

**BYLAWS OF
THE COUNTRYSIDE OF SPEARFISH
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I
Name and Location

The name of the corporation is The Countryside of Spearfish Homeowners Association, Inc. (“Association”), a South Dakota nonprofit corporation. The principal office and address of the corporation is 234 W. Kansas Street, Spearfish, South Dakota 57783.

ARTICLE II
Definitions, Purposes, and Assent

1. *Definitions.* Unless the context requires otherwise, all terms defined in these Bylaws shall have the same meaning as the terms defined in the Articles of Incorporation (“Articles”), the Declaration of Covenants, Conditions and Restrictions affecting The Countryside of Spearfish (“Development”), each of which is incorporated herein by reference, of and concerning:

Lot 1A and Lot 1B, a Subdivision of Lot 1 of the E1/2 NW1/4 and the W1/2 NE1/4 of Section 13, and Tract B in the SW1/4 of Section 12, T6N, R2E, BHM, all located in the Spring Creek Addition to the City of Spearfish, Lawrence County, South Dakota; and, Tract 1, a Subdivision of Lot 1B, of Spring Creek Addition to the City of Spearfish, located in the E1/2NW1/4 and the W1/2NE1/4 of Section 13, T6N, R2E, BHM, Lawrence County, South Dakota, according to Plat filed in Document No. 2003-1196.

2. *Purposes.* The specific purpose of the Association is:
- a. To provide for the operation, improvement, development, regulation and administration of real property, roads and water supply systems within the Development, except as may be otherwise governed by a separate governmental subdivision with jurisdiction over the same;
 - b. To preserve, protect, and enhance the values and amenities of the Development;
 - c. To carry out and enforce the conditions of the Covenants;
 - d. To promote the health, safety and welfare of the Owners and users of Property in the Development.

3. *Assent.* All Owners, their families, tenants, guests, and any other person using property, roads or water supply in the Development are subject to the Covenants in this Article, the Articles of Incorporation of the Association, these Bylaws and any rules adopted by the Board of Directors. The acquisition of any ownership interest in any property in the Development constitutes acceptance of these Bylaws and an agreement to comply with them.

ARTICLE III Membership

1. *Membership.* Ownership of a lot in the Development is required to qualify for membership in the Association. Each Owner shall, upon the purchase of a lot, become a Member of this Association. Membership shall continue until the Member no longer holds an ownership interest in the property or until the Member assigns the ownership interest subject to such restrictions as may be imposed. Status as a Member shall end upon termination of the Member's ownership interest.

2. *Responsibilities of Owners.* Termination will not relieve any former Owner from any liability incurred or in any way connected with the Association during the period of ownership, or impair any rights or remedies the Board of Directors or others may have against the former Owner.

3. *Membership Certificates.* No certificates of stock will be issued by the Association. The Board of Directors may issue membership cards or other forms of identification to Owners. The membership card will be surrendered to a Member of the Board of Directors whenever ownership of the Lot designated on the card is terminated.

4. *Classes of Membership.* Initially, the Association will have one class of voting membership, comprised of all Owners. The Board may establish additional classes of membership.

5. *Voting Privileges.* Each Lot whose assessments and service charges are not in a delinquent status in the Development shall be entitled to one vote. Voting privileges for any lot shall be suspended during any period when the assessments and service charges for that lot are delinquent. When more than one person holds an interest in any Lot, all those persons will be deemed Members of the Association, but only one vote may be cast. If a majority of the Owners of any lot cannot agree, Owners of that Lot shall not be entitled to vote. The voting privileges or other rights of any owner may be exercised by another party expressed by written proxy as provided below or specific written consent of the Owner. Declarant has one vote per Lot, whether such Lot is then platted or remains unplatted but is set forth in the development plan as one of the 180 proposed Lots.

ARTICLE IV Association: Meetings, Quorum, Voting, Proxies

1. *Annual Meetings.* An annual meeting of the membership shall be held in June at a time and location set by the Board of Directors. The purpose of the annual meeting is for the election of the Board of Directors and the transaction of other business as may be necessary.

2. *Special Meetings.* Special meetings of the Members may be called at any time by the Declarant, by a majority of the Board of Directors, or upon written request of Members who are entitled to vote at least 50 percent of all of the votes in the Association.

3. *Notice of Meetings.* Written notice stating the place, day, and hour of the meeting and the agenda for the meeting shall be delivered not less than 10 nor more than 50 days before the meeting personally or by mail or otherwise as permitted by the laws of the State of South Dakota, by or at the direction of the President, or the Secretary, or the persons calling the meeting, as provided in these Bylaws, to the mailing address for each Member entitled to vote at such meeting.

4. *Quorum.* A quorum is deemed present throughout any meeting of the Association if Members entitled to cast (or proxies entitled to cast) one-third of the votes of the Association are

present at the beginning of the meeting. In the absence of a quorum, the meeting shall be adjourned and a subsequent meeting shall be called one week later and the required quorum at the subsequent meeting shall be Members entitled to cast (or proxies entitled to cast) one-fifth of the votes of the Association. At a duly organized meeting, Members present can continue to do business until adjournment even though enough Members withdraw to leave less than a quorum.

5. *Actions Binding on Members.* A majority of votes cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is required by statute or by the Declaration, the Articles, or these Bylaws.

6. *Majority of Owners.* As used in these Bylaws, the term “majority” will mean those votes, Owners, or other groups as the context may indicate totaling more than 50 per cent of the total number.

7. *Voting by Mail.* Voting by mail is permitted for election of the Board of Directors, amendment of the Articles, adoption of a proposed plan of merger or dissolution under the provisions of the Laws of South Dakota. In the case of a vote by mail, the Secretary of the Association shall give notice to all Members. The notice shall include a proposed written resolution setting forth a description of the proposed action, a statement that the Members are entitled to vote by mail, a statement of a date not less than 20 days after the date the notice will have been given by which all votes must be received, and the address of the office to which votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at that address for the purpose of this section.

8. *Proxies.* Any Member may cast a vote in person or by proxy. No proxy will be valid if it is not dated or if it purports to be revocable without notice. Further, except as provided below, no proxy will be valid after 11 months from the date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated. Finally, no proxy will be valid unless filed with the Secretary of the Association before the appointed time of the meeting at which the proxy will be voted.

9. *Designation of Voting Representative by Non-Individual Owners--Requirement for Proxy.* If title to a lot is held in whole or in part by a corporation, partnership, association, limited liability company, or other entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of the entity. It must be filed with the Secretary of the Association, authorizing one person or alternate persons to attend all meetings of the Members and to cast the vote allocated to that lot. If the entity fails to file the required proxy, the entity/Owner of that lot will not be entitled to vote. Such a proxy by an entity shall not expire after 11 months as provided in Section 8 above unless the entity otherwise provides in the written proxy.

10. *Designation of Voting Representative by Multiple Owners--Use of Proxy.* If title to a lot is held by more than one Owner, the voting privilege appurtenant to that ownership may be exercised only by proxy signed by a majority of the Owners. It must be filed with the Secretary of the Association, authorizing one person or alternate persons to attend all meetings of the Members and to cast the vote allocated to that lot. If a majority of the Owners for a lot cannot agree or fail to file the required proxy, the Owners of that lot will not be entitled to vote. Such a proxy by multiple member/Owners shall not expire after 11 months as provided in Section 8 above unless they otherwise provide in the written proxy.

11. *Waiver of Notice.* Waiver of notice of a meeting of the Owners will be deemed the equivalent of proper notice. Any Owner may waive, in writing, notice of any meeting of the Owners, either before, at, or after the meeting. Attendance at a meeting by an Owner, whether in person or by proxy, will be deemed a waiver by the Owner of notice of the time, date, and place of the meeting unless that Owner specifically objects to a lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed a waiver of notice of all business transacted at the meeting unless objection to the convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

12. *Action Without a Meeting.* Any action that may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members.

13. *Conduct of Meetings.* Meetings of the Members shall be conducted in accordance with Robert's Rules of Order.

ARTICLE V

Board of Directors; Selection; Term of Office

1. *Number, Qualification, and Initial Board.* The affairs of the Association will be managed by a Board of not less than three and not more than nine Directors. A representative of the Declarant shall be a director without necessity of election so long as the Declarant is an Owner, unless the Declarant otherwise voluntarily resigns the Director position.

a. Directors of the Association must be Members of the Association in good standing. The number of the Board of Directors will be established by amendment to these Bylaws.

b. The Initial Board of Directors will consist of three members including the Declarant. Until such time as there are two or more Lot Owners who are eligible to be Directors in addition to the Declarant, the Initial Board of Directors shall be composed of members listed below; however, the Declarant and this Corporation are not and shall not be deemed to be the same entity, nor are they nor shall they be deemed joint venturers or co-partners for any purpose unless they otherwise expressly agree. The names and addresses of the persons serving on the Initial Board of Directors are listed below:

NAME and ADDRESS

James W. Boke, President
Boke Ranch, Inc.
234 W. Kansas St.
Spearfish, SD 57783

Lester Nies
109 Main St.
Spearfish, SD 57783

Richard V. Furnish
2510 2nd Street
Spearfish, S.D. 57783

2. *Term of Office of Directors.* Except for the Declarant Director, the term of office for the full slate of Directors will be fixed as they determine establishing a system of three-year terms. One-third of the Board will be elected each year. The Board will identify in which year the directorships are subject to election. Each director elected following the original Board of Directors will be elected to serve for three years. Each director will hold office until the Director's successor is elected by the Owners and qualified to take over the office. With the exception of a representative of the Declarant, who shall serve as a director so long as the Declarant is an owner, no director shall

serve more than two consecutive terms.

3. *Removal of Directors.* Any Director (except the Declarant Director who is not subject to removal) may be removed, by the vote of two-thirds of the Directors for two or more unexcused absences, violating these Bylaws, neglect of duty of office, or behavior injurious to the Association; or may be removed, with or without cause, at any regular or special meeting of the Owners by two-thirds of the votes of the Owners voting in person or by proxy. Any director who is absent from three consecutive regular meetings of the board of directors unless excused by the board of directors for good and sufficient reason, shall be removed automatically as a director of the corporation and such director's position on the board of directors shall be declared vacant. A successor to any Director removed may be elected at that meeting to fill the vacancy created. A Director whose removal is proposed by the Owners will be given notice of the proposed removal at least 10 days before the date of the meeting and will be given an opportunity to be heard at the meeting.

4. *Vacancies.* Vacancies occurring on the Board may be filled by vote of a majority of the remaining directors, though not less than a quorum of the Board of Directors. Each Director elected shall hold office for the remaining term of the director replaced.

5. *Compensation.* No Director shall receive compensation for any service rendered to the Association. However, a Director may be reimbursed for expenses incurred in the performance of his or her duties as a Director.

ARTICLE VI

Meetings of Directors

1. *Regular Meetings.* Regular meetings of the Board of Directors will be held at times set by the Board of Directors. Meetings will be held no less frequently than annually. Should a regularly scheduled meeting fall on a legal holiday, that meeting will be held at the same time on the next day that is not a legal holiday.

2. *First Meeting.* The first meeting of the Directors after the filing of the Articles shall be an organizational meeting held at the call of a majority of the incorporators for the purpose of adopting by-laws, electing officers, and for normal business activity. The incorporators calling the meeting shall give three days' notice of such meeting.

3. *Special Meetings.* Special meetings of the Board of Directors will be held when called by the Declarant Director, President of the Association, or by any two Directors, after not less than 48 hours notice to each Director.

4. *Quorum.* A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast 51 percent of the votes on the Board are present.

5. *Actions Binding on Directors.* Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

6. *Waiver of Notice.* Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of

objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any Member of the Board may waive in writing notice of such meeting, and that waiver shall be deemed equivalent to giving such notice. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

7. *Action Taken Without a Meeting.* The Directors have the right to take any action they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors. Any action approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VII

Powers and Duties of the Board of Directors

1. *General.* The Board of Directors shall have the powers necessary to administer the affairs of the Association. Except as provided by these Bylaws, the Declaration, or the laws of South Dakota, the Board of Directors may do all things not specifically required to be done by the Owners and may otherwise act in all instances on behalf of the Association.

2. *Specific Powers and Duties.* Without limiting the general powers set forth in Section 1 of this Article, and except to the extent a separate governmental subdivision with appropriate jurisdiction governs such matters, the Board of Directors shall have the following powers and duties, subject only to requirements of the laws of South Dakota:

a. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Articles of Incorporation and the covenants specifically described in Article II, Section 2 hereinabove.

b. To establish, amend, and enforce compliance with reasonable rules and regulations necessary for the operation, use, and occupancy of the Development, subject to the provisions of the Articles of Incorporation. A copy of those rules and regulations will be delivered or mailed to each Member promptly after adoption.

c. To keep in good order, condition, improve and repair the roads and water supply systems serving the Development. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Articles of Incorporation or these Bylaws.

d. To fix, determine, levy and collect the prorated Annual Assessments to be paid by each of the Owners toward the administrative, road and water systems of The Countryside of Spearfish Homeowners Association.

e. To designate and approve personnel necessary for the operation and maintenance of the road and water systems within the Development.

f. To collect General and Special Assessments whenever it is necessary to do so, to meet increased operating or maintenance expenses or additional capital expenses. All Special Assessments will be in statement form and will set forth the various expenses for which the Special Assessments are being made.

g. To collect delinquent Assessments by suit or otherwise and to seek damages from an Owner as provided in the Covenants and these Bylaws; and to exercise other remedies for delinquent Assessments as set forth in the Articles, Bylaws, and Covenants.

h. To borrow funds to pay for any expenditure required by the provisions of the Articles of Incorporation and these Bylaws, and subject to the limitations of the laws of South Dakota, and to authorize officers to execute all instruments evidencing indebtedness as the Board of Directors may deem necessary. Such indebtedness shall be the several obligation of all Owners in the same proportion as each lot represents to the total of all lots within the Development. However, the Board will not borrow more than \$20,000 at any one time without the approval of two-thirds of the votes of Owners present and voting in person or by proxy on the issue.

i. To enter into contracts within the scope of their duties and powers.

j. To establish bank accounts for the Association and for all separate funds as required or deemed advisable by the Board of Directors.

k. To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses, or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

l. To cause any and all access roads, parking areas, and roadways leading into the Subdivision and across the Subdivision to be maintained, repaired and improved.

m. To maintain the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Board, the officers and any other persons charged with handling Association funds) necessary to comply with the requirements of the Articles, these Bylaws, and the laws of South Dakota.

n. To carry on the administration of the Association and to do all things necessary to carry out the purposes and intent in the Articles, these Bylaws, the Covenants and the requirements of the laws of South Dakota.

o. To delegate to any person or entity the Association's duties as may be more efficiently performed by someone other than by the Association, and to agree to assess the Owners a reasonable fee for those services, except the duties set forth in subparagraphs (d), (f), (g) of Section 2 above and duties reserved to the Board by law will not be delegated.

p. To prepare and approve a budget before the close of each fiscal year of the Association and notify the Association of the contents of the approved budget.

3. *Accounts and Reports.* The following management standards will be followed unless the Board determines otherwise:

a. A segregation of accounting duties for each bank account shall be maintained, and disbursements made by check, which will require two signatures. The two signatures will be the signatures of two Board Members. In addition, each such authorized officer shall be required give a

surety bond in a sum determined by the board of directors from time to time, the cost of which shall be paid by the Association. The Board may modify this requirement by resolution of the Board.

b. Accounts of the Association as established by the Board will not be commingled any other accounts.

c. No remuneration will be accepted by any Member of the Board of Directors from vendors, independent contractors or others providing goods or services to the Association.

d. Any financial or other interest a Member of the Board of Directors may have in any firm providing goods or services to the Association will be disclosed promptly to the Board of Directors.

e. A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year will be distributed to the Members. Financial statements for the preceding year will be available to Owners and Mortgagees within 120 days after the end of the Association's fiscal year, and will be delivered to an Owner or Mortgagee upon written request.

f. Association financial statements and records will be reviewed annually by the Board and reviewed at least tri-annually by an outside party.

4. *Hearing Procedure.* The Board will not impose a fine, suspend voting, or suspend any rights of an Owner or any other occupant of the Development for violations of rules and regulations or of the provisions and rules adopted by the Association unless the procedure below is followed:

a. *Demand.* Written demand to cease the alleged violation will be served upon the alleged violator specifying:

- i. The alleged violation;
- ii. The action required to abate the violation; and,
- iii. A time period of not less than 10 days during which the violation may be abated without further sanction, if the violation is a continuing one, or a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing, if the violation is not continuing.

b. *Notice.* At any time within 12 months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate will serve the violator with written notice of a hearing to be held by the Board. The notice will contain the following:

- i. The nature of the alleged violation;
- ii. The time and place of the hearing, which time will be not less than 1 to 10 days from the date of the notice;
- iii. An invitation to attend the hearing and produce any evidence on the Owner's behalf; and,
- iv. The proposed sanction to be imposed.

c. *Hearing.* The hearing will be held pursuant to the notice, affording the Owner a reasonable opportunity to be heard. Proof of notice and the invitation to be heard will be placed in the minutes of the meeting. This proof will be deemed adequate if a copy of the notice, with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered the notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented. The presenting party will provide copies of any written evidence to the other party or parties. The decision of the Board will be final.

d. *Appeal.* The Board may appoint a Hearing Committee to hear the matter. In that event, the above procedure will apply except that either party may appeal the decision of the Hearing Committee to the Board by written notice to the Hearing Committee, the other party, and the Board. The Board will consider the minutes of the hearing and report the decision of the Board within a reasonable period of time not exceeding 60 days after receipt of the notice. The decision of the Board will be final.

e. *Limits of Application of Procedures.* Notwithstanding anything to the contrary, judicial proceedings must be instituted before any non-conforming or violating items of construction can be altered or demolished. The foregoing procedures will not be necessary to impose any sanction or penalty for nonpayment of a delinquent Assessment.

ARTICLE VIII

Officers and Their Duties

1. *Enumeration of Officers.* The officers of the Association will be a President, Vice President, Secretary, and Treasurer, and other officers as the Board may create. With the exception of the initial Board of Directors, all officers of the Association must be Owners of lots within the Development. All officers must be members of the Board of Directors at all times during their terms of office.

a. *Election of Officers.* The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Owners.

b. *Term.* The officers of the Association will be elected annually by the Board, and each will hold office for one year or until his successor is duly elected and qualified, unless he or she sooner resigns, is removed, or is otherwise disqualified to serve. After serving three successive one year terms, an officer shall be ineligible for election to such office for one year.

c. *Special Appointments.* The Board may elect officers as the affairs of the Association may require, each will hold, have authority, and perform duties as the Board may determine.

d. *Resignation and Removal.* Except an officer who is the Declarant Director, any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board. The resignation will take effect on the date of receipt of the notice or at any later time specified in the notice, and unless otherwise specified, the acceptance of the resignation will not be necessary to make it effective.

e. *Vacancies.* A vacancy in any office may be filled by appointment by the Board. The officer appointed to the vacancy will serve for the remainder of the term of the officer replaced.

f. *Multiple Offices.* Any two or more offices may be held by the same person except the offices of President and Secretary.

g. *Delegation of Duties.* Whenever an officer is absent or whenever for any reason the Board may deem desirable, the Board may delegate the powers and duties of such officer to any other officer or officers or to any Director or Directors.

h. *Duties.* The duties of the officers are as follows:

i. *President.* The President will preside at all meetings of the Association and the Board of Directors; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify, and record amendments to the Declaration on behalf of the Association; exercise and discharge other duties as may be required of the President by the Board.

ii. *Vice President.* The Vice President will act in the place of the President in the event of his or her absence, inability or refusal to act, and will discharge other duties as required by the Board.

iii. *Secretary.* The Secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the Owners; keep the corporate seal of the Association and place it on all papers requiring the seal; serve notice of meetings of the Board and of the Owners; keep appropriate current records listing the Owners with their addresses; and perform other duties as required by the Board.

iv. *Treasurer.* The Treasurer or appointees will receive and deposit in appropriate bank accounts all moneys of the Association and will disburse funds as directed by the Board of Directors; sign all checks of the Association unless the Board directs otherwise, and co-sign all promissory notes of the Association; keep proper books of accounts; cause an audit or review of Association accounts to be made in a manner authorized or directed by the Board; and prepare an annual budget and a statement of income and expenditures to be presented to the Owners at their annual meeting, and deliver or make copies available to each of the Owners.

ARTICLE IX

Committees

1. *Discretionary Committees.* The Board of Directors may appoint: (1) a Road Committee whose function shall be to supervise the day to day operations and make progress reports and recommendations to the Board of Directors concerning roads leading into and located with the Development; (2) a Water Committee whose primary function shall be to supervise the day to day operations and make progress reports and recommendations to the Board of Directors concerning the operation of the water systems serving the Development; (3) a Hearing Committee as described in Article VII above; and (4) such other committees as the Board of Directors may, from time to time, deem appropriate for carrying out its purposes. Such committees shall not have or exercise the authority of the Board, but shall have such duties in the management of the Association as the Board may deem advisable. The Board may fix the number of committee members and the terms and

duties of such committees, and at least one Director will be appointed by the Board to serve on each such committee.

2. *Design Review Standing Committee.* There is established the Design Review Committee, which shall be a standing committee of the Board. The initial members of the Design Review Committee shall be James W. Boke, Carol H. Boke and Richard V. Furnish. Until such time as there are two or more Lot Owners who are eligible to be members of the Architectural Control Committee in addition to the Declarant, the Initial Architectural Control Committee shall be composed of James W. Boke, Carol H. Boke and Richard V. Furnish. Thereafter, the Architectural Control Committee shall be composed of four members, two selected by the Declarant and two selected by the Board of Directors, meeting the following criteria: (a) A required position of the Declarant as a permanent member until the Declarant otherwise resigns or no longer has an interest in the Countryside development as set forth in the Covenants, and upon the Declarant not being a member, a Director from the Board shall replace the Declarant; (b) A required position of one Director from the Board in addition to the Declarant Director's position selected by the Board of Directors; (c) A required position of one individual who is a Member of the Association selected by the Board of Directors; (d) One position of one individual selected by the Declarant who may either be a Member of the Association or may, but need not be, a Member of the Association, but who must be experienced in the building trades, architecture, design or similar field. Committee members not the Declarant shall be appointed by the Board for staggered three-year terms. A Director shall serve as the chairperson of the committee. The Design Review Committee shall have such powers and duties as are provided in the Covenants.

ARTICLE X

Indemnification

1. *Scope of Indemnification.* The Association shall indemnify any person who was or is a party (or is threatened to be made a party) to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was an officer, directors, alternate directors, committee members, executive secretary, or employees, past and present, (all referred to as "Officers), against expenses (including court costs, attorneys' fees, judgments, fines and amounts paid in settlement) incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association. The Officers shall not be liable to the Association or to any Lot Owner(s) for any mistake of judgment, negligence or otherwise, except that each shall be liable for his or her own individual willful misconduct or bad faith. Except to the extent that such liability is covered by insurance, the Association shall indemnify and hold harmless each of the Officers from and against all liability to others arising out of contracts made by Officers on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Articles, Bylaws, or law. Officers shall have no personal liability with respect to any contract made by them on behalf of the Association. Every contract or other agreement made on behalf of the Association by Officers or shall, if obtainable, provide that the Officers are acting only as agents for the Association and shall have no personal liability thereunder. The indemnification permitted under this Article shall extend, in any event, to any act or omission occurring before the date of incorporation of this Association arising as an Officer of this Association.

2. *Limitation on Liability For Association Services.* The Association and its Officers (as that term is defined in Section 1 above) shall not be liable for any failure of water supply or other utilities or services of any nature to be obtained by the Association or paid for as an Assessment, or for injury or damage to any person or property caused by natural elements or by any Lot Owner(s) or

other person, or resulting from electricity, water, snow or ice. No diminution or abatement of any Assessments shall be claimed or allowed for any reason whatsoever, including (without limitation) inconvenience or discomfort arising from any action taken by the Association, any Officer(s), or any Lot Owner(s) to comply with any law, ordinance or other governmental regulation or order.

3. *Does Not Exclude Other Rights.* The foregoing rights will not be exclusive of other rights to which an Officer (at that term is defined in Section 1 above) or other person may be entitled.

4. *Treated as Common Expense.* All liability, loss, damage, cost, and expense arising out of or in connection with the foregoing indemnification provisions may be treated and handled by the Association as a Common Expense.

ARTICLE XI

Nonprofit Corporation

1. *No Distribution of Profits.* The Association is not organized for profit. No Member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to any pecuniary profit from the operations of the Association. In no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Board of Directors.

2. *Compensation and Reimbursement.* Notwithstanding the foregoing:

a. Reasonable compensation may be paid to any Member or Director acting as an agent, committee member, or employee of the Association for services rendered in effecting one or more of the purposes of the Association; and,

b. Any Member or Director may be reimbursed for reasonable expenses incurred in connection with the affairs of the Association. Any Director or committee member may be reimbursed for expenses incurred in the performance of his duties.

ARTICLE XII

Amendments

Except as provided below, these Bylaws may be repealed or amended, at a regular or special meeting of the Members, called for that purpose, by a vote of a majority of a quorum of Members present in person or by proxy. Written notice of any proposed amendment shall be given to Members at least 10 days in advance of any meeting at which a Bylaw amendment will be voted on. These Bylaws shall not be repealed or amended without the express written consent of the Declarant, and no repeal of or amendment to these Bylaws shall be binding upon the Declarant unless the Declarant expressly consents thereto in writing.

ARTICLE XIII

Miscellaneous

1. *Fiscal Year.* The fiscal year of the Association will begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year will begin on the date of incorporation.

2. *Corporate Seal.* The Association will have a seal in a form approved by the Board of Directors, circular in form having within its circumference the words:

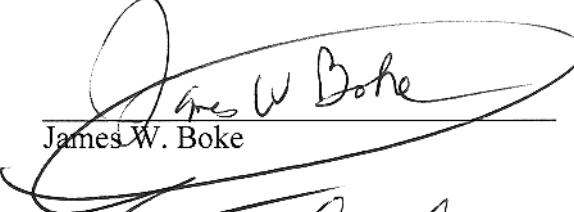
The Countryside of Spearfish Homeowners Association, Inc.
Corporate Seal
State of South Dakota


3. *Conflicts of Documents.* In the case of any conflict between the Articles, these Bylaws or the laws of South Dakota, the laws of the State of South Dakota and Articles of Incorporation will control.

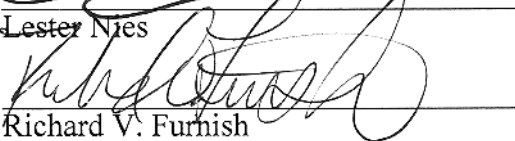
4. *Criteria for Action by the Board of Directors, Officers, and Committees.* In the conduct of their activities on behalf of the corporation, no member of the board of directors or any officer or committee member of the corporation shall act so as to deny any person an appointment to the board of directors or any committee, any benefit, privilege or treatment on the basis of sex, race, creed, color or national origin, or on any other arbitrary, capricious or discriminatory basis. Words used in these by-laws shall be read as the masculine or feminine gender, and as the singular or plural, as the context requires.

5. *Reference to Declaration.* Assessments, Special Assessments and Service Charges shall be determined, levied, enforced and collected as provided in the Declaration of Covenants, Conditions and Restrictions for The Countryside of Spearfish, which is incorporated herein by reference.

The undersigned Members of the initial Board of Directors have executed these Bylaws on the 27th day of March, 2003.


James W. Boke


Lester Nies


Richard V. Furnish