JIM BRANNON 50 P 2524354000
KOOTENAI COUNTY RECORDER
AF 11/23/2015 3:50 PM
REQ OF KOOTENAI COUNTY TITLE COMPANY
RECORDING FEE: $157.00 SC
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2015-240

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE TRAILS (November 2015)

The undersigned, Coeur Development, LLC, an Idaho limited liability company (hereinafter referred to as "Coeur"); and LAKESIDE REAL ESTATE HOLDINGS I, L.L.C., an Idaho limited liability company (hereinafter referred to as "Declarant") are the fee owners of the real property located in Kootenai County, Idaho, more particularly described on **Exhibit "A"** attached hereto and by this reference is incorporated herein (hereinafter referred to as "the Property"). Coeur and Declarant are sometimes referred to below as the "Current Property Owners." These Covenants, Conditions and Restrictions ("Declaration") hereby bind and cover all of the Property, shall run with the land and shall bind the successors-in-interest, purchasers, assigns, heirs and any party having acquired any right, title or interest in or to any part of the Property from either of the Current Property Owners until the Declaration is terminated.

Covenants, Conditions and Restrictions previously recorded with the Kootenai County Recorder in respect of the Property prior to de-annexation of the subject Property from the Hawk's Nest Owners' Association and all of its covenants, conditions and restrictions, including those recorded on December 16, 2006 under Instrument Number 2072233000, by the prior owner and Declarant, together with all amendments and additions thereto, including without limitation Documents Numbers 2076122000, 2376912000, 2376911000, 2139757000, 2158604000, 2193650000, 2212518000, 2248223000, 2440317000, and 2455619000 are hereby superseded in their entirety.

This Declaration is intended to regulate the development and use of the Project for the mutual benefit of future Owners and occupants. The development is a subdivision, and will include residential development and multi-family development. The Declarant has attempted to draft this Declaration consistent with applicable federal, state and local laws, rules, regulations and other obligations imposed by law ("Governing Law"). Where inconsistent, the most restrictive provisions imposed under this Declaration or Governing Law shall apply. THIS DOCUMENT DOES NOT AND CANNOT ALTER GOVERNING LAW. EACH OWNER IS RESPONSIBLE FOR THE USE OF THE LOTS WITHIN THE DEVELOPMENT IN A MANNER CONSISTENT WITH THE REQUIREMENTS OF GOVERNING LAW.

ARTICLE I
DEFINITIONS

Section 1.1 Words Defined. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply:

Section 1.1.1 "Articles" shall mean the Articles of Incorporation of the Association, as amended from time-to-time, a copy of which as in existence on the date of this Declaration is attached hereto as Exhibit "B" and by this reference is incorporated herein. A copy of the then current version of the Articles shall be maintained and made available in the offices of the Association.

Section 1.1.2 "Association" shall mean The Trails Owner's Association, Inc., an Idaho nonprofit corporation, whose members are the Owners as described in this Declaration.

Section 1.1.3 "Board" shall mean the Board of Directors of the Association.

Section 1.1.4 "Bylaws" shall mean the Bylaws of the Association, as amended from time-to-time, a copy of which as it exists on the date of this Declaration is attached as Exhibit "C" and by this reference is incorporated herein. A copy of the then current version of the Bylaws shall be maintained and made available in the offices of the Association.

Section 1.1.5 "Common Area" shall mean that portion of the Property and Improvements which, according to the plat or ownership, is established for shared use of the Owners and which includes, specifically, the perimeter fencing (which is any fence adjacent to and acting as a sight buffer for any boundary of the development or Property). Common Area amenities may be located in easements for the benefit of the Association.

Section 1.1.6 "Declarant" shall mean COUER DEVELOPMENT, LLC and its representatives, successors and/or assigns.

Section 1.1.7 "Declarant's Control Period" shall mean that period of time wherein the Declarant maintains Class "B" Membership and thereby controls all votes of the Association. The date on which the Declarant's Control Period ends shall be known as the "Transition Date."

Section 1.1.8 "Declaration" shall mean this Declaration of Covenants, Conditions and Restriction as it may from time to time be amended.

Section 1.1.9 "Designated Successor" shall be that person(s) specifically designated through written agreement with the Declarant to assume some or all of the rights, responsibilities and obligations of the Declarant, as set forth in an instrument conveying such rights.

Section 1.1.10 "First Mortgage" shall mean a recorded mortgage on a Lot that has legal priority over all other mortgages thereon.

Section 1.1.11 "First Mortgagee" shall mean the holder of a First Mortgage.

Section 1.1.12 "Governing Documents" shall mean Articles, this Declaration, Bylaws, Rules and Regulations and Plat(s) collectively.

Section 1.1.13 "Improvement" shall mean the buildings, roads, driveways, parking areas, fences, walls, rocks, hedges, plantings, planted trees and shrubs and all other structures or landscaping improvements of every type and kind.

Section 1.1.14 "Lot" shall mean a platted and subdivided parcel within the Property intended for the construction of a primary residence.

Section 1.1.15 "Mortgage" shall mean a recorded mortgage, deed of trust or other security instrument by which a Lot in the Project is encumbered.

Section 1.1.16 "Mortgagee" shall mean the beneficial Owner, or the designee of the beneficial Owner, of an encumbrance on a Lot in the Project created by a mortgage, deed of trust or other security instrument.

Section 1.1.17 "Owner" shall mean the legal Owner of a Lot in the Project, but not a party holding title for security purposes, such as a trustee under a deed of trust.

Section 1.1.18 "Person" shall mean an individual, corporation, partnership, association, trustee or other legal entity.

Section 1.1.19 "Plat" shall mean a plat of some or all of the Property and of Lots included within the applicable part of the Project, which plat has been recorded with the county recorder of Kootenai County, and all amendments thereto, together with any plats of real property subsequently annexed pursuant to the Governing Documents.

Section 1.1.20 "Project" shall mean the Property and Improvements covered by the Governing Documents.

Section 1.1.21 "Property" shall mean the land and the buildings and all Improvements and structures now or hereafter placed on the land described in Exhibit "A" attached hereto, along with any real estate annexed hereunder in accordance with the terms of the Governing Documents.

Section 1.1.22 "Rules and Regulations" shall mean those operating procedures and use controls adopted and amended from time-to-time by the Board consistent with this Declaration. The adopted Restated Rules and Regulations as of the date of this Declaration are attached hereto as Exhibit "D". A copy of the then current version of the Rules and Regulations shall be maintained and made available by the Association as provided in Section 2.2.

Section 1.1.23 "Visible from Neighboring Lots" shall mean, with respect to any given object, that such object is or would be visible to a person six (6) feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

Section 1.2 Form of Words. The singular form of words may include the plural and the plural may include the singular. Masculine, feminine and neuter pronouns may be used interchangeably. The above definitions shall apply to words in text whether capitalized or uncapitalized, unless the context of their use makes the definitions clearly not applicable.

All other words shall be given their common and simple meaning consistent with contest of their use.

Section 1.3 Ambiguity in the Governing Documents. No portion of any of the Governing Documents shall be deemed ambiguous. In the event that any portion of any of the Governing Documents is capable of being reasonably interpreted in more than one way, the Board shall, as the administrator of the Governing Documents, have and is hereby granted the right and power to specify the correct interpretation. The Board's interpretation shall be deemed to be the only correct interpretation and shall be a contractually binding interpretation. This binding interpretation is hereby knowingly accepted by all owners to limit the cost of litigating such matters. Each Owner by becoming an Owner of any portion of the Property in the Project knowingly and voluntarily waives any claim of the existence of an ambiguity in consideration of a quick and efficient interpretation by the Board.

ARTICLE 2
PROPERTY AND RULES AND REGULATIONS

Section 2.1 The land restricted and protected by this Declaration shall be all real estate and improvements located on the Property (currently as described in Exhibits "A" attached hereto), together with any land properly annexed hereunder as provided in Section 19.1, and excluding any portion of the Property that may hereafter be de-annexed from the Property as provided in Section 19.2.

Section 2.2 Rules and Regulations. A copy of the initial Rules and Regulations covering the Project are attached hereto as Exhibit "D." The Board may, by resolution, adopt additional Rules and Regulations, and may amend from time-to-time, the Rules and Regulations. The Rules and Regulations shall include but not be limited to the regulation of exterior appearance of improvements, buildings, signage, parking, fencing, drainage and permitted uses and activities within the Project. Consistent with requirements to amend the Rules and Regulations, the Board, by resolution approved by a majority of the members of the Board, may amend the Rules and Regulations from time-to-time. Upon proper adoption and notice to owners (actual or constructive), the Rules and Regulations, and revisions or additions thereto, shall be as enforceable and binding as any other requirements of the Governing Documents. Digital copies of the Rules and Regulations, as amended, shall be available on the Association's website and physical copies shall be available at the offices of the Association upon payment of such reasonable charges as the Board shall establish for supplying the same.

ARTICLE 3
DESCRIPTION OF BUILDING

The Improvements may be set on the Lot as long as in accordance with the requirements of the Governing Law and the Governing Documents, including upon approval of the Design Review Board.

ARTICLE 4
ARCHITECTURAL CONTROL

Section 4.1 Board as the Design Review Board. The Board is hereby authorized to act as or to appoint a Design Review Board and to adopt, amend and enforce the Rules and Regulations as adopted and amended by the Board from time-to-time as herein provided.

Section 4.2 Design Review Board or Administrator. The Board, at its option, may appoint a standing committee to be known as the Design Review Board or an Architectural Administrator (hereafter collectively referred to as "Committee" for ease of drafting). The Committee, when duly appointed, shall assume the authority to enforce the Rules and Regulations. The Committee shall consist of no more than five (5) persons selected by the Board to serve indefinite terms. The Administrator shall be an architect, engineer, planner or designer that is qualified for the duties required by the Governing Documents.

Section 4.3 Fees. The Board, by resolution, shall set a fee for plan review pursuant to the Rules and Regulations. The Board may, by majority vote, waive or adjust fees for low cost Improvements.

ARTICLE 5
SERVICE OF PROCESS

The registered agent of the Association is designated to receive service of process. The Board shall designate the agent in the Articles and the Board may specify a different agent for such purpose by filing an amendment to the Articles.

ARTICLE 6
ASSOCIATION OF OWNERS

Section 6.1 Form of Association. The Association shall be a non-profit corporation formed under the laws of the State of Idaho.

Section 6.2 Articles and Bylaws. The Articles and Bylaws of the Association, as may be amended from time-to-time, shall bind all Owners and are by this reference an integral part of this Declaration. The Articles and Bylaws may be amended in accordance with the terms of each and the laws of Idaho.

Section 6.3 Qualification for Membership Voting Right. Each Owner of a Lot (including Declarant or its Designated Successor) shall be a member of the Association, except the Declarant and the Declarant's Successor in interest shall be entitled to membership so long as it owns (in title or contract) any property within the approved Project. Ownership of a Lot shall be the sole qualification for membership in the Association, except for the Declarant as described above. The voting rights of the memberships are specified in the Articles of Incorporation under Article 4, Section 4.4 and the Bylaws of the Association.

Section 6.4 Pledged Votes. If an Owner is in default under a first mortgage on a Lot for ninety (90) consecutive days or more, the Mortgagee shall be and is hereby authorized, without further notice to or consent by the Owner, to declare at any time thereafter that said Owner has pledged a vote on all issues to the Mortgagee during the continuance of the

default. If the Board has been notified of any such pledge by a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 6.5 Owner's Right and Obligation to Maintain and Repair. Except for those portions of Development that the Association may be required to maintain and repair, each Owner shall, at Owner's sole cost and expense, maintain and repair Owner's Lot and all improvements thereon consistent with the Governing Documents in order to maintain value of Lots in the Project.

Section 6.6 Association Obligation to Maintain and Repair Common Areas. The Association has the right and authority to maintain and repair all of the Common Areas, including perimeter fencing; however, the maintenance of any Common Areas within the boundaries of a Lot, specifically including, but not limited to perimeter fencing, shall be the responsibility of the Lot Owner on whose Lot such Improvements are constructed.

ARTICLE 7
NOTICES

Form and Delivery of Notice. All notices to members of the Association given under the provisions of this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered on the third day of delivery of regular mail after it has been deposited in the United States mail, first class, postage pre-paid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice may be waived by a writing signed by such member. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to Declarant until the Transition Date and thereafter shall be given to the President or Secretary of the Association.

ARTICLE 8
BUDGET AND ASSESSMENT

Section 8.1 Assessments. Each Owner, by becoming an Owner of a Lot, whether or not it shall be so expressed in any deed, contract, or other instrument, is deemed to covenant and agree to pay to the Association: (a) Regular Assessments; (b) Special Assessments; (c) Emergency Assessments; (d) Fine Assessments; and (e) Corrective Assessments, all as described in Section 10.2 of the Association's Bylaws; with all such assessments to be established and collected as hereinafter provided or as provided elsewhere in the Governing Documents (the "Assessments" or "assessments"). The Assessments, together with late fees, NSF fees and interest as described below or elsewhere in the Governing Documents, costs and reasonable attorney's fees incurred in the collection of the same, shall, when assessed or imposed, be a charge on the Lot and shall be a continuing lien, in the nature of a mortgage upon the Lot, against which such assessment is made. Each such Assessment, together with interest, costs and reasonable attorney's fees as described, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment was made. No Owner may exempt himself from liability for Assessments, by non-use, abandonment or any other means. No diminution, abatement, or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs, improvements, rules or from any other action taken. The sums required by the

Association for common expenses as reflected by the annual budget and any supplemental budgets, and other items for which assessments may be imposed, shall be paid as specified in the Bylaws. The Declarant and Lakeside Real Estate Holdings I, LLC (or any affiliate of either) shall not be required to pay assessments on undeveloped or developed Lots owned by such persons within the Project.

Section 8.2 Proceeds Belong to Association. All assessments and other receipts received by the Association pursuant to the provisions hereof shall belong to the Association.

Section 8.3 Association Expenses. The Board shall acquire and pay for, as common expenses of the Association, all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Association. The goods and services shall include, but not limited to, utility services for the Common Areas and facilities; policies of insurance and fidelity bonds; legal and accounting services; maintenance; repair; landscaping; gardening and general upkeep of the Common Areas and facilities (except where the Owners have such responsibility under the provisions hereof); and all supplies, materials, fixtures and equipment that are in the Board's judgment necessary or desirable for the operation of the Association and enjoyment of it by the Owners. The Board may hire such full-time or part-time employees as it considers necessary, and, further, the Board may delegate such of the administrative function of the Board as it deems appropriate to a third party service provider, including the invoicing, collection and conduct of meetings, and the fees for such services shall be common expense of the members. In addition, as a common Association expense, the Board may establish, set aside and fund reserves in order to meet anticipated future expenses and capital improvements and replacements, and collect the same as part of the Regular or Emergency Assessments of the Association.

ARTICLE 9
COLLECTION OF ASSESSMENTS

Section 9.1 Assessments are Personal Obligations and Lien on Assessed Lots. All sums assessed by the Association chargeable to any Lot or Owner (together with interest, late charges, costs and attorney's fees in the event of delinquency) shall be a continuing lien against the Lots and shall be the joint and several personal obligations of the Owners of the applicable Lots. All remedies for payment shall be maintainable without foreclosing or waiving the liens securing payment.

Section 9.2 Late Charges and Interest on Delinquent Assessments. The Board, in accordance with the Bylaws, may from time-to-time establish late charges, and a rate of interest to be charged on assessments that become delinquent.

Section 9.3 Elimination of Service and Suspension of Voting Rights for Non-Payment. In case of non-payment or delinquency in the payment of assessments or other fees imposed by the Board, the Board may, (A) upon ten (10) days' notice to the Owner, occupant, or person in charge of the Lot, eliminate any service of the Association related to that Lot or (B) upon notice to the Owner suspend the voting rights attributable to the ownership of the Owner's Lot until such time as all assessments are paid current. No recommencement of services shall occur until such delinquent assessments, fees and a recommencement fee as may be established by resolution of the Board, have been paid to the Board. Elimination of service shall in no way preempt or prohibit any other enforcement right of the Board.

Section 9.4 Failure to Assess. Any failure, by the Board or the Association, to make the budget and assessments hereunder before the expiration of any year for the ensuing year, shall not be deemed a waiver or modification in any respect of the provisions of the Governing Documents, or a release of the Owners from the obligation to pay assessments during that or any subsequent year. The assessment amount assessed for the preceding year shall continue until a new assessment is established.

Section 9.5 Remedies Cumulative. The remedies provided herein are cumulative, and the Board may pursue them and any other remedies, which may be available under law although not expressed herein, either concurrently or in any order.

Section 9.6 Statement of Assessments. Any Person may request a statement from the Association regarding the amount of assessments and any related charges owed in connection with any Lot. Upon request, the Association shall provide a statement regarding such assessments and/or other charges then owed on a Lot; but may charge a reasonable fee for providing such a statement, as determined from time to time by the Board. Any Person obtaining such a statement and relying in good faith on such statement in becoming an Owner or Mortgagee in connection with any Lot shall acquire their interest in such Lot free of any lien arising in connection with assessments and other charges imposed against such Lot prior to the date of such statement. No such statement shall, however, eliminate or diminish the personal obligation of any Owner of such Lot, regardless of whether applicable assessments or other charges were listed in such statement.

ARTICLE 10
FAILURE TO INSIST ON STRICT PERFORMANCE: NO WAIVER

The failure of any interested Person in any instance to insist upon the strict compliance with the Governing Documents, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition or restriction. The receipt by the Board of payment of an assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver of any requirement shall be effective unless expressed in writing and signed by the Person waiving such requirement.

ARTICLE 11
LIMITATION OF LIABILITY

Section 11.1 General Limitation. So long as a Board member, or Association Committee Member, or Association Officer, or Declarant, or Managing Agent has acted in good faith without willful or intentional misconduct upon the basis of such information as is then possessed by such Person, no such Person shall be personally liable to any Owner, or to any other Person, including the Association, for any damage, loss or prejudice, suffered or claimed on account of any act, omission, error or negligence of such Person; and the Board members Committee members, Association Officers, Declarant, Lakeside Real Estate Holdings I, LLC, any Managing Agent and the respective owners, officers, employees, agents and representatives of any of them, shall be indemnified by the Association to the maximum extent permitted by Governing Law; provided, however, that this section shall not apply to

the extent compensation is recovered in respect of the consequences of such act, omission, error or negligence from insurance proceeds through any policy obtained by the Board.

Section 11.2 Specific Limitation Related to Personal Liability of Certain Persons. Each Owner, in addition to the other limitations contained herein and not to the exclusion of any other limitation, agrees that no member of the Board, or any committee of the Association, or any officer, agent or employee of the Association shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any, act, omission or negligence of the Association, the Board, or any representative, or employee of the Association, or the Committee, or any other committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

ARTICLE 12
MORTGAGEE PROTECTIONS

Section 12.1 Mortgagee Protection: General Requirements. A breach of any covenant, condition or restriction herein contained or any enforcement thereof, shall not defeat or render invalid any Mortgage now or hereafter executed upon the Property or a portion thereof; provided, however, that if any portion of the Property is sold under a foreclosure of any Mortgage, any purchaser at such sale and its successors and assigns shall, as an Owner, hold any and all Property purchased subject to all the provisions of these Governing Documents.

Section 12.2 Mortgagee's Obligations as to Assessments. Each holder of a First Mortgage (including any purchaser from such holder) on a Lot who comes into possession of a title to said Lot by virtue of foreclosure of the Mortgage, or by deed, or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of, and shall not be liable for, any unpaid claims or assessments and charges against the Lot that accrue prior to the time of such possession or acquisition of title, whichever is earlier, to the extent any such assessment(s) or obligation(s) (and additional charges imposed in connection therewith) was/were not listed in a statement provided by the Association under Section 9.6 or which have been included in the statement if no statement was obtained.

Section 12.3 Mortgagee's Right to Pay Charges. First Mortgagees in respect of any Association owned Property may pay charges that are in default and that may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy, for such Common Area. First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

Section 12.4 Mortgagee's Lien Superior to Association's. Except as provided in Section 12.2, the lien of the Assessments provided for herein shall be subordinate to the lien of any First Mortgage. No sale or transfer of any Lot shall affect the Association's continuing lien. No sale or transfer shall relieve the Owner of any Lot, who was its Owner at the time that the assessment first became due from liability for any assessments.

Section 12.5 Notices to Mortgagees. Any Mortgagee may file with the Secretary of the Board a written request that it be given copies of notices. Until such request is withdrawn or the Mortgage is satisfied, the Board shall endeavor to send to the requesting Mortgagee a copy of all documents sent to Owner of the mortgaged Property. Holders of first Mortgages, who requested notice shall be entitled to prompt notice of any default in an Owner's obligations under these Governing Documents of the project that is not cured within thirty (30) days of the date of default. The provisions of this section shall prevail over any inconsistent or contrary provisions in the Governing Documents.

Specifically, the Board will strive to send the following notices, in writing, to any Mortgagee if requested in writing:

12.5.1 Mortgagee's Notice of Change. Notice of any proposed change in the Governing Documents, which notice shall be given thirty (30) days prior to the effective date of such change; and

12.5.2 Mortgagee's Notice of Default. Notice of any default in Owner's obligations under the Governing Documents, which default is not cured within thirty (30) days.

Section 12.6 Mortgagee's Right to Inspect Records. Notwithstanding any language contained in the Governing Documents to the contrary, Mortgagees shall have the right to examine the books and records of the Association.

ARTICLE 13
SEVERABILITY

The provisions of this Declaration shall be independent and severable, and the unenforceability of anyone provision shall not affect the enforceability of any other provision.

ARTICLE 14
EFFECTIVE DATE

This Declaration shall take effect upon recording.

ARTICLE 15
ASSIGNMENT BY DECLARANT

Section 15.1 Declarant's Right to Assign. The Declarant reserves the right to assign, transfer, sell, lease or rent all or a portion of the Property then owned by it and reserves the right to assign all or any of its rights, duties and obligations created under the Governing Documents.

Section 15.2 Effect of Declarant's Assignment. Any and all of the rights, powers and reservations of the Declarant herein contained may be assigned to any person, corporation, partnership or association that will assume the duties of the Declarant pertaining to the particular rights, power and reservations assigned, and upon any such person, corporation, partnership or association evidencing its intent in writing to accept such assignment and assume such duties, it shall, to the extent of such assignment, have the same rights and

duties as are given to and assumed by the Declarant herein. In the event of assignment, the Declarant shall be released from any liability from the date of assignment forward.

Section 15.3 Termination of Responsibility. In the event the Declarant shall convey all of its rights, title and interest in and to the Project to any partnership, individual or individuals, corporation or corporations, then and in such event, the Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations shall be obligated to perform all such duties and obligation hereunder.

ARTICLE 16
ENFORCEMENT AND DISPUTE RESOLUTION

Section 16.1 General Requirements. Broad enforcement is intended to protect the value of the Lots and the Property and to allow efficient enforcement and dispute resolution: first, claims and foreclosures of liens under Idaho Code 45-810 or successor statute, and, second, arbitration with optional mediation.

Section 16.2 Method One, Lien Enforcement for Failure to Pay Assessments. The Board, in its sole discretion may enforce payment of assessments through the statutory lien provisions under Idaho Code 45-810 or successor statute, as an alternative remedy to the method two arbitration (with optional mediation) set forth below, in which case method two shall not apply. In this method, the Board may, in accordance with Idaho Code, record a claim of lien for assessments not timely paid. The claim of lien shall include all assessments owed, attorneys' fees and interest (at the highest rate allowed by law or at amount specified in the Governing Documents). In the event that the Owner fails to pay the lien sums in full, the Board may foreclose on the lien, in accordance with Idaho law having the court instruct the sheriff to sell the defaulting Owner's home to pay all sums owed to the Association including but not limited to the original assessment, interest and attorneys' fees and costs related to the claim of lien and the foreclosing of the same. Notwithstanding the enforcement and foreclosure of any lien, the Owner shall remain personally liable for any unsatisfied deficiency in regard to unpaid assessments and any related charges, which remain unsatisfied following the foreclosure of any lien.

Section 16.3 Method Two, Arbitration with Optional Mediation.

16.3.1 Optional Mediation. The Association or any Owner involved in a dispute regarding a violation of the Governing Documents may call for a minimum of a two (2) hour mediation. The mediation shall occur in accordance with Rule 16(k) of the Idaho Rules of Civil Procedure or successor rule, to the extent applicable, and the rules of the individual mediator. The particular mediator shall be nominated by the Party requesting mediation within ten (10) days of notice of dispute. If the Parties agree on the mediator, the mediation should be held as soon as practical. If the Parties, within ten (10) days, do not agree on the mediator, the corporate attorney for the Association shall name the mediator. Each Party shall enter into the mediation in good faith to resolve any dispute. The Parties shall each deposit with the mediator, prior to the session, an equal share of the cost of the two (2) hour mediation.

16.3.2 Arbitration. In the event any dispute remains unresolved following mediation, either Party may call for arbitration by appointing an arbitrator, within ten (10) days of the last day of mediation with an arbitrator who is reasonably qualified for the issue on which there is a dispute. Within ten (10) days of the appointment of said arbitrator, the other Party shall either, agree to the single arbitrator or shall appoint a reasonably qualified arbitrator, if the two arbitrators are so selected with ten (10) days, the two arbitrators shall select a third arbitrator (for ease in drafting a panel of arbitrators shall hereinafter also be referred to as "Arbitrator"). The rules and procedures for the arbitration shall be Idaho's Uniform Arbitration Act (Title 7, Chapter 9 of Idaho Statutes) or such similar statute as may then be in effect, unless the Arbitrator shall determine to vary such rules for time and cost effectiveness. In the event that either Party shall fail to act as required, the action to be taken or the choice of arbitrator in question shall be decided by the corporate counsel for the Association in order to assure a rapid arbitration of the matter. The panel of arbitrators by majority rule or the single arbitrator shall settle all disagreements, and the ruling of the arbitrators shall be the final and binding resolution. The decision of the Arbitrator shall be given the same weight as a judgment and may be confirmed as a judgment by either Party.

16.3.2.1 Pre-Decision Arbitration Procedures. The Arbitrator shall schedule a pre-conference to resolve procedural matters, arrange for the exchange of information, obtain stipulations and narrow the issues.

16.3.2.2 Arbitration Hearing. The arbitration shall be conducted in Kootenai County. The Parties may represent themselves or be represented by legal counsel. The Parties may offer such evidence as is relevant and material to the dispute. The Arbitrator shall be the judge of relevance and materiality.

16.3.2.3 Arbitration Decision. In rendering a decision, the Arbitrator shall determine the rights and obligations of the Parties according to the terms and provisions of the Governing Documents. The Arbitrator shall issue the written decision as soon as reasonably possible following the conclusion of the arbitration hearing, but in any event no later than thirty (30) days after the conclusion of the arbitration hearing. The Arbitrator's decision shall be based on the evidence introduced at the hearing, including all logical and reasonable inferences that may be drawn therefrom. The Arbitrator may make any determination and/or grant any remedy or relief that is just and equitable; provided, however, in no event may the arbitrator award punitive damages. The decision shall be conclusive and binding, and the appropriate court with jurisdiction, in accordance with the Idaho Uniform Arbitration Act may thereafter confirm it as a judgment.

16.3.2.4 Attorneys' Fees and Costs. The Arbitrator, may award costs, including, without limitation arbitrator's fees and costs, attorneys' fees and expert and witness costs to the prevailing party

16.3.2.5 Payment of Fine, Costs or Elimination of Violation. The non-prevailing party shall fulfill the order of the Arbitrator within ten (10) days

of the issuance of the arbitration decision. If the Owner fails to comply with the arbitration decision; then in addition to the decision, the Owner shall pay interest on any monetary award at the statutory rate set forth in Idaho Code 28-22-104(2) or successor statute. In the event of failure to act in conformity with the decision, the failing party shall pay One Hundred Dollars ($100) per day (adjusted for inflation calculated at the value of One Hundred Dollars ($100) in the year 2012) each day after the ten (10) days until the conformity of the decisions occurs. Additionally, a non-prevailing Owner shall pay any and all attorney's fees and cost, for obtaining judgment and collection of monetary award and enforcement of non-monetary reward.

16.3.2.6 Arbitration in the Absence of a Party or Representative. The arbitration shall proceed in the absence of any party or representative who, after due notice, fails to be present or fails to obtain a postponement. An award shall not be made solely on the default of a party. The Arbitrator shall require the party who is present to submit such evidence as the Arbitrator may require for the making of an award.

Section 16.4 General Rights and Obligations Related to the Broad Enforcement of the Governing Documents. Consistent with the broad enforcement the following shall apply:

16.4.1 Right of Entry. During reasonable hours, and upon reasonable notice, the Declarant or the Association or their agents, shall have the right to enter upon and inspect any Lot covered by the Governing Documents for the purpose of ascertaining compliance with the Governing Documents. Such right of entry shall not include entrance inside any structure. Entry upon any Lot shall not be a trespass or other wrongful act.

16.4.2 Notice Requirements. Prior to taking any action of enforcement against any violating Owner, the Association shall deliver to the violating Owner written notice of the nature of the violation, a suggested remedy and reference to particular relevant portion of the Governing Documents. The violating Property Owner shall be allowed thirty (30) days to correct the violation. At the end of thirty (30) days if the violation remains, enforcement may be commenced.

16.4.3 Failure to Enforce is No Waiver. The failure to enforce any requirements contained in the Governing Documents shall in no event be deemed to be a waiver of the right to enforce that requirement or any other provision thereafter.

16.4.4 Exclusive Dispute Resolution. Enforcement of the Governing Documents, except the optional lien enforcement specified above, shall be made through the procedure set forth herein. The Owners, the Association and the Declarant (the "Parties") agree that the only method, exception for lien option, for settling disputes under the terms of the Governing Documents shall be set out in this Article 16.

16.4.5 Waiver of Right to Litigate. **EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHTS TO RESOLVE A DISPUTE IN ANY MANNER, WHICH IS CONTRARY TO THE PROVISIONS OF THIS**

ARTICLE, INCLUDING RIGHT OF TRIAL AND JURY, EXCEPTING LIEN OPTION FOR FAILURE TO PAY ASSESSMENTS. The parties shall at all times conduct themselves in strict, full, complete and timely accordance with the terms of this section and all attempts to circumvent the terms of this article shall be absolutely null and void and no force or effect whatsoever (excepting the lien option for assessment enforcement).

ARTICLE 17
DURATION, MODIFICATION AND REPEAL

Section 17.1 Duration of Protective Covenants. This Declaration shall continue and remain in full force and effect at all times with respect to the Project and each part thereof for a period of thirty (30) years, commencing on the date of recordation of this Declaration in the real property records of Kootenai County, except as the same may be modified as described in Section 17.2 below. Unless, terminated, this Declaration shall continue automatically for an additional period of ten (10) years and thereafter for successive ten (10) year periods until so terminated. Each Owner, by becoming an Owner of a Lot, acknowledges the Owner's desire to protect the Property through the Governing Documents and agrees to remain in compliance with the Governing Documents, as the same may be amended from time-to-time.

Section 17.2 Association Modification or Termination. This Declaration may be terminated or modified at any time by a written instrument executed by two-thirds (2/3) of the Board but shall not be effective until ratified in writing by a majority of the members of each class of the membership which then possesses voting rights under the terms of this Declaration and the Governing Documents.

ARTICLE 18
DECLARANT'S SPECIAL PROVISIONS

Section 18.1 Limitation of Restriction. The Declarant and, to the extent applicable, any assignee under Article 15, is undertaking the work of developing the Project. The completion of the work and the sale, rental and other disposal of said Lots is essential to the establishment and welfare of the Project as a thriving subdivision. In order that said work may be completed as rapidly as possible, nothing in the Governing Documents shall be understood or construed to:

18.1.1 Prevent the Declarant, its contractors, subcontractors or designated assignees from doing on the Project or any Lot, whatever is reasonably necessary or advisable whether timely or untimely in connection with the completion of the Project; or

18.1.2 Prevent the Declarant, its designated assignees or approved builders from erecting, constructing and maintaining on any part or parts of the Project, such structures as may be reasonable and necessary for the conduct of its business and completing said work and establishing said Project as a community and disposing of the same parcels by sale, lease or otherwise; or

18.1.3 Prevent the Declarant, its designated assignees or approved builders from conducting on any part of the Project its business of completing the work and

establishing a plan of Ownership and of disposing of said Lots by sale, lease or otherwise; or

18.1.4 Prevent the Declarant, its designated assignees or approved builders from maintaining such signs or signs on any of the Project as may be necessary for the sale, lease or disposition thereof.

Section 18.2 Non-Warranty of Compliance and Enforcement. The Declarant does not, by the execution of this Declaration or the continuing participation directly or indirectly in or on the Board, warrant or guarantee enforcement and/or binding effect of this Declaration nor does the Declarant warrant that any Owner's use of the Property is or will be in compliance with the Governing Documents. Each purchaser of Property does hereby agree to accept all responsibility for enforcement of the Governing Documents individually and to release the Declarant from any lack of enforcement or non-conformity of any structure or use of Property.

Section 18.3 Release and Indemnification of Declarant. The Declarant has created Common Areas for the use of Owners, to be managed by the Association consistent with the Declarant's transfer of the Declarant's interest in the Common Areas. The Association agrees to hold the Declarant harmless from any liability related to any part of the Common Areas. Furthermore, the Association agrees to indemnify the Declarant or its designated successor from any and all loss and cost related to the Common Areas.

ARTICLE 19
ADDITIONS TO AND WITHDRAWALS FROM DECLARATION

Section 19.1 Annexation of Phases of Project. Phases may be annexed to the Project and become subject to the Governing Documents by either of the following methods:

19.1.1 Unilateral Annexation. The Declarant or, to the extent applicable, Declarant's designated assignee under Article 15, may annex any real estate adjoining the Property as it exists prior to such annexation. Such annexed property shall become a part of the Property and Project, subject to the Governing Documents, and subject to the jurisdiction of the Association, without the assent of the Association or its members, on condition that:

19.1.1.1 Any annexation pursuant to this paragraph shall be made within thirty (30) years from the date of recordation of this Declaration; and

19.1.1.2 A Declaration of Annexation shall be recorded prior to any sales to a member of the general public of any Lot in the area to be annexed. The Declaration of Annexation shall include the legal description of property to be annexed, shall incorporate the Governing Documents by reference and may contain such additions and modifications to the Governing Documents as the Declarant and/or assignee, as applicable, considers appropriate to reflect any different character of or plan for the added property.

19.1.2 Annexation by Approval. Upon the approving vote or written assent of the Declarant (while the Declarant owns any Lot in the Project) and the Owners of two-thirds (2/3) of the Lots, other than those owned by the Declarant, the owner of the property outside of the Project who desires to add it to the scheme of the Governing Documents and to subject it to the jurisdiction of the Association, may record a Declaration of Annexation in the manner described in the preceding subsection and thereby subject said property to the Governing Documents. Upon such annexation, such added property shall be part of the Property and Project, and subject to the Governing Documents.

Section 19.2 De-Annexation. During the Declarant's Control Period, the Declarant may de-annex any portion of the Property forming a part of the Project or Plat (excluding, however, any Common Area conveyed to the Association by the Declarant). Such de-annexed property shall no longer be subject to this Declaration, any prior Declaration, or any of the Governing Documents; except to the extent any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant pursuant to this Declaration burden the de-annexed property for the benefit of any Property which then remains subject to this Declaration or any amendments or modifications hereto. Such de-annexation shall be made by recording an amendment to this Declaration in the Kootenai County Recorder's Office, which amendment legally describes the de-annexed property and withdraws the de-annexed property from the Declaration and other Governing Documents. Such de-annexed property may be utilized by the Declarant, or any successor, assignee or transferee thereof, for any lawful purpose or use.

ARTICLE 20
EASEMENTS

Section 20.1 Easement Specifically Reserved by the Declarant. The Declarant reserves an access easement over, across and through the Common Areas and facilities of the Project for the purpose of completing any unfinished Lots or other improvements and exhibiting and preparing Lots for sale and for the purposes of developing any contiguous land owned by the Declarant.

Section 20.2 Easement Granted to Utility Providers. The Declarant hereby grants to the utility providers and its successors and assigns an easement for the existing transmission lines and pipes passing through the Property and for ingress and egress for the purpose of maintaining replacing (including the right to install lines of larger capacity), and connecting to said lines, all at the sole cost and expense of said grantee. Any damage caused by grantee in exercising the rights granted hereunder shall be repaired by said grantee and grantee's sole cost and expense.

Section 20.3 Power of Association to Grant Easements. The Association, acting by and through its Board of Directors, shall have the right to grant easements for utility purposes over, upon, across, under or through any portion of the Common Area, and each Owner hereby irrevocably appoints the Association as attorney-in-fact for such purpose.

Section 20.4 Covenants Running with the Land. This terms and provisions of this Declaration shall constitute binding covenants that run with the land and bind each Owner and their successors and assigns.

ARTICLE 21
MISCELLANEOUS PROVISIONS

Section 21.1 Constructive Notice and Acceptance. Upon recording of this Declaration, every person or entity who now or hereafter owns, occupies of acquires any right, title or interest in or to any portion of the Property has conclusively consented and agreed to all of the Governing Documents. This conclusive acceptance shall occur regardless of whether or not any reference of the Governing Documents is contained in the instrument by which such person acquired an interest in the Property.

Section 21.2 Agreement or Conveyances in Violation of Governing Documents. Any deed, lease, conveyance, contract or other instrument or action in violation of the Governing Documents shall be void and may be set aside by the Declarant or the Association.

Section 21.3 Captions. The captions of the Governing Documents are used for convenience only and are not intended to be part of the Governing Documents or in any way to define, limit or describe its scope or intent.

Section 21.4 Entire Covenant. There are no other verbal or other agreements or matters, which vary the terms of the Governing Documents except those in writing and adopted in accordance with the requirements of the Governing Documents. The Governing Documents are the entirety of the covenants, conditions and restrictions, and shall not be altered except as specified in the documents and in accordance with Idaho law.

Section 21.5 Interpretation. The Governing Documents shall be interpreted in accordance with Idaho law and shall be strictly interpreted to enforce the purpose of this Declaration. The Board shall as the administrator of the Governing Documents and have the right and power to specify the correct interpretation. The Board's interpretation shall be deemed to be the only correct interpretation.

Section 21.6 Conflict of the Governing Documents. If there is any conflict among or between the documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to any recorded Declaration of Annexation, Articles of Incorporation, Bylaws and Rules and Regulations of the Association in that order.

Section 21.7 Consistency with Federal Housing Authority and Secondary Market Restrictions. The Governing Documents are intended to be consistent with federal and state laws and regulations as required for lending of money for homes and for sale of Mortgages covering Lots in the secondary market, and/or under any lending programs administered through governmental agencies and/or government sponsored enterprises such as HUD, FHA, FNMA, USDA and similar entities as determined appropriate by the Declarant. In the event of any conflict between the Governing Documents and any such applicable regulations or guidelines, the Declarant may unilaterally, at the Declarant's sole option, amend each conflicting provision in order to eliminate the conflict.

ADOPTION OF COVENANTS, CONDITIONS & RESTRICTIONS

DATED THIS 13th DAY OF NOVEMBER, 2015

COEUR DEVELOPMENT, LLC

By: _____
Melissa Wells, Manager

STATE OF Washington)
) ss.
County of Spokane)

On this 13th day of November, 2015, before me, a Notary Public, personally appeared Melissa Wells known or identified to me to be the manager that executed this instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.

_____
Notary Public in and for the State
of Washington, residing at Spokane Valley
My Commission Expires: March 22, 2019

CONSENTED AND AGREED:

LAKESIDE REAL ESTATE HOLDINGS I, LLC

By: _____
Melissa Wells, Manager

CLAUDIA M. HERSEY
Notary Public
State of Washington
My Commission Expires
March 22, 2019

ACCOMMODATION RECORDING

KOOTENAI COUNTY TITLE COMPANY
has not examined this document,
assumes no liability as to its validity
and its affects upon the title.

STATE OF Washington)
) ss.
County of Spokane)

On this 13th day of November, 2015, before me, a Notary Public, personally appeared Melissa Wells known or identified to me to be the manager that executed this instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.

CLAUDIA M. HERSEY
Notary Public
State of Washington
My Commission Expires
March 22, 2019

Claudia M. Hersey
Notary Public in and for the State
of Washington residing at Spokane Valley
My Commission Expires: March 22, 2019

We the undersigned, being Directors of THE TRAILS HOMEOWNER'S ASSOCIATION, INC.

DIRECTORS:

Melissa Wells

J. Todd Taylor

Allen Dykes

STATE OF Washington)
) ss.
County of Spokane)

On this 13th day of November, 2015, before me, a Notary Public, personally appeared Melissa Wells known or identified to me to be the person whose name is subscribed to the within instrument as a member of the Board of Directors of THE TRAILS HOMEOWNER'S ASSOCIATION, INC., and acknowledged to me that she executed the same as such Director.

CLAUDIA M. HERSEY
Notary Public
State of Washington
My Commission Expires
March 22, 2019

Claudia M. Hersey
Notary Public in and for the State
of Washington residing at Spokane Valley
My Commission Expires: March 22, 2019

STATE OF Washington)
) ss.
County of Kittitas)

On this 13 day of November, 2015, before me, a Notary Public, personally appeared J. Todd Taylor known or identified to me to be the person whose name is subscribed to the within instrument as a member of the Board of Directors of THE TRAILS HOMEOWNER'S ASSOCIATION, INC. and acknowledged to me that he executed the same as such Director.

Notary Public
State of Washington
Susan C Cress
Commission Expires 06-20-17

Susan C. Cress
Notary Public in and for the State of WA, residing at Kittitas
My Commission Expires: 6/20/17

STATE OF Washington)
) ss.
County of Spokane)

On this 13th day of November, 2015, before me, a Notary Public, personally appeared Allen Dykes known or identified to me to be the person whose name is subscribed to the within instrument as a member of the Board of Directors for THE TRAILS HOMEOWNER'S ASSOCIATION, INC. and acknowledged to me that she executed the same as such Director.

Claudia M. Hersey
Notary Public in and for the State of Washington residing at Spokane Valley
My Commission Expires: March 22, 2019

CLAUDIA M. HERSEY
Notary Public
State of Washington
My Commission Expires
March 22, 2019

EXHIBIT "A"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE TRAILS

A PORTION OF THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 51 NORTH, RANGE 5 WEST, BOISE MERIDIAN, CITY OF COEUR D'ALENE, KOOTENAI COUNTY, IDAHO AND BEING MORE PARTICULARY DESCRIBED AS FOLLOWS:

LOT 1, BLOCK 7, HAWKS NEST FOURTH ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED IN THE OFFICE OF THE COUNTY RECORDER IN BOOK K OF PLATS AT PAGE 272, RECORDS OF KOOTENAI COUNTY, IDAHO

LOT 1, BLOCK 11, HAWKS NEST, ACCORDING TO THE PLAT THEREOF RECORDED IN THE OFFICE OF THE COUNTY RECORDER IN BOOK J OF PLATS AT PAGE 418, RECORDS OF KOOTENAI COUNTY, IDAHO.

TRACT I, HAWKS NEST, ACCORDING TO THE PLAT RECORDED IN THE OFFICE OF THE COUNTY RECORDER IN BOOK J OF PLATS AT PAGE 418, RECORDS OF KOOTENAI COUNTY, IDAHO

TRACT M, HAWKS NEST, ACCORDING TO THE PLAT RECORDED IN THE OFFICE OF THE COUNTY RECORDER IN BOOK J OF PLATS AT PAGE 418, RECORDS OF KOOTENAI COUNTY, IDAHO

ALL OF WHICH PARCELS HAVE BEEN DE-ANNEXED FROM THE COVENANTS, CONDITIONS AND RESTRICTIONS ATTENDANT TO HAWK'S NEST AND ALL ITS ADDITIONS BY VIRTUE OF THAT CERTAIN AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS OF HAWK'S NEST OWNERS ASSOCIATION DATED JULY 14, 2014 AND RECORDED AS DOCUMENT NUMBER 2464793000, RECORDS OF KOOTENAI COUNTY, IDAHO.

FILED EFFECTIVE

EXHIBIT "B"

2015 NOV 18 PM 4:26

SECRETARY OF STATE
STATE OF IDAHO

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

Pursuant to Idaho Code §30-3-94, the undersigned, constituting all the Directors of the present non-profit corporation hereby submit the following as a Restatement of said corporation's Articles of Incorporation:

ARTICLE I.
NAME

The name of the corporation (hereinafter called the "Corporation") is The Trails Homeowner's Association, Inc.

ARTICLE II.
DURATION

The duration of the Corporation shall be perpetual.

ARTICLE III.
PURPOSES AND POWERS

The Corporation is not organized for profit and no part of gains or earnings shall inure to its members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation and architectural control of the legal subdivision commonly known as THE TRAILS ("Subdivision") situated in Kootenai County, Idaho. The Corporation will also promote the health, safety and welfare of property owners within the Subdivision and any additions thereto. The additions may be brought within the jurisdiction of the Corporation in accordance with the Declarations of Covenants, Conditions and Restrictions, as the same may be amended from time-to-time (the "Declaration") for the Subdivision as recorded in the records of Kootenai County, Idaho. All definitions contained in the Declarations shall be applicable to these Articles and the Bylaws of this Corporation.

In furtherance of said purposes, and subject to the approval of members as may be required by law, the Declaration or the Bylaws, the Corporation shall have power to:

(a) Perform all of the duties and obligations of the Corporation as set forth in the Declaration;

(b) Fix, levy, collect and enforce assessments and fines as set forth in the Declaration or Bylaws, in a fair and equitable fashion and secure the payment of assessments through liens upon real property as allowed under Idaho law;

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(c) Pay all expenses and obligations incurred by the Corporation in the conduct of its business, including without limitation, all licenses, taxes or governmental charges levied or imposed against the Corporation's property;

(d) Acquire (by gift, purchase or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;

(e) Make contracts and incur liabilities, borrow money and mortgage pledge, deed of trust or hypothecate and/or all of its real or personal property as security for money borrowed or debts incurred;

(f) Dedicate, sell, transfer or grant easements over all or part of any of the Corporation's property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

(g) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes, or annex additional property to the Property managed by the Corporation;

(h) Litigate, mediate or arbitrate any and/or all corporate rights and obligations specified in law and/or by the Articles and Bylaws of the Corporation and/or Declaration. This Corporation, in addition to other provisions, may provide for the qualification of members, the terms and conditions of admission, the time, mode, condition and effect of expulsion or withdraw from the restoration of membership, admission fees, charges and assessments, and for reimbursement for services rendered to and expenses incurred on behalf of the Corporations by any member or officer of the Corporation, and such other rules and regulations as are not repugnant to the laws of the State of Idaho; and

(i) Have and exercise any and all powers, rights and privileges that a corporation organized under the Idaho Non-Profit Corporation Act law, as it exists now or hereafter.

ARTICLE IV.
MEMBERS AND MEMBERSHIP

4.1 Non-Stock Corporation. Participation in management and ownership of the Corporation shall be by membership only. The Corporation shall issue no stock and shall have no shareholders.

4.2 Membership. The Owner of a Lot in the Subdivision shall automatically, upon becoming an Owner of any portion of the Property located in the Subdivision and the additions thereto (the "Project"), shall become a member of the Corporation. The member shall remain a member thereof until such time as the ownership ceases for any reason, at which time the membership in the Corporation shall automatically cease or in the event that the membership is suspended or terminated as provided in the Bylaws and Declaration. Membership and the voting rights (or suspension thereof) attendant to such membership shall be in accordance with these Articles of Incorporation and the Bylaws of the Corporation.

4.3 Transferred Membership. Membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant in the Subdivision or its additions and then only to the new owner of such Lot. Any attempt to make a prohibited transfer is void. In the event the owner of any Lot should fail or refuse to transfer the membership registered in his/her name to the purchaser of his/her Lot, the Corporation shall have the right and authority to transfer to purchaser and to record the transfer upon the books of the Corporation; thereupon the old membership outstanding in the name of the seller shall be null and void.

4.4 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 held by each Owner of a Lot in the Subdivision other than LAKESIDE REAL ESTATE HOLDINGS I, LLC or assigns, specifically including but not limited to Coeur Development, LLC (collectively, the "Declarant"). Each Class "A" member shall be a 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 (as defined herein), each Class "A' member will be entitled to one (1) vote for each Lot owned on all issues requiring member vote. 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. Such multiple owners shall otherwise have joint rights and obligations.

(b) Class "B" Membership. Class "B" membership shall be the membership held by the Declarant (or Declarant's designated successors). In the Declaration or amendment thereof as recorded in the records of Kootenai County, each Class "B" member shall be entitled to one (1) vote for each Lot owned. Lot shall mean each approved Lot or unit, according to the final plat or plats of the Subdivision as defined in the recorded Declaration. Class "B" members shall also be entitled to one (1) vote for the portion of the Subdivision but not yet platted. The Declarant's Designated Successor shall be a successor to the ownership to the entire undeveloped Subdivision as officially designated in writing by the Declarant. The Declarant's Control Period shall exist until the Class "B" membership no longer exists or upon the conversion of Class "B" membership to Class "A" membership or on the thirtieth (30th) anniversary of the recordation of the Declaration of Covenants, Conditions and Restrictions of the Subdivision ("Declaration"), whichever shall occur first. Class "B" members shall have the sole right and authority to convert to Class "A" at Declarant's sole discretion.

(c) Additional Class of Membership. If the Corporation desires to add additional classes of membership, it may do so through an amendment to the Bylaws. Nothing in these Articles shall prohibit the institution of additional classes.

4.5 Voting Requirements. Except where otherwise provided in the Declaration, these Articles of Incorporation or the Bylaws, any action required by the membership of the Corporation must have approval of the voting membership before being undertaken.

4.6 Limitation of Payment to Dissenting Member. Membership in the Corporation is appurtenant to and cannot be segregated from ownership of a Lot within the Subdivision.

Except upon dissolution of the Corporation and only consistent with Bylaws and Articles of Incorporation, a dissenting member shall not be entitled to any return of any contribution or other interest in the Corporation.

ARTICLE V.
INITIAL REGISTERED OFFICE AND AGENT

The registered office of the Corporation shall be 1859 N. Lakewood Dr. Suite 301, Coeur d'Alene, Idaho 83814, and the name of its initial registered agent is Melissa S. Wells.

ARTICLE VI.
BOARD OF DIRECTORS; INCORPORATORS

The Board of Directors shall manage the affairs of the Corporation. The Board of Directors presently consists of three (3) directors, but may be converted to a larger number in accordance with the Bylaws upon the end of the Declarant's control period. Until the expanded Board exists, there is not a requirement that the directors be Members of the Corporation. After the end of the Declarant's Control Period, all directors must be Members of the Corporation. The number of directors may be increased by amendment of the Bylaws of the Corporation.

The present directors are:

Name	Address
Melissa S. Wells	1859 N. Lakewood Dr., Suite 301 Coeur d'Alene, ID 83814
Allen Dykes	1859 N. Lakewood Dr., Suite 204 Coeur d'Alene, ID 83814
J. Todd Taylor	601 W. Riverside, Suite 1500 Spokane, WA 99202

ARTICLE VII.
INCORPORATOR

The name and address of the incorporator of the Corporation, whose actions have heretofore been ratified and adopted as and for acts of the Corporation, was:

J. Todd Taylor
601 W. Riverside Avenue, Suite 1500
Spokane, WA 99201

ARTICLE VIII.
DISSOLUTION

In the event of dissolution, liquidation or winding up of the Corporation, none of the property or any proceeds of the Corporation shall be distributed to or divided among any of the directors of the Corporation or inure to the benefit of any individual. After all liabilities and obligations of the Corporation have been paid and discharged, all remaining property and assets of the Corporation shall be distributed to one or more organizations designated as follows:

8.1 Plan of Distribution. Pursuant to a plan of distribution adopted as provided for under the Idaho Non-Profit Corporation Act as it now exists or as amended in the future; or

8.2 No Plan of Distribution. If there is no appropriate plan of distribution, as a court of competent jurisdiction may direct; provided, however, that such property shall be distributed only to organizations that shall comply with all of the following conditions:

(a) Each organization shall be organized under written Articles of Incorporation that comply with the requirements of the Internal Revenue Code necessary to qualify the organization as a tax exempt organization;

(b) Each organization shall be exempt from federal taxes by reason of Section 501, or other applicable sections, of the Internal Revenue Code as it may be amended in the future;

(c) Contributions to each such organization shall be deductible by reason of Section 170 of the Internal Revenue Code as it may be amended in the future; and

(d) Each organization shall be operated exclusively for a recognized exempt purpose, and the manner of operation of each organization shall be in compliance with the requirements to qualify the organization as an exempt organization.

ARTICLE IX.
AMENDMENT OF ARTICLES

These Amended and Restated Articles shall be amended only by the vote or written assent of at least two-thirds (2/3) of a quorum of the voting power of the membership.

These Amended and Restated Articles will be effective upon filing.

Adopted and approved on the 13th day of November, 2015, by the undersigned Directors of the Corporation.

DIRECTORS:

Melissa S. Wells, Director

Allen Dykes, Director

J. Todd Taylor, Director

EXHIBIT "B"

CONSENTED AND AGREED:

DECLARANT:

LAKESIDE REAL ESTATE HOLDINGS I, LLC

By:_____
Melissa S. Wells, Manager

COEUR DEVELOPMENT, LLC

By:_____
Melissa S. Wells, Manager

EXHIBIT "B"

EXHIBIT "C"

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

ARTICLE 1
PRINCIPAL OFFICE

Offices. The principal office of 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.

Session 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.

Session 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.

Melissa Wells, Director

J. Todd Taylor, Director

Allen Dykes, Director

EXHIBIT "D"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE TRAILS

AMENDED AND RESTATED RULES AND REGULATIONS

RULES AND REGULATIONS FOR THE TRAILS

KNOW ALL PERSONS BY THIS NOTICE, that the Board of Directors of THE TRAILS HOMEOWNER'S ASSOCIATION, INC., in accordance with Section 4.3 of the Declaration of Covenants, Conditions, Restrictions and Reservations, has adopted the following Rules and Regulations for THE TRAILS (hereinafter referred to as the "Subdivision"). These Rules and Regulations shall apply to the real estate located in Coeur d'Alene, Idaho (hereinafter referred to as the "City") as more particularly described on Exhibit "A" of the Covenants, Conditions, and Restrictions.

1.0. ARCHITECTURAL CONTROL

1.1 Antenna/Satellite Dish. There shall be no antenna or satellite dish in excess of 39.37" in diameter either installed or maintained within the Subdivision, except as expressly permitted by the Design Review Board. Any Owner considering the use of an antenna or satellite dish shall first present submittal drawing before acquiring any necessary hardware. When permitted, the equipment must be screened or obscured from view from streets, other home sites and public spaces to the extent required by the DRB.

Freestanding flagpoles are not allowed on any Lot. Only the display of the American flag or any other flag protected by Governing Law is permitted if properly hung from a bracket mounted on the residence. The display of any other flag requires the prior approval of the Design Review Board.

1.2 Signs. No signs of any kind shall be displayed except "For Sale", "Model Home", "Open House" and "Broker's Open House" signs and a temporary construction sign by the builder that must be removed upon completion of the home. Such "For Sale", "Model Home", "Open House", and "Broker's Open House" signs, other than with respect to signage placed by the Declarant, its agents, designated successor or homebuilders approved by the Declarant or Board (which are not subject to this restriction), may not exceed six (6) square feet in sign face area, and may not be displayed for longer than one-hundred eighty (180) days.

1.3 Minimum Parking. Every home shall have an attached garage with a minimum of no less than two (2) parking spaces. In addition, at least two (2) off street parking spaces shall be provided. The garage should be integrated architecturally with and be attached to the house and shall not dominate the front of the house.

1.4 Fencing. Fencing is allowed in backyards only; no front yard fencing is permitted. Fences must be of a consistent style and material approved by the Design Review Board and shall not exceed six (6) feet in height. Fencing must be maintained by the Owner installing the same, including such Owner's successors and assigns, and neither Owner on either side shall take action that might adversely affect the aesthetics of the fence without the Design Review Board's permission; provided the Association has the right and authority (but not the obligation) to maintain, update, revise and replace the perimeter fencing, as defined within the Governing Documents.

1.5 Drainage Plan. The implementation or construction of improvements upon a Lot, including storm water drainage facilities shall be designed to avoid the discharge of storm water from a particular Lot onto an adjoining lot. Improvements and storm water facilities shall be maintained by the Owner to avoid such results. The Board may enforce this Section 1.5. Once installed, no Owner shall take any action to disrupt the drainage pattern without written approval from the Design Review Board.

1.6 Completion of Improvements. Except with respect to the Property described on Exhibit A-1, all construction of Improvements shall be started within one year of the purchase of a Lot. All construction, including additions and remodels, and except as expressly provided herein, landscaping, shall be completed within one-hundred eighty (180) days of commencement. Any Owner failing to abide by this schedule or the schedule for landscaping completion described in the following paragraph may be subject to a One Hundred Dollars ($100) per day fine at the discretion of the Board, until completed and, further, any and all prior approvals of the Board, Design Review Board or Committee shall automatically terminate and a new application by such Owner, together with attendant filing fees, shall be required of said Owner.

Landscaping of front and side yards to the midpoint of the residence, as well as unfenced side yards adjacent to a street, shall be completed prior to occupancy of the residence and Landscaping of the back yards shall be completed by the Owner within one year of occupancy of the home; whereas, with respect to all other Property, all landscaping, including irrigation of the full Lot shall be completed in accordance with the immediately preceding paragraph. Provided, however, the Design Review Board may delay the planting of landscaping during the winter months or when adverse conditions threaten the survivability of the plants/trees. Except as authorized herein, in the event that closing of a sale of a Lot occurs on or after November 15, the landscaping must be completed on or before July 15th of the following year.

Replacement of diseased/dead plants and trees are the responsibility of the Lot owner. A one year review of the landscaping improvements will be performed by the Design Review Board to determine viability.

1.7 Garage Doors. Garage doors on attached garages may not exceed nine (9) feet in height unless written, advance approval from the Design Review Board has been obtained.

1.8 Minimum Residence Size in Total Square Footage. One Story - 1,100 square feet; Split Entry - 1,200; Two Story - 1,800 square feet. The foregoing measurements exclude square footage of any level with respect to which the floor is below grade.

1.9 Lot Coverage Ratio. A minimum of fifty percent (50%) of every Lot must be kept in open space, free of structures.

1.10 Roof Style and Color. All homes shall have a pitched roof, with no less than a 5:12 pitch for the dominant roof line; provided the overall roof design shall be subject to review and approval by the Design Review Board. All roofing material shall be a minimum thirty (30) year laminate asphalt shingle of a style approved by the Design Review Board and either charcoal or weather wood in color.

1.11 Home Design. All homes shall be of a Northwest vernacular. Specifically, no home shall be taller than 35 feet (35') in height as measured from the ground to the highest architectural point. Homes side by side shall be at different elevations.

1.12 Siding. Specifically prohibited are: T-111 or other sheet siding, metal, vinyl and plastic, siding, as well as other materials that do not convey strength, quality, permanence or durability. All other matters concerning siding shall be subject to Design Review Board approval.

1.13 Visual Obstruction Within Setback. No fence, wall, hedge or mass planting shall be permitted, except upon approval by the Board within the front yard setback as established by the local government with jurisdiction.

1.14 Installation. All homes shall be built in accordance with the laws and regulations of all governing agencies with jurisdiction over the Lot and with permits obtained therefore.

1.15 Landscaping. No trees may be removed without permission of the Board. Front, side and rear yards must be planted with a mix of turf grass and vegetative ground cover.

An underground irrigation system must be installed. A landscape plan must be presented to the Design Review Board for approval at the time the building plans are reviewed. No sight obscuring hedges are permitted in front yards. It is the intention of the undersigned that the Property become and remains a treed neighborhood. Thus, to the extent not otherwise specified by the governing municipality, the Design Review Board may require that the landscape plan include a specified tree in the front yard and an additional specified tree in the strip between the sidewalk and right of way. Trees must be a minimum of a 2 1/2 inch caliper when planted; shrubs a minimum of a two (2) gallon container.

1.16 Garbage and Trash Containers. No Lot shall be used or maintained as a dumping ground for rubbish, trash or other waste. All trash, garbage and other waste shall be kept in

sanitary containers architecturally screened from view form the street except on the day of pickup.

1.17 Mail/Paper Box. The Declarant shall establish the initial design of the mail/paper boxes. The approved mail/paper box shall be maintained by each homeowner. All repairs or replacements shall conform to the original design and materials.

1.18 Incorporation of Governing Law. Any violation of any Governing Law, as defined within the Governing Documents shall also be considered a violation of these Rules and Regulations. All provisions of Governing Law are hereby incorporated in these Rules and Regulations.

1.19 Outbuildings and Accessory Structures. No outbuilding shall be placed on any Lot without prior written consent of the Design Review Board. Each Lot is allowed one (1) outbuilding/structure no greater than 120 square feet in size. All outbuildings are to be designed to aesthetically conform to the home. All outbuildings shall be constructed of a style and color consistent with the home. A site plan and a drawing of the structure that depicts the style and color must be submitted to the Design Review Board. No changes in the location, size, design, or materials to be used in an approved plan for an outbuilding may be changed without the prior written approval of the Design Review Board. The placement of any structure on the Lot shall not obstruct the view of any neighbors nor shall it be visually obtrusive, as determined the Design Review Board.

2.0 RESIDENCE USE CONTROL

2.1. Residential Use. The buildings and Lots, except those platted and zoned as nonresidential, if any, are intended for and restricted to be used as single family residence only, on an ownership, rental or lease basis and for social, recreation or other reasonable activities normally incident to residential use. Home occupations are subject to the City's rules and regulations, except that signage is not permitted. However, regardless of the foregoing, the Declarant may use Lots that the Declarant owns as sales or construction offices and models.

2.2. Offensive Activity. No noxious or offensive activity shall be carried on to any Lot, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners, including but not limited to operation of off road vehicles, maintaining of farm animals, barking dogs, production of offensive odors, excessive or late night noise. Vehicles shall not be repaired outside. Repair of vehicles shall be accomplished inside Owner's garage or in a recreation vehicle storage area if available.

2.3. Maintenance of Green Space between Sidewalk and Street. Each home site shall have green space located between the sidewalk and street. This green space area is to be maintained and kept clean and unobstructed by the homeowner. The area shall be used for

snow storage and all plans of landscaping for each Lot shall include specific delineation of the landscaping for this green space area.

3.0 RULES FOR PET OWNERS

3.1. Definition. All pets (mammals, birds, reptiles or living creatures of any kind) kept on any Lot or in the common areas are subject to these Rules and Regulations.

3.2. Right for Removal. The Board may at any time require the removal of any pet, which it finds unreasonably disturbs other Owners, and may exercise this authority for specific pets even though other pets are permitted to remain.

3.3. Limit of Pets. No Lot Owner/Tenant or guest may keep more than two (2) dogs and two (2) cats per Lot (excluding contained small animals that include but are not limited to fish, birds, hamsters and gerbils) unless written approval has been provided in advance by the Board. No livestock, including chickens are permitted. Pit bull dogs or mixed breeds containing pit bull are not permitted anywhere on any property by any person for any reason. No Lot Owner/Tenant or guest may own, harbor, house or allow a pit bull dog on any part of the Property, including any Lots and Common Areas. Pit bulls as used herein are defined as the American Staffordshire Terrier as defined by the American Kennel Club; the Staffordshire Bull Terrier as defined by the American Kennel Club or the American Pit Bull Terrier as defined by the United Kennel Club.

3.4. Leash. All dogs are to be kept on leash or personally controlled by Owners when off the Owner's Lot and shall be contained when on the lots. Dogs shall not be allowed to roam. This restriction applies to all Owners, tenants and guests.

3.5. Tied Pets. No pets may be tied up or left unattended outside any residence.

3.6. Damage of Pets. Any Owners/Tenants are responsible for any damage to Common Areas or other Owner/Tenant areas caused by their pet or pets brought onto the Property by their guests. Further the Owners/Tenants are responsible for promptly cleaning up all debris and/or waste created or caused by their pet or pets brought onto any part of the Property by their guests.

3.7. Alterations to Common Area. Nothing shall be placed, altered or constructed in a Common Area to house or accommodate pets; except portable, completely removable pet houses or containers may be temporarily brought into Common Areas while the Owner is present with such pet(s) and using such Common Area in a manner permitted by the Governing Documents.

4.0 MOTORIZED VEHICLES

4.1 Operable Motor Vehicles. Parking spaces may be used only for the parking of operable motor vehicles.

4.2 Motorcycles and Unlicensed Vehicles. The starting, running and repairing of motorcycles on any Lot, except to leave from or arrive at the Lot, shall be strictly prohibited. No unlicensed vehicle shall be operated on the Property.

4.3 Unlicensed Drivers. No unlicensed driver shall operate any motorized vehicle on the Property.

4.4 Recreation and Non-operating Vehicle Parking. No Owner or tenant/guest thereof shall be allowed to store any boat, unused or unlicensed vehicle, golf cart, camper, trailer, off-road vehicle, recreational vehicle, motorcycles or the like anywhere on the Property for more than forty-eight (48) hours, except within a garage or approved outbuilding as permitted pursuant to Section 1.19 above.

5.0 VARIANCE PROCEDURES

5.1 Variance. It is the intent of the drafters of these Rules and Regulations to create a flexible system for the protection of the Owners of Lots. It is anticipated that there may be situations which arise in which the characteristics of a Lot, the existence of alternatives, or the unfairness of the strict technical rule or regulation may demonstrate a need to vary the Rules and Regulations. In such circumstances, the Board, in its discretion, may approve alternative proposals, which are as compliant with the Rules and Regulations as possible, but which acknowledge the unique circumstances to be addressed, if the Board or its agent or committee, in its discretion, determines that a variance is appropriate, that the variance is not in conflict with the general community interest of the Property, that the granting of the variance will not be materially detrimental to the neighboring property Owners; and that the granting of the variance does not appear to be contrary to the general goals and policies of the Governing Documents.

5.2 Variance-Not a Waiver. The granting of a variance of an Owner is not to be construed as a waiver for other Owners.

6.0 RENTAL/LEASE RULES

6.1 Informed Tenants. Tenants shall be made aware the requirements of the Covenants and Restrictions and the Rules and Regulations and leases shall be subject to the same.

6.2 Lease or Rental Terms. No lease or rental of a Lot shall be for a term less than thirty (30) days. All lease and rental agreements shall be in writing, a copy of which shall be delivered to the Board prior to the Lot being leased. Any lease or rental agreement must

provide that its terms shall be subject in all respects to the provisions of the DECLARATION, BYLAWS AND THE RULES AND REGULATIONS OF THE ASSOCIATION as well as other terms set forth herein.

6.3 Entire Lot. No lease or rental of a Lot may be of less than the entire Lot except as part of the operation of a single-family residence including but not limited to housekeepers, exchange students, nannies, family members or security.

6.4 Tenant's Failure to Comply. All leases for any Lot must provide that any failure by the tenant to comply with the terms of the Governing Documents of the Association shall be a default under the lease or rental agreement. Any failure by a tenant to comply with the terms of the Governing Documents shall constitute a failure in compliance by the Owner and the Lot Owner shall take all action to enforce the terms of the lease or rental agreement and hereby grants to the Board or its managing agent the authority to enforce the terms of such lease or rental agreement; if any lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the lease and binding upon the Lot Owner and the tenant by reason of their being stated in these Rules and Regulations.

6.5 Termination of Agreement. Should the Board bring action to terminate the lease/rental agreement, the Owner shall be jointly and severally liable with the tenant for all attorneys' fees and court costs incurred by the Board; and a provision regarding attorneys' fees being the responsibility of the Lessee and Owner shall be Included in any "such lease".

6.6 Use of Common Amenities. During the period of time a Lot Owner has entered into a lease/rental agreement, the Lot Owner releases his/her rights to use of common amenities to the tenant unless use of the amenities is specifically assigned to the Owner in the lease. If assigned to the Owner, tenant shall forfeit use of amenities.

7.0. SUBMITTAL AND APPROVAL PROCEDURE

7.1 General Requirements. All reference to "submitted and approved" or similar language requires an Owner to follow these specific procedures. This procedure shall be completed before commencement of any and all improvements to Owner's Lot.

7.2 Delivery of Information. The Owner of a Lot to be improved shall make an application by delivering plans and specifications showing the nature, kind, shape, color, size, materials and location of all intended improvements (including, but not limited to, plans related to landscaping, parking, signage, building design and materials, use, operations and possible hazardous activities) to the Board, or to other persons or committees, if specified by the Board. Additional information may also be required by the Board or by other references found in the text of the Governing Documents. The Board or person or committee shall determine when the application is complete.

7.3 Payment of Review Fee. The Owner shall also deliver with the plans a non-refundable and reasonable review fee at amounts specified by the Board. The Board shall have sole responsibility for setting a reasonable fee. The Board may waive or adjust the fee for low cost improvements.

7.4 Action After Review. The Board or person or committee delegated the responsibility to approve the application shall approve, disapprove, or conditionally approve each application. It shall be the objective of the approval process to insure that consistent design, style and quality, consistent with the Governing Documents applies to all construction on each Lot. Therefore, the review process shall provide for broad discretion in the Board, person or committee delegated the responsibility of review and approval to enforce these standards. The review process shall be final and binding and is not subject to review by any other forum or process. A specific prohibition does not limit the latitude of the review process to impose further conditions in order to maintain consistent design, style and quality of construction within the Project.

7.4.1 Approval must be expressed in writing within ten (10) days of submittal of a completed application, unless an extension of time is granted by the Board. All approvals shall be noted in the records of the Association or other log for that specific purpose.

7.4.2 Conditional approval of an application shall be made in writing, signed by a corporate officer or the Board's authorized agent. The approval shall specify in writing the conditions that need to be completed prior to occupancy. Specification of conditions does not relieve Owner of all other requirements of the Governing Documents and/or Rules and Regulations.

7.4.3 Disapproval of an application shall be made in writing, signed by a corporate officer or the Board's authorized agent. The signing individual will specify the reasons for disapproval and may suggest alternatives. The Owner may reapply with an amended application, following the same procedure as the original application.

7.5 Appeal. If an Owner contests the disapproval or conditional approval of the application or if another property Owner contests the approval of the application, then either or both may appeal the determination.

7.5.1 The appeal process is commenced by serving written notice of appeal and a non-refundable appeal fee of Five Hundred Dollars ($500), or the current reasonable fee for five (5) hours of attorney's fees, whichever is greater, as determined by the Board, upon the Secretary of the Board.

7.5.2 Said notice shall be delivered within twenty (20) days of the date of the contested determination. Notice shall be deemed delivered within five (5) days of being mailed to the Secretary's address by certified mail with return receipt requested.

7.5.3 The Appeal process shall be made in accordance with the Uniform Idaho Arbitration Act (Idaho Code Section 7-901 et seq.), or successor statute, but the panel of arbitrators (either one or three at the discretion of the Board) shall be appointed by the Board.

7.5.4 All costs associated with the appeal and arbitration shall be borne by the appealing party except attorney's fees, which shall be borne by the person or entity

hiring the attorney, except in the event the appealing party is unsuccessful, then the appealing party shall pay reasonable attorney's fees incurred by the Association.

7.6 Commencement of Construction after Approval. Commencement of construction or placement of improvements may occur at any time following the issuance of a building permit from an appropriate governmental agency and the approval of the application by the Board including the termination of the appeal period or completion of appeal if the Board upholds the approval. The Improvements must be completed in accordance with the approval application, the Declaration and these Rules and Regulations. Approval of the application is not a guarantee or warranty of compliance with the Declaration and/or these Rules and Regulations. Approval is only a guidance procedure. An Owner may not rely solely upon the application process for determination of compliance with the Declaration or Rules and Regulations.

7.7 Submittal and Approval Procedure:

7.7.1 Board's Right to Delegate Review Process. The Association may delegate part or all of the responsibility for the review process to an authorized agent. Without such delegation the Board shall be solely responsible for approvals set forth in this review process.

7.7.2 Guide for Common Interpretations. The Board shall attempt to interpret the Declaration, Bylaws and Rules and Regulations consistently giving the words their definitions appended, but strictly interpreting the words to enforce the purpose of the Amended Declaration. The Board may, in a separate minute book, tabulate and summarize interpretations and decisions as to approvals in order to encourage consistency. Future Board should review prior determinations in the attempt to keep interpretations consistent in the application of the Declaration.

7.7.3 Conformity Certificate. Within sixty (60) days after written request has been delivered to the Secretary, the Board shall certify to its knowledge whether or not, at the date plans being proposed or all improvements on a Lot specified in the request comply with the Declaration and these Rules and Regulations. The certificate shall, in recordable form, identify any Items of non-compliance. Any Lessee, purchaser or creditor, whether construction or personal; in good faith for value shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as of that date.

7.7.4 No Liability. In consideration for providing the approval service to Owners, neither the Declarant nor the Association or authorized agent shall be liable for any damage/loss or prejudice suffered or claimed by any person on account of its approval or disapproval of any plans, drawings or specifications for the improvement of any Lot within the Subdivision or the construction of any improvement or the performance of any work. Approval or disapproval of any plans, drawings and specifications shall not be deemed a representation as to whether or not the proposed Improvement or work complies with applicable laws or whether or not it is in any way defective.

7.7.5 No Effect on Government Agencies. The Governing Documents have been drafted to assist Owners in the compliance with performance standards and zoning restrictions of the City; however, compliance with the Governing Documents does not guaranty compliance with appropriate governmental restrictions. The Governing Documents-have no effect on the requirements of regulating governmental agencies. Owner must comply with both the restrictions imposed by governmental agencies and the Governing Document's restrictions; if mutual compliance is Impossible, then government restrictions shall prevail.

8.0 PROCEDURE FOR AMENDING ADMINISTRATIVE RULES & REGULATIONS

8.1 Proposed Rule or Regulation. Any proposed rule or regulation or amendment and a statement explaining the reasons supporting its adoption shall be made in writing and delivered to a member of the Board or proposed at a meeting of the Board.

8.2 Basis for Amendment. If the Board, in an open meeting, determines that there is a reasonable basis for the amendment of the Rules and Regulations, a draft of the proposed rule and regulation shall be completed. The Board may seek legal advice as to the drafting of the proposed amendment.

8.3 Formalities. A copy of the draft rule shall be sent to each Owner in accordance with the same formalities as required for notice of a special meeting of the Owners.

8.4 Notice of Hearing. Included with the proposed rule shall be notice for hearing to receive comment concerning the proposed rule and regulation. Said hearing shall be set not less than thirty (30) days from the date of the notice and shall specify the time and place of hearing.

8.5 Procedures for Hearing. At the hearing, an opportunity to be heard shall be given to any and all Owners that attend the hearing. The hearing panel shall consist of Board members and a chairperson of the hearing shall be appointed by those Board members attending. A lack of quorum of Board members shall not halt the proceeding. The purpose of that hearing is not to vote on the issue, but rather to obtain information; however, if the chairperson so desires, a vote of those present may occur but the vote shall not be binding on the Board of Directors.

8.6 Results of Hearings. Following the hearing, and at a separate meeting of the Board, whether regular or special, the hearing Board shall explain the results of the hearing. The Board may accept, reject or amend the proposed regulation by majority vote.

8.7 Determination of Adoption. Upon the adoption of any rule and regulation, the Board may make a determination of a reasonable and appropriate fine for violators of the rule. Such determination shall be included with the rule and regulation.

8.8 Documentation of New Rule or Regulation. Copies of any newly adopted rule and regulation shall be forwarded to each Owner or renter after the adoption of the Board. The Board shall compile all rules and regulations of the Subdivision at some location easily reviewable by the member, and kept with other Association books and records.

8.9 Effective Date and Recordation. The adopted rule or regulation and any amendments shall also be recorded in the records of Kootenai County and shall become effective on the date of recordation.

9.0 ADDITIONAL RULES FOR THE ENCLAVE SUB-ASSOCIATION

9.1 Outbuildings and Accessory Structures. No outbuilding shall be placed on any Lot without prior written consent of the Design Review Board.

The Rear-Loaded Lots shall be restricted from installing any outbuildings or accessory structures.

The remaining Enclave lots will have an outbuilding and accessory structure square footage limitation of 120 square feet. Due to the unique characteristics of Block 6, Lots 1 & 2; these lots shall be permitted to have a larger accessory structure as determined by the Board of Directors.

9.2 Guests. Guests shall be accompanied by a resident of the Enclave at all times while within the boundaries of the Enclave sub-association. Guests shall not be permitted to utilize any of the Enclave's amenities unless they are accompanied by a resident of the Enclave.

9.3 Pickleball Court. The pickle ball court within the Enclave sub-association is available for use by members of the Enclave sub-association. The use of the pickle ball court shall be on a first come, first serve basis. Reservations of the pickle ball court are expressly prohibited. Upon arrival at the pickle ball court, the resident shall log the date and time of their arrival, and be permitted to use the court for up to one (1) hour after the arrival time. Should another resident wish to use the court after that one (1) hour timeframe, they will be allowed to do so.

The pickle ball court shall have standard daily operating hours from dawn to dusk. The pickle ball court shall be open from April 1st through October 31st. These hours and dates shall be subject to change at the discretion of the Board of Directors without notice.

9.4 Shade Structure. The shade structure within the Enclave sub-association is available for use by members of the Enclave sub-association. General use of the shade structure shall be on a first-come-first-served basis. Reservations for special occasions shall be permitted on a case-by-case basis. The resident must submit an application for their reservation at least five (5) business days prior to their intended reservation date. Once approved, notice of the reservation shall be posted.

9.5 Community Private Garden. The garden plots within the Enclave sub-association are available for rental to members of the Enclave sub-association. Rentals will be on a seasonal basis, with the typical season running from April 1st through October 31st. The rental season shall be subject to change at the discretion of the Board of Directors without notice.

Applications for garden plot rentals shall open on the first working day of the calendar year. Rentals do not roll over from the previous year's usage.

Usage of herbicides or other harmful chemicals in the garden plots is expressly prohibited.

Planting is restricted to vegetables, flowers, herbs, and fruit. No landscaping plants or trees are permitted.

The renter shall be responsible for all maintenance and upkeep of their garden plots. All garden plots shall remain in neat, clean, and attractive condition. The Board of Directors, in their reasonable discretion, shall have the right to determine whether the garden plots are being maintained in neat, clean, and attractive conditions. Should the renter not maintain the garden plots in an acceptable condition, they will receive a notice informing them of the Board's determination and providing an opportunity to cure the condition. Should the issue not be resolved within five (5) business days following such notice, the renter's access to the plot will be revoked by written notice and the garden plot will be cleared out. Any costs incurred shall be the responsibility of the renter and may be assessed to the Owner by the Board as a Special Assessment pursuant to Section 10.4 of the Declaration.

9.6 Vehicle Parking. Vehicle parking on the alley streets is expressly prohibited at all times. Parking on Andesite Way and Enclave Way shall have a Forty-Eight (48) hour limitation, and shall be limited to guest parking. The designated common area parking spaces within the Enclave development shall be for guest parking only, and shall have a Forty-Eight (48) parking limitation.

In the event of snowfall, all vehicles shall be immediately removed from the streets and parking spots.

9.7 Landscape Maintenance. For the Rear-Loaded lots, the Association will maintain the landscape in the front and the back yards. The Association will be responsible for maintaining the irrigation system for these areas. The fenced portion of the side yards for the Rear-Loaded lots shall be maintained by the individual lot owner and shall be kept in neat, clean, and attractive condition.

No wood burning shall be permitted within the side yards of the Rear-Loaded lots. All fire burning shall be done within controlled devices (i.e., covered barbeques and covered fire pits).

All lighting in the side yards shall be off between the hours of 10:00PM through 8:00AM.

9.8 Noise/Sound Restrictions. Noise between the hours of 10:00PM through 8:00AM shall be kept to a minimum. Any excessive noises shall be considered a violation of the Association's governing documents.