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**BYLAWS  
OF  
THE VILLAGE II OWNERS, INC.**

1. PRINCIPAL OFFICE. The principal office of place of business of this non-profit corporation in the State of Idaho shall be in the County of Kootenai, State of Idaho. Mailing address will be THE VILLAGE II OWNERS, INC. (hereinafter referred to as "Association"), 315 E. Garden, Coeur d'Alene, Idaho, 83814. 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.

2. MEMBERSHIP.

2.1. Classes of Membership and Voting Rights. The corporation (hereinafter "Association") shall have classes of voting membership, each member shall be an owner or contract purchaser of property in THE VILLAGE II CONDOMINIUMS in Kootenai County, Idaho, as set forth in the Articles of Incorporation of this Corporation.

2.2. Joint Owner Disputes. The vote for a Unit must be cast as a single vote; and the vote assigned to a particular Unit 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.

2.3. Suspension. A member may be suspended from the Association and the members rights withdrawn for non-payment of fees or assessments. Said suspension shall occur as follows:

2.3.1. A period of three (3) months delinquency in payment of members fees and assessments;

2.3.2. Notice from the Treasurer of the Association of failure to make payment upon thirty (30) days delinquency;

2.3.3. A second notice for failure to make payment at sixty (60) days delinquency and mailing of a notice of suspension hearing (all notices mailed by regular mail to Unit address or the owners address according to the tax records of Kootenai County are deemed received);

2.3.4. A determination of suspension from membership by sixty-seven percent (67%) of the Board of Directors;

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 is still responsible for fees and assessments and the mere suspension of membership 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.

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 accrued and unpaid.

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2.5. Reinstatement. A membership which has been suspended may be reinstated upon the approval of sixty-seven percent (67%) 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 non-refundable fee of Fifty Dollars (\$50.00) at least sixty (60) days prior to the annual meeting. The deficiency must be cured before an escrow transfer can occur. At ninety (90) days, a lien is recorded against the Property.

2.6. Transfer. Membership in the Association shall not be sold, assigned or transferred. However, when a member sells a Unit, the seller's membership rights shall transfer to the new owner, however, the seller must notify the Treasurer of the Association 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.

3. MEETING OF MEMBERS.

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 Board. If the Board shall fail to set another time and date, then the meeting shall occur on the third Friday of September in each year, at the hour of 7:00 o'clock 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.

3.2. Special Meetings. Special meetings of the members may be called by the President or by not less than ten percent (10%) of all the members of each existing class with proper notice.

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

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, not less than ten (10) days nor 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 prepaid, addressed to the member at members address as it appears on the records of the Association.

3.5. Quorum. Ten percent (10%) of the voting power of the membership shall constitute a quorum for the conduct of regular business of the Association (including proxies); however, the only matters that may be voted upon at any meeting of the membership shall be matters described in the meeting notice unless one-third (1/3) of the members are present in person, by proxy, by written ballot or absentee ballot.

3.6. Proxies and Written Ballot. At any meeting of members, a member entitled to vote may vote by proxy, executed in writing by the member. The Board may allow voting on any issue by absentee or written ballot so long as the ballot fulfills the requirements of Idaho Code section 30-3-53 or successor statute.

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3.7. Regular Business. The regular business of the Association 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 rule all parliamentary questions.

4. GOVERNING BODY.

The Board of Directors of the Association shall constitute the governing body of this Association.

5. BOARD OF DIRECTORS

5.1 Term of Directors. The initial Board of Directors shall consist of three (3) Directors who need not be members until the "D-1" class of membership no longer exists or until the Board is expanded to five (5) by Board action. After the extinguishment of "D-1" class of membership of expansion of the Board to five (5), each Director must be a member and the Directors shall hold office for a term of two (2) years with the Directors having staggered terms so as to elect two (2) members of the five (5) member Board every year. However, in the first (1st) year of the five (5) member Board, two (2) shall serve for one (1) year, two (2) shall serve for two (2) years and one (1) shall serve for three (3) years; elections shall be had in such a manner so as to fulfill the staggered terms as specified herein.

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 Association. Additionally, the Board may appoint a nominating committee of the members to serve until the close of such annual meeting and shall make as many nominations as Directors to be elected. The number of Directors may be increased by amendment of these by-laws so long as equal membership shall exist.

5.3. Removal of Director and Personnel Appointed by Board. Any Director, as any personnel, appointed by the Board may be removed in accordance with Idaho law for removal of a Director, by the members whenever, in their judgment, the best interests of the Association would be served thereby.

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

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 three-fourths (3/4) affirmative vote of the Directors. Upon such an affirmative determination of disqualification, that position shall be considered vacant.

5.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the remaining members of the Board of Directors or by the members for the unexpired term, however, each appointment must be from the appropriate class of membership as if elected.

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5.6. Quorum. The presence in person 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.

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 Development 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 telegraph at least three (3) days prior to the day named for the meeting.

5.8. Special Meetings. A special meeting of the Board of Directors may be called by written notice signed by the President or by any one-half (1/2) 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.

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.

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 communication and may later be ratified in writing.

5.11. Board Meetings Open to Members. Regular and special meetings of the Board shall be open to all members of the Association 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.

5.12. Executive Session. The Board may, with the approval of sixty-seven percent (67%) 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 session shall first be announced in open 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 Association to the full extent allowed under law.

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. Each committee shall have three (3) or more members, one of which must be a Director.

## 6. OFFICERS OF ASSOCIATION.

6.1. Titles and Appointments of Power. The officers shall consist of a President, a Vice-President, a Secretary and a Treasurer, each of which shall be Directors. 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.

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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 as defined in section 5.1 unless said officers shall resign or shall be removed or otherwise disqualified to serve.

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.

6.4. President. The President shall be the principal executive officer of the Association and shall, in general, supervise and control all of the business and affairs of the Association. He/she shall preside at all meetings; shall sign with the Secretary, or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which 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.

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 all of the restrictions placed upon the President.

6.6. Treasurer. The Treasurer shall have charge of and be responsible for all funds and securities of the Association; receive and give receipts for monies paid to the Association from any source whatsoever; deposit all such monies in the name of the Association 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.

6.7. Secretary. The Secretary shall keep the minutes of the meetings 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 Seal of the Association 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.

6.8. Compensation. The officers of the Association shall not be entitled to remuneration, except and provided that such person did labor for and on behalf of the Association, such service as would require the employment of individuals at an hourly wage to perform the same service, labor or incurred expense on behalf of the Association as authorized by the members or an officer of the Association.

7. RECEIPT OF NON-CORPORATE ASSETS.

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

8. BOOKS AND RECORDS.

8.1. Keeping of Books and Records. The Association 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 Association, and shall keep at its principal office a record giving the names and addresses of the members entitled to vote.

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8.2. Availability of Records for Inspection. All current books and records of the Association (including, but not limited to the Declaration, Articles, Bylaws, and Rules and Regulations concerning the Project) may be inspected by any member or members agent or attorney for any proper purpose at any reasonable time, generally anytime during normal business hours.

8.3. Audit of Books. The Board shall assure that the books of the Association be audited every other year by a Certified Public Accountant qualified to audit the finances of this type of a corporation. The audit of the prior year's books shall occur at the close of the Association's fiscal year. The audited financial statement shall be available for inspection by any Owner or First Mortgagee upon written request no later than one hundred twenty (120) days of Association's year end.

9. 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.

10. FISCAL YEAR. The fiscal year of the Association shall be the calendar year.

11. BUDGET, CAPITAL FUNDS, ASSESSMENTS AND CHARGES.

11.1. Preparation of Budget. Not less than thirty (30) days before the end of the fiscal year, the Board shall prepare a budget for the Association for the coming year. In preparing its' budget, the Board shall estimate the common expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The budget shall establish two adequate reserve accounts. First, a Replacement of Improvement fund for the replacement of improvements to the Common Area and those Limited Common Areas that the Association is required to maintain and second, a Working Capital Fund to meet unforeseen expenditures and additional equipment and services. If, during the year the budget proves to be inadequate for any reason, including nonpayment of any owner's assessment, the Board may prepare a supplemental budget for the remainder of the year.

11.2 Replacement of Improvement Fund. Replacement of Improvement Fund (RI Fund) shall be established as a reserve account in the budget to meet Association's responsibility to replace improvements located in Common Area. The RI Fund shall be established in the first budget and supplemented on each subsequent budget to assure that the resources will be available to replace improvements located on Common Area when necessary. This RI Fund shall be a segregated account at all times including at the transfer of control of Association from Declarant to Owners at the end of Declarant Control Period. Two Directors shall sign checks drawn from or withdrawals made from this RI Fund, one of which must be an authorized officer.

11.3. Working Capital Fund. A Working Capital Fund ("WC Fund") shall be established as a reserve account in the budget to meet unforeseen expenditures and additional equipment and/or services. The WC Fund may be supplemented by the Board through emergency assessments as set forth in these Bylaws. The initial WC Fund has been established by the Declarant. The initial donation by Declarant is equal to the estimated Regular Assessment for two (2) months for each completed Unit on the Project. The Declarant shall deposit this same amount in the WC Fund for each Unit completed as each Unit is sold or each Unit completed when the Declarant Control Period end. All sums paid to the WC fund are not loans or advanced payments on assessment, but are solely a completed and unconditional conveyance to the WC Fund. The Declarant is

prohibited from using such fund to defray costs, expenses, reserve contributions, construction costs or to make up and budget deficits of the Declarants costs. This WC Fund shall be a segregated account at all times including at the transfer of control of Association from Declarant to Owners, end of Declarant Control Period. Two Directors shall sign checks drawn from or withdrawals made from this WC Fund, one of which must be an authorized officer.

11.4. Purpose of Assessments. The assessments levied by the Association 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 Development. Five (5) assessments may be charged in accordance with the restrictions and requirements herein. Those assessments include:

- 11.4. I. Regular assessments;
- 11.4.2. Special assessments;
- 11.4.3. Emergency assessments;
- 11.4.4. Correction assessments; and
- 11.4.5. Fine assessments.

Each such assessment together with any collection costs, including but not limited to any interest, costs, or attorney's fees, shall be a personal obligation of the owner and/or person whose name is on the assessment rolls for that particular living unit. Assessments may be secured by a lien against the non-paying members living unit 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 premises or Unit, unless specifically set forth herein. The levying of assessments shall begin upon the recording of the first conveyance of a Unit. Every Unit shall be available for payment from the date of recording of the Condominium Plat and shall be levied at the Certificate of Occupancy.

11.5. Regular Assessment. The Board shall be empowered to assess, consistent with the restrictions specified below for Declarant and/or Contractor building the Unit, each duplex or fourplex living unit or cluster housing unit, no more than of One Hundred Fifty Dollars (\$150.00) per month without a majority approval of the members. Regular assessments shall be used for maintenance and improvements to the project and any common areas of the Association and/or any other necessary and desirable purposes for the benefit of the Association and its members. A portion of the regular assessment shall be held as an adequate reserve accounts to replace improvements and to meet unforeseen expenditures managed by the Association (see explanation of Replacement of Improvement Fund and Working Capital Fund). All assessment shall be equal between the same type of Units except those Units. The Board is authorized to charge different amounts to the following Units: 1) Units with Limited Common Area assigned to them which may also be assessed all reasonable expenses related to maintenance, repair, and replacement of Limited Common Area, 2) Units under the special Declarant assessment structure for uncompleted or unsold Units, and 3) Units of differing classes, ie duplex, triplex.

11.6. Special Assessments. By unanimous request of individuals to be served, 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 Development. Any proceeds collected for the use of special items shall be exclusively for that specified use and shall be kept separate and distinct from general corporate funds.

11.6.1. Payments and Modifications. All special assessments shall be due at a time specified by the Board with approval of the majority of members served (no Class "A", or "D-1" distinction) 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

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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.

11.6.2. 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 shall be temporarily forfeited until payments of the arrearage and any collection charges are made in full.

11.7. Emergency Assessments. In addition to other assessments, the Board shall have emergency powers to assess an emergency assessment on living units. The emergency assessment may be imposed with the consent of a majority of the members or by a vote of sixty-seven percent (67%) 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 living unit 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, which meets all four (4) of the following:

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

11.7.2. Must relate in whole or in part to reconstruction, repair or replacement of a capital improvement on which the Development and/or Additions, thereto, depend or relate to the defense or protection or Corporate property, title or imminent liability;

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

11.7.4. 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 Association.

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

11.8.1. Majority of Board declares existence of violation of Declaration.

11.8.2. Board evidences in Minutes of Association that proper notices have been mailed as required by the Declaration.

11.8.3. Board hires, at a reasonable price, an appropriate individual contractor to give the Board an estimate of costs and carry out work to bring Unit or premises into conformity with Declaration.

11.8.4. Board shall send notice to the violating Owner advising the Owner of the anticipated cost of correction and advising Owner that if action is not taken in five (5) business days to correct the violation, suit shall be filed in regards to the violation and Owner shall be required to show why the Association should not correct the violation and place a lien on the Property for the cost of correction.

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11.8.5. In the event that the violation of the Declaration is not corrected at the end of the second notice period, then the Association may file suit against the violating order for breach of the Declaration and any other legal theory deemed appropriate by the Board. Upon filing of the Complaint, the court with jurisdiction over the matter shall, if requested by the Board, issue a show cause order requiring the Owner to prove at an evidentiary hearing why the Association should not be granted a right of entry and right to remedy the violation. The hearing shall be held within ten (10) days of the presentation of the proposed order to show cause. The purchase of a Unit shall evidence each Owner's approval and stipulation to the show cause proceeding. All parties agree that the entry of a show cause order shall be by exparte proceeding at the sole discretion of the Board

11.8.6. Following correction of violation, the Association shall record a claim of lien for all costs, including but not limited to labor, materials, interest, and attorney's fees according to Idaho law. If not paid in full within reasonable notice to the violating property owner, Board may foreclose on the lien according to Idaho law for labor and/or material liens or use the power of sale specified in the deed of trust statute as allowed by the Idaho Condominium Act. In the alternative, the Association may request that the court retain jurisdiction for judicial determination and entry of judgment for labor, materials, interest, attorneys fees and any other cost or loss related to the correction of violation of the Declaration.

11.9. Fine Assessment. In the event that an Owner violates the Declaration, the Bylaws or any properly adopted Rule or Regulation of the project on more than two (2) occasions following written notice of the violation, then a fine may be assessed against the Owner for each future similar violation. Fine assessment must be approved by sixty-seven percent (67%) of the Board and shall be a reasonable amount to discourage future violations.

11.10. Assessment on Declarant's Real Estate. Declarant and/or the Contractor building the Unit, is entitled to membership in the Association for each projected living unit owned by them and as specified in the Declaration and Plats, but Declarant and/or the Contractor building the Unit shall be required to pay assessments only for such living units as are completed as evidenced with a Certificate of Occupancy issued by a governmental agency with jurisdiction over such matters. However, the Declarant and/or the Contractor building the Unit shall only pay one-half (1/2) of the regular assessment on any living unit completed Certificate of Occupancy, but remain unoccupied for so long as the Unit remains unoccupied. Other Owners (members) owning more than one (1) living unit are required to pay the full amount of assessments levied against each completed living unit owned by such Owner (member), whether developed or vacant.

11.11. Payment of Assessments. All assessments shall be paid to the Treasurer of the Association 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.

11.12. Certificate of Paid or Unpaid Assessments. Upon the request of any Owner or First Mortgagee of a particular living unit and payment of a reasonable fee set by the Board, the Board within ten (10) days of receipt of request will furnish a statement of Owner's account in a certificate in recordable form stating the amount, if any, of unpaid assessments charged to that living unit. The certificate shall be conclusively determined by the Board and the Association as to the amount of such indebtedness as of the date of the certificate, and may be relied upon by purchasers and mortgagees of such living unit. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

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11.13. Transfer of Unit by Sale or Foreclosure. The sale or transfer of any Unit or living unit shall not affect the assessment or assessment lien. However, the sale or transfer of any Unit or living unit pursuant to mortgage foreclosure shall extinguish the lien of such assessments as to payments, which become due prior to such sale or transfer (except for assessment recorded prior to the mortgage). No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof. Where the First Mortgagee of record obtains title to a living unit as a result of foreclosure, such Mortgagee shall not be liable for the unpaid dues or charges of the Association chargeable to such living unit which accrued prior to the acquisition of title or possession of such by such mortgagee. In a voluntary conveyance of a living unit, the grantee of the living unit shall be liable for all unpaid assessments due the Association. See also Section re: Transfer of Membership.

11.14. Late Fee for Failure to Pay. If any part of any assessment is not paid and received by the Association or its designated agent within fifteen (15) days after the due date, an automatic late charge of one and 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 shall constitute a lien on the subject living unit 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 and for value. Such lien may be enforced by foreclosure of the subject living unit in accordance with Idaho law.

12. ENFORCEMENT OF DECLARATION. This Association 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 Association and shall guide in the interpretation of either the Bylaws or Articles.
13. SEAL. The Board of Directors shall acquire a corporate seal, which shall be circular in form and shall have inscribed, thereon, the name of the Association, the state of its' incorporation and the words "Corporate Seal."
14. WAIVER OF NOTICE. Whenever any notice is required to be given under the statutes of the State of Idaho or under the 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.
15. INDEMNIFICATION. Each director, committee member, officer, the Declarant and the managing agent shall be indemnified by the Association 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 covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties. In the event of a settlement, the indemnification shall apply only when the Board approves such settlement. The indemnification shall apply only when the Board also approves such settlement and reimbursement as being in the best interests of the Association.

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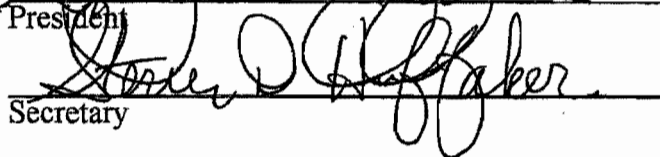
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16. AMENDMENTS TO BYLAWS. The Bylaws of this non-profit corporation, may be altered, amended, or new Bylaws adopted at any regular meeting or at any special meeting of the members thereof, by the affirmative vote of a majority of the total membership vote present at such meeting except any change which would adversely effect one class of membership more than another class or classes and must be approved by sixty-seven percent (67%) of each class and any amendment of material nature as defined in the Articles must involve eligible mortgagees as specified in the Articles.

IN WITNESS WHEREOF, the undersigned certifies the above stated Bylaws were duly and lawfully accepted by the membership and Board of Directors of the Association.

Dated: 12/13/00

  
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President

  
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Secretary

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