

**JOINT RESOLUTION OF THE DECLARANT AND DIRECTORS OF
THE TRAILS HOMEOWNER’S ASSOCIATION, INC.
By Unanimous Consent in Writing**

The undersigned, being the “Declarant” under and in respect of that certain Declaration of Covenants, Conditions and Restrictions of The Trails recorded in Kootenai County, Idaho, on November 23, 2015 as Instrument No. 2524354000, as amended by that First Amendment to the Master Declaration of Covenants, Conditions and Restrictions dated May 5, 2023 and that Second Amendment to the Declaration of Covenants, Conditions and Restrictions dated April 12, 2021, both recorded in Kootenai County, Idaho on May 5, 2023 under Instrument No. 2935952000 (collectively, the “Declaration”), and the presently empaneled members of the Board of Directors of THE TRAILS HOMEOWNER’S ASSOCIATION, INC., an Idaho non-profit corporation (the “Association”), pursuant to applicable provisions of the Idaho Code and the Articles of Incorporation and Bylaws of the Association, do hereby adopt the following resolutions by unanimous consent in writing:

RECITALS

WHEREAS, reference is hereby made to the Amended and Restated Bylaws of The Trail’s Homeowner’s Association, Inc., as recorded as Exhibit “C” to the Declaration (the “Bylaws”); and

WHEREAS, the Declarant of the Association wishes to amend and fully restate the Bylaws; and

WHEREAS, the Declarant of the Association wishes to amend and fully restate the Rules and Regulations for The Trails attached to the Declaration as Exhibit “D” (the “Rules”).

NOW THEREFORE, the undersigned Declarant hereby resolves as follows:

1. **RESOLVED**, that the Association, acting by and through the Declarant, desires and agrees to amend and fully restate the Bylaws, as follows:
 - 1.1 Amended and Restated Bylaws. Exhibit C to the Declaration (the Amended and Restated Bylaws of The Trails Homeowner’s Association, Inc.) shall be revised and restated in its entirety as set forth on **Exhibit “A”** to this Joint Resolution and said Exhibit C to the Declaration is hereby replaced with **Exhibit “A”** attached hereto and incorporated by this reference.
2. **RESOLVED**, that the Association, acting by and through the Declarant, hereby acknowledges, adopts and approves the Amendment to the Declaration in the form attached hereto as **Exhibit “B”** to this Resolution and hereby authorizes the recording of the Amendment.
3. **RESOLVED**, that the Association, acting by and through the Declarant, desires and agrees to amend and fully restate the Rules, as follows:

4.1 Amended and Restated Rules. Exhibit D to the Declaration (the Rules and Regulations for The Trails) shall be revised and restated in its entirety as set forth on **Exhibit “C”** to this Joint Resolution and said Exhibit D to the Declaration is hereby replaced with **Exhibit “C”** attached hereto and incorporated by this reference.

4. **RESOLVED**, that the Association hereby authorizes and directs the Declarant to take such steps and do such things as may be necessary and prudent to carry out the resolutions set forth above and herein approved, including without limitation the recording of **Exhibits “A,” “B,” and “C,”** deploy existing cash reserves of the Association and to cause the Association to meet all of its economic and other obligations under the related transactions documents, the same being hereby ratified, adopted and approved.
5. These Resolutions may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same original instrument. These Resolutions may be signed and transmitted by facsimile or other electronic transmission, and a fully signed facsimile or other electronic copy shall be deemed a signed original of these Resolutions.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned Declarant and directors have executed this Joint Resolution on this ___ day of _____, 2026.

DECLARANT:

COEUR DEVELOPMENT, LLC

LAKESIDE REAL ESTATE HOLDINGS II, LLC


By 
Melissa Wells, Manager

By 
Melissa Wells, Manager

Approved:


Angela Rothrock, Director


Nick Roach, Director


Ryan Beamer, Director


Peter Allen, Director

EXHIBIT A

Amended and Restated Bylaws of The Trails Homeowner's Association

[to be attached]

EXHIBIT B

Amendment to the Declaration of Covenants, Conditions and Restrictions of The Trails

[to be attached]

EXHIBIT C

Amended and Restated Rules and Regulations for The Trails

[To be attached]

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

**ARTICLE 1
PRINCIPAL OFFICE**

Section 1.1. 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 Coeur d'Alene 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 The Trails 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 dated November 23, 2015 and recorded as Document Number 2524354000, as amended (the "Declaration").
- (c) Additional Classes of Membership. If the Corporation desires to add additional classes of membership, it may do so through the corporate 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 time 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.

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, by mail or via email to each member entitled to vote at such meeting. The notice shall be delivered not less than ten (10) days or more than 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

Section 4.1. 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 any 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

Section 7.1. 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

Section 9.1. 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 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, the 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 (a "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 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. If any payment to the Association for any amounts due and owing hereunder is returned or disputed, any additional fee of thirty-five dollars (\$35) will be added to the amount of such payment owed to the Association.

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 twenty (20) days after the due date, an automatic late charge of twenty dollars (\$20) shall be added to and collected with the Assessment. Additionally, if any part of the Assessment is not paid and received by the Association or its designated agent within twenty-eight (28) days after the due date, the total unpaid Assessment (including the late charge) shall thereafter bear interest at a rate of eighteen percent (18%) per annum until paid. Each unpaid Assessment, whether Regular, Special, Emergency, Corrective or Fine, 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. If any payment to the Association for any amounts due and owing hereunder is returned or disputed, an additional fee of thirty-five dollars (\$35) will be added to the amount of such payment owed to the Association.

ARTICLE 11 ENFORCEMENT OF DECLARATION

Section 11.1. 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

Section 12.1. 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

Section 13.1. 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

Section 14.1. 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 attorney's 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

Section 15.1. 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

Section 16.1. 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.



Angela Rothrock, Director



Ryan Beamer, Director



Nick Roach, Director



Peter Allen, Director

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

**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 2.2 of the Amended 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 Trails, 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.

1.2 Flagpoles. 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.

1.3 Signs. No signs of any kind shall be displayed except a "For Sale" sign and a temporary construction sign by the builder which must be removed upon completion of the home. Such "For Sale" signs, other than with respect to signage placed by the Declarant, its 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. No signs may be placed on any Lot or common area by any subcontractor or business.

1.4 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 the house and be attached to the house and shall not dominate the front of the house.

1.5 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.

1.6 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 must be replaced and are the responsibility of the Lot owner.

1.7 Garage Doors. Garage doors on attached garages may not exceed nine (9) feet in height.

1.8 Minimum Residence Size in Total Square Footage. One Story - 1100 square feet; Split Entry - 1200; Two Story - 1600 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 and color approved by the Design Review Board.

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 a 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 in the front or side yard of any Lot 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 remain 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. Cottonwood trees are not permitted due to their aggressive growth, root system and potential damage to fencing. 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 from the street and Common areas except on the day of pickup. All equipment, garbage cans, recycling containers, wood piles, storage materials, storage piles, debris or any other unsightly items shall be kept screened and concealed from view of streets and Common Areas. Such items must be stored within garages, approved outbuildings or behind approved screening structures that effectively block visibility from public view.

1.17 Mail/Paper Box. The Declarant shall establish the initial design of the mail/paper boxes. 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 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, 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, or production of offensive odors. 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. Noise; Fireworks. Owners, guests and all other persons within the Association shall not cause unusual or unreasonable noise or disturbances to other Owners in the Association at any time during the day or night. This shall include excessive noise created by any sound systems, musical instruments, vehicles of any kind, animals or pets, and construction or maintenance activity outside of normal business hours (Monday through Friday, 8:00am to 5:00pm), but shall not include construction or maintenance activity during normal business hours or excessive noise created during emergency circumstances. Fireworks are not permitted to be set off anywhere within the Association except as expressly permitted in writing by the Association. Owners are encouraged to mediate disputes regarding excessive noise between themselves prior to bringing complaints to the Association.

2.4. 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. Each homeowner is responsible for keeping the sidewalk located in front of their home site maintained in good condition and all costs associated thereto.

2.5. General Lawn and Landscape Maintenance Standards. All lawns, landscaping and lot areas visible from the street of Common Areas shall be maintained in a healthy and aesthetically pleasing condition. This includes, without limitation, the following: regular mowing to prevent overgrowth; weed control and removal; trimming and pruning of shrubs, hedges and trees; prompt repair or replanting of bare patches; removal or treatment of diseased, dying or dead plants; and proper irrigation and seasonal care.

2.6 Hazardous Materials. For the safety and protection of all persons within the Association, the storage, use, maintenance or handling of Hazardous Materials is strictly prohibited anywhere within the Association. For the purposes of this Section 2.5, "Hazardous Materials" means: (i) any substances, chemicals or materials in concentrations regulated by any the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act, the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act and the Clean Air Act or any other similar federal or Idaho statute or regulation; (ii) regulated concentrations or amounts of petroleum or petroleum products, radioactive materials, asbestos, urea formaldehyde and radon gas; and (iii) any other substances, chemicals or materials in concentrations with respect to which a federal, state or local agency requires environmental investigation, monitoring, reporting or remediation.

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). 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 on all Lots and public streets adjacent to any Lot may be used only for the parking of operable motor vehicles. No inoperable motor vehicles are permitted to be parked on a Lot for any period of time. All vehicles parked anywhere within the Association must have current, valid registration. Any vehicle lacking current registration, having expired plates or that is otherwise not in compliance with state registration requirements in Idaho or such vehicle's state of registration may be towed out of the Association at the sole cost and expense of the Owner of the Lot upon which such vehicle is parked or, if parked on a public street, at the sole cost and expense of the vehicle owner.

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 Owner shall permit an unlicensed vehicle to be operated on the Property or on public streets adjacent to the Property.

4.3. Unlicensed Drivers. No Owner shall permit an unlicensed driver shall operate any motorized vehicle on the Property or on public streets adjacent to the Property.

4.4. Recreation and Non-operating Vehicle Parking. No Owner or tenant/guest thereof shall be allowed to park or store any boat, unused or unlicensed vehicle, golf cart, camper, trailer, off-road vehicle, recreational vehicle, motorcycles, or the like: (a) Anywhere on the Lot, including driveways, for more than forty-eight (48) consecutive hours, except within a garage or approved outbuilding as permitted pursuant to Section 1.19, above; or (b) In any location visible by a person of average height at street level from any street or Common Area for more than forty-eight (48) consecutive hours, regardless of whether such location is on the Lot or adjacent property; or (c) on public streets directly adjacent to or abutting the Owner's Lot for more than forty-eight (48) consecutive hours.

4.5 Vehicle Covers. Vehicle covers are permitted provided they are specifically designed for covering automobiles and are maintained in good repair. The use of makeshift, torn, or deteriorated covers is prohibited. When a vehicle cover is in use, current vehicle registration must be visibly displayed or otherwise made readily available for verification upon request by the Association.

Owners are responsible for ensuring that vehicles associated with their household, guests, or tenants comply with these restrictions. This responsibility includes taking reasonable measures to prevent or remedy violations, including violations involving vehicles parked on public streets adjacent to their property.

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 AMENDED 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 Amended Declaration and these Rules and Regulations. Approval of the application is not a guarantee or warranty of compliance with the Amended 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 Amended 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 Amended 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 Amended 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 Amended Declaration and these Rules and Regulations. The certificate shall, in recordable form, identify any Items of noncompliance. 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 guarantee 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 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 use of the pickleball court shall be on a first come, first serve basis. Reservations of the pickleball court are expressly prohibited. Upon arrival at the pickleball 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 pickleball court shall have standard daily operating hours from dawn to dusk. The pickleball 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. 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 sole determination of neat, clean, and attractive condition shall be at the discretion of the Board of Directors. Should the renter not maintain the garden plots in an acceptable condition, they will receive a warning letter from management informing them of the issue. Should the issue not be resolved within five (5) business days, the plot will be cleared out and the renter's access to the plot will be revoked.

9.6 Vehicular 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. Each Owner is responsible for maintaining their front, back and side yards (where applicable) in a neat, clean and attractive condition at all

times. The Owners will be responsible for maintaining the irrigation system for these areas.

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.