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February 5, 2015

Board of Directors
Yellowstone River Ranch Landowners' Corporation
P.O. Box 452
Columbus, MT 59019

Re: *Opinion Letter* on YRRLC ("YRR") v. Schuster Settlement Agreement
and Mutual Release

Dear Board:

I refer you to my January 30, 2015 correspondence regarding the Seiver case when evaluating the Board's decision to settle the pending lawsuit between YRR and Cleve and Claudia Schuster. My legal opinion set forth in that correspondence is applicable to the Schuster matter.

In addition, because of the issue of allegations of approval by a prior Board of the Schuster's use of a "Guest House" on their lot, I believe there is valid justification to settle this case to avoid any possibility of a monetary award against YRR.

As to any claims the Board does not have the right to settle the Schuster case without participating or voting agreement of YRR members, I again make note that any legal or other opinion to the contrary is without statutory or contractual support. The settlement of the Schuster case is within the corporate powers of YRR exercised by or under the authority of the Board and the affairs of YRR managed under the direction of its Board (§ 35-2-414 (1) and (2), MCA).

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Stated simply, there is no basis to impose individual liability on the Board or its members in approving this settlement, specifically when the Board has engaged in good faith conduct, has relied upon legal advice and reasonably believes Board conduct in the settlement of the Schuster matter is in the best interests of YRR (see § 35-2-447 (1) (a) and (b) (i) and (ii), MCA). In its actions, the Board would be entitled to Court-ordered indemnification (§ 35-2-450, MCA) and mandatory indemnification (§ 35-2-448, MCA). In addition, contractual protection of the Board is specifically provided for in the corporate by-laws that are incorporated by reference as part of the protective covenants applicable to the Schuster matter.

I again recommend for consideration, in the interest of promoting membership awareness and participation, that corporate members be given notice and the opportunity to attend the court proceedings when the Schuster Settlement Agreement and Mutual Release is presented for court approval.

Very truly yours,

JOEL W. TODD