

EXHIBIT "C"

AMENDED AND RESTATED BYLAWS OF  
THE TRAILS HOMEOWNER'S ASSOCIATION, INC.

ARTICLE 1  
PRINCIPAL OFFICE

Offices. The principal office or place of business for The Trails Homeowner's Association, Inc. (hereinafter the "Corporation") in the State of Idaho shall be in the County of Kootenai. The Corporation's mailing address will be as specified in the Articles of Incorporation and may be amended from time-to-time. The Corporation may have such other offices either within or without the state of Idaho, as the Board of Directors may designate from time-to-time.

ARTICLE 2  
MEMBERSHIP

Section 2.1 Classes of Membership and Voting Rights. This Corporation shall have memberships and the members shall have the voting power designated in the Articles as follows:

Classes of Membership. The Corporation shall have multiple classes of voting membership established according to the following provisions.

(a) Class "A" Membership. Class "A" membership shall be that held by each Owner of a Lot, other than the Declarant. Each Class "A" member shall be non-voting member during the Declarant's Control Period, unless granted vote by the Board for a specific membership issue. Upon the end of the Declarant's Control Period each Class "A" member entitled to one (1) vote for each Lot owned on all issues involving membership issues. If a Lot is owned by more than one person, each such person shall be a member of the corporation, but there shall be no more than one (1) vote for each Lot, multiple Owners have joint rights and obligations.

(b) Class "B" Membership. Class "B" membership shall be that held by the Declarant (or Declarant's Designated Successor). Each Class "B" member shall be entitled to one (1) vote for each Lot owned and to one (1) vote for that remainder portion of the Project illustrated in the subdivision as approved by the City of Post Falls but not yet recorded as platted Lots. The Declarant's Control Period shall continue (a) for so long as Declarant or the Declarant's Designated Successor(s) owns any Lot in Foxtail Addition Subdivision or any addition thereto or any portion of any land annexed thereto, or (b) until the Board, in its sole discretion, and with written approval of the Declarant, converts Class "B" membership to Class "A" or upon the thirtieth (30th) anniversary of the recordation of the Declaration of Covenants, Conditions and

Restrictions for The Trails, a to-be platted lawful subdivision in Kootenai County, Idaho (the "Declaration").

(c) Additional Classes of Membership. If the Corporation desires to add additional classes of membership, it may do so in accordance with these Bylaws. Nothing in these Bylaws shall prohibit the institution of additional classes.

Section 2.2 Joint Owner Disputes. The vote for a Lot must be cast as a single vote; and the vote assigned to a particular Lot shall not be fractionalized or split. If joint Owners are unable to agree how their vote shall be cast, they shall lose their right to vote on the matter in question.

Section 2.3 Suspension. A member's voting rights may be suspended for non-payment of fees or assessments. Said suspension shall occur as follows:

2.3.1 A period of one (1) year's delinquency in payment of member's fees and assessments;

2.3.2 Notice from the Treasurer of the Corporation of failure to make payment;

2.3.3 A second notice for failure to make payment and mailing of a notice of suspension hearing (all notices mailed by regular mail to the Lot address or the Owner's address according to the tax records of Kootenai County are deemed received);

2.3.4 A determination of suspension from membership approved by a two-thirds (2/3) vote of the Board of Directors; and

2.3.5 During suspension, a member shall lose all rights to vote, use of corporate facilities, or enjoyment of any of advantages of corporate membership; however, a suspended member shall not in any way prohibit any other legal remedy, including but not limited to, the filing of claim of lien and foreclosing on the same in order to assure full payment of fees and assessments.

Section 2.4 Resignation. A member may resign by filing a written resignation with the Secretary, but neither resignation nor suspension shall relieve said member from the obligation to pay any dues, assessments or charges previously or subsequently levied.

Section 2.5 Reinstatement. A membership, which has been suspended may be reinstated upon the approval of a two-thirds (2/3) vote of the Board, but only so long as fees and assessments have been brought current and the prospective member fulfills all of the requirements of general membership with these Bylaws. An

application for reinstatement shall be made to the Treasurer accompanied by a nonrefundable fee of Fifty Dollars (\$50.00) at least sixty (60) days prior to the annual meeting. Upon approval of two-thirds (2/3) vote of the Board of Directors, the membership shall be returned to good standing.

Section 2.6 Transfer. Membership in the Corporation shall not be sold, assigned or transferred. However; when a member sells a Lot, the seller's membership rights shall transfer to the new owner; however, the seller must notify the Treasurer of the Corporation of any such transfer. Purchaser and seller members are jointly and severally liable for all unpaid assessments until transfer is complete on the corporate books. After completed transfer, the purchaser (new member) is solely liable.

### ARTICLE 3 MEETING OF MEMBERS

Section 3.1 Annual Meeting. The annual meeting of the members shall be held in Kootenai County, Idaho, at a time, place and location determined by the Board. If the Board shall fail to set another tie and date, then the meeting shall occur on the fourth Friday of September in each year, at the hour of 7:00 p.m., at a meeting place to be announced in the call of the meeting. The purpose of the meeting shall be to elect directors and for the transaction of such other business as may come before the meeting. During the period of Declarant control, at the sole discretion of the Board, the annual meeting of the Members may be restricted to only voting members.

Section 3.2 Special Meetings. Special meetings of the members may be called by the President, or by not less than twenty-five percent (25%) of the voting members, at any time with proper notice.

Section 3.3 Meeting Place. The President or the voting members may designate any place in Kootenai County, Idaho, as a place for any special meeting.

Section 3.4 Notice of Meeting. Written notice stating the place, day and hour of the annual meeting of members shall be delivered either personally or by mail to each member entitled to vote at such meeting. The notice shall be delivered not less than ten (10) days or more than thirty (30) days before the date of such meeting, by or at the direction of the President or Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or these Bylaws, the purposes for which the meeting is called shall be stated in the notice. If mailed, the notice shall be deemed delivered three (3) days after being deposited in the United States mail, postage pre-paid, addressed to the member at members address as it appears on the records of the Corporation.

Section 3.5 Quorum. Twenty percent (20%) of the voting power of the membership shall constitute a quorum for the conduct of regular business of the Corporation (including proxies).

Section 3.6 Proxies. At any meeting of members, a member entitled to vote may vote by proxy, executed in writing by the member.

Section 3.7 Regular Business. The regular business of the Corporation may be carried out by a simple majority of voting memberships present in person or by proxy at any annual, regular or special meeting, except as otherwise stated in these Bylaws. Robert's Rule of Order (latest edition available at meeting) shall govern all parliamentary questions.

#### ARTICLE 4 GOVERNING BODY

General Powers. The Board of Directors of the Corporation shall constitute the governing body of this Corporation.

#### ARTICLE 5 BOARD OF DIRECTORS

Section 5.1 Term of Directors. The initial Board of Directors shall consist of three (3) Directors, who need not be members. The number of directors shall change to seven (7) after the conversion of Class "B" memberships to Class "A", or earlier if so decided by the Board. After the conversion of Class "B" memberships to Class "A", all Directors must be members. The Directors shall hold office for a term of three (3) years with the Directors having staggered terms so as to elect a nearly equal amount of directors each year.

Section 5.2 Election of Board of Directors. The Directors shall be elected at the annual meetings. The nominations for the election of the Board of Directors may be made at the floor of the annual meeting of this Corporation. Additionally, the Board may appoint a nominating committee of the members to serve until the close of such annual meeting and should make at least as many nominations as directors to be elected. Such nominating committee shall be appointed at least ninety (90) days prior to each annual meeting.

Section 5.3 Removal. The members may remove any Director, in accordance with Idaho law, whenever, in their judgment, the best interests of the Corporation would be served thereby.

Section 5.4 Disqualification. Any Director may lose his or her position as Director by disqualification for the following reasons:

5.4.1 Loss of membership in the Corporation after conversion to Class “A”;

5.4.2 Absence from three (3) consecutive Board of Director’s meetings without just cause; or

5.4.3 Continuing conflict of interest between outside interests and duties as a Director.

The final determination of disqualification if loss of membership has occurred, lack of just cause for absences on a continuing nature or conflicts of interest, shall be made by the Board of Directors by a two-thirds (2/3) affirmative vote of the Directors. Upon such an affirmative determination of disqualification, that position shall be considered vacant.

Section 5.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by a majority vote of the remaining members of the Board of Directors, or by a majority vote of the members for the unexpired term.

Section 5.6 Quorum. The presence of the majority of the Directors at any meeting of the Board shall constitute a quorum. The vote of the majority of the quorum actually present at any meeting shall constitute an action of the Board of Directors.

Section 5.7 Regular Meetings. Regular meetings of the Board of Directors shall be conducted at least quarterly at a time and a place within or near the Property as may be fixed by the Board. Notice of the time and the place of the regular meetings shall be given to each Director personally, by mail, by telephone or electronic mail at least three (3) days prior to the day named for the meeting.

Section 5.8 Special Meetings. A special meeting of the Board of Directors may be called by written notice signed by the President or by a request of two (2) of the Directors other than the President. Notice shall be provided to all Directors. The notice shall include a description and the nature of any special business to be considered by the Board.

Section 5.9 Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving a notice to that Director. Attendance by a Director at any meeting of the Board shall be a waiver of notice to that Director of the time and the place of the meeting, except where such attendance is for the limited and expressed purpose of objecting to the transaction of any business because the meeting is allegedly unlawful.

Section 5.10 Action by Consent of Directors. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all of the Board of Directors shall individually or collectively consent in writing to such action. Said consent may occur by electronic mail.

Section 5.11 Board Meetings Open to Members. Regular and special meetings of the Board shall be open to all members of the Corporation; provided, however, that members who are not on the Board may not participate in any deliberation or any discussion unless expressly so authorized by vote of a majority of the quorum of the Board.

Section 5.12 Executive Session. The Board may, with the approval of two-thirds (2/3) of the quorum of the Directors, adjourn the meeting and reconvene in Executive Session to discuss and vote upon sensitive matters. The nature of any and all business to be considered in executive sessions shall first be announced in open session.

Section 5.13 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration and management of the affairs of the Corporation to the full extent allowed under law.

Section 5.14 Designation of Committee with Authority of Board. The Board may, by majority vote of the Directors, designate one (1) or more committees authorizing such committee or committees to act with the authority of the Board. The delegation of the duty or duties shall be specific, limited in scope, time and type of authority.

## ARTICLE 6 OFFICERS OF CORPORATION

Section 6.1 Titles and Appointments of Power. The officers of the Corporation may be but are not required to be members of the Board of Directors of the Corporation. The officers shall consist of a President, a Vice President, a Secretary and a Treasurer. The Board of Directors shall elect the officers. The Board of Directors may also appoint such other officers as they may deem desirable. Such officers shall have the authority and perform the duties prescribed from time to time by the Board of Directors. One individual may hold more than one office except the offices of Secretary and President.

Section 6.2 Election and Term. The election of officers shall take place at the first meeting of the Board of Directors following the annual meeting of the members. The term for the officers shall be one (1) year unless said officers shall resign or shall be removed or otherwise disqualified to serve.

Section 6.3 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 6.4 President. The President shall be the principal executive officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. The President shall preside at all meetings; shall sign, with the Secretary, or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors have authorized to be executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors.

Section 6.5 Vice President. The Vice President shall perform the duties of the President in the President's absence or in the event of death, inability or refusal to act, and when so acting shall have all of the powers and be subject to an of the restrictions placed upon the President.

Section 6.6 Treasurer. The Treasurer shall have the charge of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies paid to the Corporation from any source whatsoever; deposit all such monies in the name of the Corporation in such, banks, trust companies or other depositories; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time-to-time may be assigned to him or her by the President or the members.

Section 6.7 Secretary. The Secretary shall keep the minutes of the meeting of the members and director in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the Corporate records and of the Stamp of the Corporation and keep a register of the post office addresses of each member which shall be furnished to the Secretary by such member; and in general perform all duties incident to the office of Secretary.

Section 6.8 Compensation. The officers of the Corporation shall not be entitled to remuneration, except as authorized by the Board for: (a) reimbursement of actual expenses incurred on behalf of the Corporation; and (b) labor performed on behalf of the Corporation (if such labor is of the type that would require employment of individuals at an hourly wage to perform the same service or labor and if such service or labor is approved or ratified by a majority of the Directors on the Board who have no direct or indirect interest in the transaction).

ARTICLE 7  
RECEIPT OF NON-CORPORATE ASSETS

Gifts. The membership of the Board of Directors of the Corporation may accept on behalf of the Corporation any contributed, gift, bequest or devise for general purposes or for any special purpose of the Corporation.

ARTICLE 8  
BOOKS AND RECORDS

Section 8.1 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep Minutes of the proceedings of its members' meetings and Board of Directors and committees having any of the authority of the Corporation, and shall keep at its principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any member or member's agent or attorney for any proper purpose at any reasonable time.

Section 8.2 Rules and Regulations. The Board shall have the right and power to make Rules and Regulations for the general welfare of the Project. The Board shall keep and maintain a record of adoption, amendment, interpretation and compliance approvals in regard to the Declaration and Rules and Regulations.

ARTICLE 9  
FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

ARTICLE 10  
BUDGET, ASSESSMENTS AND CHARGES

Section 10.1 Preparation of Budget. Not less than thirty (30) days before the end of the fiscal year, the Board shall prepare a budget for the Corporation for the coming year. In preparing its budget, the Board shall estimate the common expenses of the Corporation to be paid during the year, make suitable provision for accumulation or reserves and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Corporation. If, during the year the budget proves to be inadequate for any reason, including non-payment of any Owner's assessment, the Board may prepare a supplementary budget for the remainder of the year.

Section 10.2 Purpose of Assessments. The assessments levied by the Board of Directors for the Corporation shall be used exclusively to promote the recreation, health, safety and welfare of the property Owners; protect the value of property located in the development; and improvement and maintenance of common areas and



for the common good of the Project. Six assessments may be charged in accordance with the restrictions and requirements herein. Those assessments include:

1. Regular assessments;
2. Special assessments;
3. Emergency assessments;
4. Correction assessments; and
5. Fine assessments.

Each such assessment together with any collection costs, including but not limited to any interest, costs, or attorney fees, shall be a personal obligation of the Owner and/or person whose name is on the assessment rolls for that particular Lot. Assessments may be secured by lien against the non-paying member's Lot and any and all assessments shall be a constructive real covenant affecting title of real property of each member. No member is exempt from any liability because of waiver of use, enjoyment by abandonment of any part of the Property or Lot, unless specifically set forth herein.

Section 10.3 Regular Assessment. The Board shall determine the amount of the regular assessments. Regular assessments shall be used for maintenance and improvements to the Project and any common areas of the Corporation and/or any other necessary and desirable purposes for the benefit of the Corporation and its members, including but not limited to management, administration and professional assistance.

Section 10.4 Special Assessments. The Board may, in addition to the regular assessments authorized above, assess special assessments for the use of special facilities, equipment or services within the Project. Any proceeds collected for use of special items shall be exclusively for that specified use and shall be kept separate and distinct from general corporate funds.

10.4.1 Payments and Modifications: All special assessments shall be due at a time specified by the Board with approval of the majority of Owners of the Lots served and may be enforced in the same manner as other assessments, or in addition the Board may withhold the special use for non-payment of an assessment. All special assessments shall be spent exclusively for the maintenance and/or improvement of the special use for which it is meant. Any modification of special assessments shall require a majority vote of all special assessment members and a majority of the Board.

10.4.2 Forfeiture of Special Use: In the event that a special assessment member fails to pay the required special assessments for one (1) year and after notices of such delinquency and failure to pay the arrearage within thirty (30) days of mailing such notice, then use by the delinquent special assessment member of the special facilities shall be temporarily forfeited until payments of the arrearage and any collection charges are made in full. In the event that

two (2) years shall pass without delinquency being satisfied, then the special assessment member shall permanently forfeit any right to use the Corporation's property on which the special assessment was due.

Section 10.5 Emergency Assessments. In addition to the regular and special assessments, the Board shall have emergency powers to assess an emergency assessment on Lots. The emergency assessment may be imposed with the consent of a majority of the voting members or by an approving vote of two-thirds (2/3) of the Board; however, any emergency assessment made by the Board of Directors shall not exceed fifty percent (50%) of the annual regular assessment per Lot in any one (1) year. Further, the power of the Board to assess emergency assessments shall only occur in the case of a bona fide emergency. Such an emergency shall be defined as an event that meets all four (4) of the following:

10.5.1 Was not foreseeable at the date of the last annual meeting of the membership;

10.5.2 Must relate in whole or in part to reconstruction, repair or replacement of a capital improvement on which the Project and/or Additions thereto depend or relate to the defense or protections of corporate property title or imminent liability;

10.5.3 Must require immediate action (expenditure of funds within 30 days or less); and

10.5.4 A majority of the Board must doubt the existence of sufficient corporate funds to meet the requirements of the emergency and the regular costs of operations of the Corporation.

Section 10.6 Correction Assessments. In the event any Lot Owner, except Declarant, violate the Declaration and is given proper notice as per the Declaration, yet fails to correct the violation in accordance with the Declaration, then this assessment shall become effective. The Board may place a charge or correction assessment and record as assessment lien as follows:

10.6.1 A majority of the Board declares the existence of a violation of the Declaration.

10.6.2 The Board evidences in the Minutes of Corporation that proper notices have been mailed as required by the Declaration.

10.6.3 The Board hires, at a reasonable price, an appropriate individual contractor to carry out the work required to bring the Lot or premises into conformity with Declaration, and has the work completed.

10.6.4 The Board shall send notice to the violating property Owner specifying the amounts due for all correction costs, including but not limited to, labor, materials, interest, and attorney's fees. If not paid in full within 30 days of the notice, the sum shall become immediately due as an unpaid assessment.

Section 10.7 Fine Assessment. In the event that an Owner violates the Declaration, these Bylaws or any properly adopted Rule or Regulation of the Project or any Governing Document, upon notice thereof and an opportunity to cure a fine may be assessed against the Owner in respect of such violation. Such fines shall be in an amount sufficient to compensate the Association for all fees and costs to achieve compliance by such Owner, and together with an additional amount imposed per day to reasonably compensate the Association for time and effort spent in causing such Owner to cure the violation, with the amount thereof to be as determined by the Board from time-to-time. Further, the Association or its agents are hereby authorized to impose fines for returned checks (an "NSF check"), and late fees for any late payment of fees or assessments by any Owner; with the amount(s) for the foregoing to be as determined by the Board from time to time. Fine assessments other than late fees or NSF check fees must be approved by two-thirds (2/3) vote of the Board and the assessment shall be a reasonable amount to compensate the Association and its agents for time spent achieving compliance with the Governing Documents and calculated to discourage future violations. Further, the Board, by agreement with any agent or management company may establish additional charges and impositions that may be included as part of Fine Assessments.

Section 10.9 Assessments on Declarant's Real Estate. The Declarant of the Project, and any future Additions, is entitled to membership in the Corporation for each Lot owned. However, the Declarant and any Declarant's Designated Successor shall not be required to pay an assessment on their respectively owned Lots. Other members owning one (1) Lot or more are required to pay full amount of assessments levied against each Lot owned by such member, whether developed or vacant. The Word "Lot" as used in this section shall refer to actual platted parcel specified on a recorded subdivision plat is defined in the Amended Declaration.

Section 10.10 Payment of Assessments. All assessments shall be paid to the Treasurer of the Corporation within sixty (60) days of notice of assessment. Any assessment not paid within sixty (60) days from notice shall be delinquent and subject to late charges, interest charges and collection procedures.

Section 10.11 Late Fee for Failure to Pay. If any part of any assessment is not paid and received by the Corporation or its designated agent within fifteen (15) days after the due date, an automatic late charge of one and one-half percent (1.5%) shall be assessed for each month until all late charges are paid. When a notice of default and demand to cure has been recorded, such assessment and all Lot charges and interest due thereon shall constitute a lien on the subject Lot prior and superior to all other liens except: (1) all taxes, bonds, assessments and other levies which, by

law, would be superior thereto; and (2) the lien or charge of any first mortgage of record made in good faith for value. A lien for failure to pay an assessment may be enforced by foreclosure of the subject Lot in accordance with Idaho law.

ARTICLE 11  
ENFORCEMENT OF DECLARATION

This Corporation shall be primarily responsible for the enforcement of the Declaration; however, nothing herein shall prohibit any interested Owner from independently taking action to enforce the Declaration. The definition, duties and rights specified in the Declaration shall guide the management of the Corporation and shall guide in the interpretation of either the Bylaws or Articles.

ARTICLE 12  
SEAL

The Board of Directors may acquire a corporate seal, which, if acquired, shall be in form approved by the Board and shall have inscribed thereon the name of the Corporation and the state of its incorporation.

ARTICLE 13  
WAIVER OF NOTICE

Whenever any notice is required to be given under the statutes of the State of Idaho or under provisions of the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the legal equivalent to the giving of such notice.

ARTICLE 14  
INDEMNIFICATION

Indemnification of Directors, Committee Member and Officers, Declarant and Managing Agent. Each Director, committee member, officer, the Declarant, the managing agent and the owners, officers, directors, employees, agents and representatives of any of them shall, to the maximum extent permitted by applicable law, be indemnified by the Corporation against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are compensated by any type of insurance proceeds. In the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Corporation.

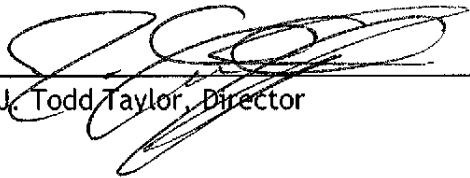
ARTICLE 15  
DEADLOCK


Coin Toss and Arbitration. If the Directors are equally divided and cannot agree on any issue; or the members are so divided that no Board can be elected, or interest dissension prevents the normal business of the Board, then the disagreement shall be resolved in accordance with dispute resolution provisions of the Declaration.

ARTICLE 16  
AMENDMENTS TO BYLAWS

The Bylaws of this the Corporation, may be altered, amended or new Bylaws adopted at any regular meeting or at any special meeting of the members thereof, by the affirmative vote of a majority of the total membership vote present at such meeting who then have voting rights under the terms of the Governing Documents.

  
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Melissa Wells, Director

  
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J. Todd Taylor, Director

  
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Allen Dykes, Director