membership falls below the minimum number of five (5), then the remaining Board members may appoint an Association Member to a vacant position to bring the Board membership to the minimum number of five

(5) specified in the Covenants. Any appointed Board member shall be considered to have resigned from the Board if they miss any in-person Board meeting. The Board shall cease to conduct business without a minimum number of members, except that the remaining Board members may appoint a new member to bring the Board up to the minimum number to conduct all business. Any new Board member appointed shall be in attendance in person at the Board meeting in which they are appointed. A quorum for Board meetings to conduct business shall be 51% of the Board being present in person provided the Board has at least five (5) members.

The Board shall be composed of four (4) executive officers to include a President, a Vice President, a Treasurer, and a Secretary. Other members of the Board shall be Members-at-Large for the Association. The Association shall maintain liability insurance for the Board, members of the DRC, and any other Association Member the Board may appoint to do work on behalf of the Association, and such insurance shall cover only their actions on behalf of the Association.

The President of the Board shall be the key contact for all outside vendors or contractors who do business with the Association unless the President delegates such contacts to other Board members or to an HOA Manager in which case such delegation shall be recorded in meeting minutes or other documentation and the delegation communicated to all other Board members. The President is responsible for establishing and coordinating meeting schedules and meeting agendas for Board meetings, for Association annual meetings, and for any general meetings of the entire Association that may be called for special purposes. The President is responsible for leading the meetings through the agendas. The President is the key contact for any HOA Manager the Association may hire. The President is responsible to see that other Board members, an HOA Manager, DRC members, other appointed committees of Association Members and all outside contractors, vendors, technical consultants or the like are fulfilling their obligations and responsibilities to the Association. No HOA member may serve as President for more than two (2) consecutive years. A Member may serve multiple terms as President so long as each time of service is not more than two (2) consecutive years in duration and so long as each time of service is followed by at least one (1) year in which the Member does not hold the office of President.

The Vice President will assume the duties of the President if the President is absent and succeed to the presidency if the President must permanently leave the position for any reason.

The Treasurer is responsible for supervising all financial matters of the Association and to prepare or supervise the preparation of, by an HOA Manager or other outside vendor, any financial reports needed by the Association and reporting same to the Association and to verify that such financial reports are posted to the web site.

The Secretary is responsible for maintaining or supervising the maintenance of, by an HOA Manager or other outside vendor, the Association web site, the posting of documents to the web site, the preparation of minutes of meetings, maintaining the Association Directory, and retention of records as required by the Covenants or these By-Laws.

The Board at its discretion may delegate tasks to Board subcommittees or to committees of Association Members. The Board may convene as a subcommittee of the whole. Such subcommittees or committees may only recommend actions to the Board and may not take independent actions. The Board has sole authority and responsibility to act on subcommittee or committee recommendations and any such actions must be recorded in the minutes of the Board meeting in which the recommendations are considered. Subcommittees or committees created or convened by the Board are not required to keep minutes or notes of their activities and are responsible for managing any meetings they have in pursuit of their assigned tasks.

The Board at its discretion may hire an HOA Manager to handle routine business affairs. Such HOA Manager shall be retained with a written contract specifying terms of engagement and remuneration, which shall be posted on the web site; shall be bonded; and shall maintain routine business insurance for the entire time they are the HOA Manager for the Association. The Board has ultimate and complete authority, as specified in the Covenants, for all aspects of the Association's business and affairs and the HOA Manager shall work under the direction of the Board on all matters. The HOA Manager or their designated stand-in shall attend all Board meetings and all general and annual Association meetings. The full authorities and responsibilities of the Board are described in Article II Section 5 of the Covenants.

No Board member shall receive compensation for any service they may render to the Association, provided, however, that a Board member may be reimbursed for actual expenses incurred in the performance of their duties. No such expenses reimbursement shall be paid without presentation of a written receipt for the claimed expenses.

### Article III Financial Matters

**3.1 Fiscal Year:** The Association fiscal year shall run from May 1 of one calendar year until April 30 of the following calendar year. Association books shall be closed at the end of each fiscal year and a financial report shall be prepared each year, so it may be presented to the Association at the annual meeting in the following June. The annual financial report shall also contain a detailed statement of the funds held in the Association RID (see section 3.5 below).

**3.2 Disbursement of Money:** All disbursements of Association funds shall be done by check. Cash disbursements are not allowed. All checks shall be signed by two (2) people authorized by the Board to sign checks. The Treasurer shall always have check signing authority. The Board may authorize as many of the executive officers as it deems necessary to also sign checks. The Board may authorize at its discretion the HOA Manager to sign checks. All checks must be signed by at least one Board member if the Board grants check signing authority to an HOA Manager. If the HOA Manager is employed by a property management firm or is the owner of such a firm, then they may not delegate their signing authority to any other person in that firm.

3.3 Annual Assessment and Special Assessment Due Dates, Payment and Notification: The due date for the annual assessment shall be the last day of August in each fiscal year. If the first attempt at an annual meeting lacks a quorum, then the due date for the annual assessment shall be thirty (30) days after the date of any subsequent annual meeting attempt that achieves a quorum necessary to do business or the last day of August, whichever date is later.

If the Association votes to increase the annual assessment such increase shall go into effect on the assessment due date of the next following fiscal year. This shall give Association members more than a one (1) year notice to plan for such increases. Decreases in the annual assessment shall occur in the fiscal year in which they are approved by the Association.

The due date for any special assessments approved at any Association meeting called to consider such matters shall be ninety (90) days after the date on which the assessment is approved.

All assessments or special assessments shall be paid as one payment on or before the due date of the respective assessment. Time payments shall not be allowed. Any Member who has not paid any respective assessment in full on or before the due date shall be subject to delinquent payment processes described in Section 3.4 of these By-Laws.

All assessments shall be uniform by lot, unless the Board shall select another objective means of making assessments as is authorized in Article III, Section 3.5 of the Covenants.

3.4 Nonpayment of Assessments, Special Assessments, Fines or Penalties: Association authority for instances of nonpayment of assessments, special assessments, fines or penalties is described in Article 3 Section 7 of the Covenants. The HOA Manager may levy separate charges for collecting delinquent assessments, fines and penalties on behalf of the Association, as described in the HOA Manager's contract, that the Association member is responsible to pay.

At thirty (30) days past due, written notice shall be sent to Association members who have not paid an assessment, fine or penalty within thirty (30) days of the payment due date informing them that they are past due, that the payment will include a late fee of ten percent (10%) per annum calculated from the original due date of the payment.

At sixty (60) days past due, written notice shall be sent to Association members who have not paid an assessment, fine or penalty within thirty (30) days of the payment due date informing them that they are past due, that the payment will include a late fee of ten percent (10%) per annum calculated from the original due date of the payment, and that the Association will put a lien on their property after the payment is ninety (90) days past due.

At ninety (90) days past due the Association shall file a lien on the property for any unpaid assessments, fines, penalties and filing or legal fees, and written notice shall be sent by to the delinquent Association member informing them of such actions. Interest on unpaid assessments,

finances, or penalties including filing or legal fees shall continue to accrue from the original due date of the payment.

3.5 Monetary Reserves and RID Funds: The Association established a Maintenance Rural Improvement District, RID hereinafter, effective in November 2018, the money of which may be used solely for street maintenance, including sign replacement, and snow plowing. Because these RID funds represent the large majority of what was formerly the Associations annual assessments, flexibility of use by the Association of its total funds is greatly reduced. For this reason, the Association shall maintain a "Contingency Funds" line item in the operating funds annual budget of no less than \$30,000. The "Contingency Funds" line item will be in addition to any other budget line items established in the annual operating budgets.

The Board and HOA Manager shall verify each fiscal year the line item amounts in the RID Budget. The Association shall not spend more of the RID funds for snow plowing than the budgeted amount each fiscal year. If snow plowing needs result in costs greater than the budgeted amount, then any excess snow plow costs, above the budgeted amount, shall be paid from funds in the annual operating budget. All unspent snow plowing funds in the RID budget from each fiscal year shall be rolled into the street repair portion of the RID budget line items. RID snow plowing funds shall not be accumulated from year to year and may never exceed the budgeted amount for each year. All other line item funds in the RID budget will be treated in a similar manner. Any needed expenditures greater than the budgeted amount each year in the RID funds shall be paid out of the annual operating budget. All unspent funds in each fiscal year for such other RID line items shall be rolled into the street repair portion of the RID budget and may not be accumulated from year to year. If it becomes necessary to increase snow plowing funds or other line item funds in the RID budget, then the Board shall do so by amending this section (Section 3.5) of the By-Laws.

#### Article IV Design Review

4.1 Design Review Committee: Upon appointment by the Board the DRC shall designate a key contact who shall be the person to whom all Association members will bring all their initial design review requests. DRC procedures and forms are given in the Appendix. The DRC description and DRC authority and responsibility are given in Article II Section 6 and in Article IV of the Covenants. Association Members should review the Covenants carefully to ensure they meet all requirements including time lines. The DRC shall provide a report of its activities to the Board two (2) weeks prior to each Board meeting. The DRC shall either approve or deny a design review request as noted in the Covenants. The DRC may require design changes to a DRC submission. The DRC shall be required to adhere to the terms of the Covenants and base their decisions on the Covenants. The DRC shall not grant variances from the Covenants or approve DRC submissions that do not adhere strictly to the Covenants. The DRC shall give a copy of all design review requests, request forms, and all attachments for such reviews to the Secretary of the Board so that a record of the review may be retained in the HOA files, and such records shall be retained for five (5) years.

4.2 Design Review Appeals: A Member may appeal a DRC decision to the Board. Such appeals shall only be considered at a regularly scheduled Board meeting. The Member appealing shall provide to the Board thirty (30) or more days prior to the Board meeting a written description of the appeal and all original DRC review documents so that the Board may have time to review the appeal. The Board shall answer all appeal requests in writing within two (2) weeks of the Board meeting in which the appeal is heard and shall maintain documentation of all appeals for five (5) years.

4.3 Request for Design Variance from the Covenants: In situations where the DRC has denied a Member's DRC submission because the submission does not comply with the Covenants or because the Covenants are ambiguous for the situation, the Member may request the Board grant a variance from the Covenants. Such variances shall only be considered at a regularly scheduled Board meeting. The Member requesting a variance shall provide to the Board thirty (30) or more days prior to the Board meeting a written description of the requested variance and all original DRC review documents so that the Board may have time to review the variance request. The Board may deny the variance request, approve the variance request or, at its discretion, require changes to the DRC variance request as a condition of approval. The Board shall answer all variance requests in writing within two (2) weeks of the Board meeting in which the variance request is heard and shall maintain documentation of all variance requests for five (5) years.

## Article V

### Association Member Responsibilities, Covenant Violations, Fines and Penalties

5.1 Association Member /Property Owner Obligations and Responsibilities: Covenant Articles IV, V and VI describe the obligations and responsibilities of Association members in full.

5.2 Covenant Violations and Association Member Disputes: As noted in Article VIII, Section 2 of the Covenants any Association member may enforce the Covenants.

Association Members who believe a Covenant violation has occurred shall report the Covenant violation to the Board. If the Board decides the complaint of Covenant violation to be invalid it shall provide a written opinion to the original complainant with in two (2) weeks of the Board meeting at which the complaint is considered explaining why it thinks the complaint is not valid. If the Board decides a complaint of Covenant violation is valid it shall seek to enforce the Covenants as described below and it may at its discretion seek enforcement by initiating proceedings at law as described in the Covenants. The procedure for fines and penalties is described below in Section 5.3 of these By-Laws.

Association members who cannot resolve disputes amicably are obligated, as noted in Article VIII, Section 2 of the Covenants, to seek mediation prior to initiating any proceeding at law. Failure to go completely through a mediation process by any Association member in a dispute shall be regarded as a violation of the Covenants and subject to fines or penalties levied by the Board. Association Members shall initiate a mediation process by contacting the Board which



shall have the responsibility to engage one of the free mediation services available locally. If a mediation process does not resolve the dispute Association Members may then initiate proceedings at law without being in violation of the Covenants.

5.3 Covenant Violation Notification and Fines and Penalties Procedures: The Board has both an obligation to work with Members to bring them into compliance with the Covenants as well as the clear responsibility and authority to bring Members into compliance with the Covenants to protect the property values of other Property Owners in the Lazy TH subdivision. It is in the interest of both the Association collectively and the individual Members to achieve a favorable outcome for Covenant compliance, but it is critical the Covenant compliance occur.

The Board shall maintain a written record of Covenant violation complaints, Covenant violations and all Covenant enforcement activities. All written records shall be maintained for five (5) years by the HOA Manager or by the Association Secretary in a physical paper file. Covenant violation proceedings shall not be posted on the web site, but copies shall be available to all Members upon request.

The Board shall send a written notice of Covenant violation to the Association Member deemed to be in violation of the Covenants, which notice of violation shall specify the violation and specify the section of the Covenants in violation. Such written notice shall also give a deadline for the Member's response which shall be not less than two (2) calendar weeks from the date of the violation notice. Member responses shall describe how and when the Member will come into compliance with the Covenants.

If the Association Member does not respond to the notice of violation, the Board may levy a fine or penalty immediately to be effective from the date of the original violation notice, in which case the Board shall provide written notice that a fine or penalty has been levied including the amount of the fine or penalty.

If the Association Member responds within the deadline period with a commitment to come into compliance within a specific time, then the Board shall determine if the Member response is adequate to correct the violation in a sufficiently timely manner. The Board shall inform the Association member in writing within two (2) weeks if the proposed correction is adequate or if it is not and why it is not. If the Association Member's response is deemed not adequate to come into compliance with the Covenants, then it is the responsibility of the Association Member in violation come into compliance and communicate with the Board to seek approval of a corrective course of action. The Board may levy a fine or penalty to be effective from the original date of the covenant violation sent by the Board.

The monetary fine shall be \$50 (fifty dollars) which shall be the same for both onetime violations and the initial fine for continuing violations. For continuing violations, the Board, at its discretion, may impose an additional fine of \$10 (ten dollars) per week for each week the Association member remains out of compliance with the Covenants. The additional fine for continuing violations may be assessed after the second week of any continuing violation as measured

from the date of the original violation notice to the Association Member. The Board, at its discretion, may rescind any fines or penalties it has levied once the Association member comes into compliance with the Covenants except as noted below. If delinquent fines or penalties for covenant violations have been filed as a lien against the Association member's property, then the Board may not rescind the outstanding fines or penalties.

## Article VI Association Responsibilities

**6.1 Association Maintenance:** The Board may use volunteer groups of Association Members to do basic maintenance on Association property. If volunteers are not available, then the Board shall hire outside contractors to do all such maintenance. The Board shall not assume the personal burden or responsibility of doing maintenance work for the Association.

**6.2 Parks:** Every year, before the last day of April, the Association shall hire professional weed control contractors to evaluate park lands for noxious weeds and to spray necessary agents to control any noxious weeds. The Association may use other means to control and eliminate noxious weeds if such means have been demonstrated by agricultural research to be effective. The Association shall mow all park lands to a height no greater than six (6) inches every year by August 15. The Association shall obtain pine beetle aggregation disruption pheromones to hang in the Ponderosa pine trees in the park before May 31 every year.

**6.3 Fire Fill Site:** The Fire Fill Site, also referred to as the Fire Pond, shall have basic maintenance done every year. The grass inside and outside the fence and down the slope surrounding the fire pond shall be cut to a height of no greater than six (6) inches before July 15 each year. After the grass is cut the fire pond well shall be inspected by a professional contractor before August 31 each year and repaired as needed. The Association shall hire, each year, a professional contractor to evaluate the water plant and weed growth in the fire pond and to take needed steps to control such plant growth.

## Article VII Amending the By-Laws

**7.1 Authority to Write By-Laws:** Article II, Section 2.5 of the Covenants gives the Board sole authority and responsibility to create By-Laws.

**7.2 Amending By-Laws by Board Action:** The Board at its discretion may amend any portion these By-Laws, except Article VII.

**7.3 Amending By-Laws by Association Action:** Association Members may propose amendments to the By-Laws by providing a written text of proposed changes to the Board four (4) weeks prior to any Board meeting. If the petitioning member fails to meet the four (4) week deadline, then the proposed amendment shall be considered at the next regularly scheduled Board meeting. The Board shall accept or reject the proposed changes. If the Board accepts the proposed

change it shall file the amended By-Laws with the county as noted above. If the Board rejects proposed changes it shall provide notification in writing within two (2) weeks of the Board meeting at which the amendment is considered to the petitioning Member stating why the proposed amendment was rejected. A petitioning Member whose proposed amendment was rejected by the Board may bring the proposed amendment before the Association for consideration at an Association annual meeting by providing the full written text of any proposed amendments to the Board sixty (60) days before the Annual meeting so it may be distributed to the members prior to the meeting. Such amendments shall be approved if sixty-one (61) percent of the Members attending the Annual meeting in person or by proxy vote for the proposed change.

7.4 Effective Date of Amendments and Notification of Amended By-Laws: Amendments shall become effective fifteen (15) days after the amended By-Laws are filed with the Clerk and Recorder of Gallatin County. Electronic notice shall be sent to all Association Members of such amendments and the amended By-Laws shall be posted on the web site.

Article VIII  
Effective Date of the By-Laws

These By-Laws shall be effective fifteen (15) days after they are filed with the Clerk and Recorder of Gallatin County.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2018

LAZY TH HOMEOWNERS ASSOCIATION

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: President