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RICHARD M. WALSH
REGISTER OF DEEDS
DOUGLAS COUNTY, NE.



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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND EASEMENTS FOR THE HIGHLANDS AND
THE HIGHLANDS REPLAT ONE**

THIS DECLARATION, made on the date hereinafter set forth by Highlands Development, L.L.C., a Nebraska limited liability company, and Dial Land Development Corp., a Nebraska corporation, hereinafter referred to as "Declarants."

WITNESSETH:

WHEREAS, Declarants are the owners of certain property in the County of Douglas, State of Nebraska, which is more particularly described as: See the legal descriptions that are included on the Exhibit A, which is attached hereto and incorporated herein by this reference.

NOW, THEREFORE, Declarants hereby declare that all of the properties described above and described on the attached Exhibit A shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
Definitions**

Section 1. "Association" shall mean and refer to The Highlands Homeowners Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property described on the attached Exhibit A, and such additions thereto as may hereafter be brought within the jurisdiction of the Association. "Properties" shall include all of the real property within the perimeter of the final plat of THE HIGHLANDS, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska, and shall include all real property that is a replat of any portion of the final plat of THE HIGHLANDS, including but not limited to all property included in THE HIGHLANDS REPLAT ONE, as surveyed, platted and recorded in Douglas County, Nebraska.

*After recording, please return
the original to*

WALSH LAW, P.C.
13304 W. CENTER RD., STE. 222
OMAHA, NE 68144-8403

Attn: Daniel D. Walsh

✓ 4186

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(K)

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SIP _____ CO _____ COMP _____
DEL _____ SCH _____ PV _____

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, and shall mean, refer and include all of the Lots that are legally described on the attached Exhibit A. It is intended that single-family dwelling units be constructed on the Properties hereinabove described, with one single-family dwelling unit being constructed on each Lot.

Section 5. "Declarants" shall mean and refer to Highlands Development, L.L.C., and to Dial Land Development Corp., and their successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 6. "Common Area" shall mean and refer to Outlots A and B, all in THE HIGHLANDS, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska, which may be used as open green space and which shall be privately owned and maintained.

Section 7. "Median Islands" shall mean and refer to the landscaped islands in the Properties that are surrounded by public right-of-way that are shown on the plat, including but not limited to the median islands located in the center of the traffic calming device and the median island located at the entrance of the subdivision.

ARTICLE II

Property Rights

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

- a. the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- b. the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- c. the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

Membership and Voting Rights

Section 1. THE HIGHLANDS and THE HIGHLANDS REPLAT ONE are comprised of 75 separate single-family residential lots that are legally described on the attached Exhibit A (referred to as the "Lots"). Every Owner of a Lot which is subject to assessment shall be a

Member of the Association. For purposes of this Declaration, the term "Owner" of a Lot means and refers to the record owner, whether one or more persons or entities, of fee simple title to a Lot, but excluding however those parties having any interest in any of such Lot merely as security for the performance of an obligation (such as a contract seller, the trustee or beneficiary of a deed of trust, or a mortgagee). The purchaser of a Lot under a land contract or similar instrument shall be considered to be the "Owner" of the Lot for purposes of this Declaration. Membership shall be appurtenant to ownership of each Lot, and may not be separated from ownership of each Lot.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarants, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarants and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- a. when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- b. on June 1, 2008.

ARTICLE IV

Purposes of the Association and Powers and Responsibilities

Section 1. Purposes of the Association. In addition to any other purpose expressed herein, the Association has as its purposes the promotion of the health, safety, recreation, welfare and enjoyment of the residents of THE HIGHLANDS and THE HIGHLANDS REPLAT ONE, and the promotion and protection of the aesthetics, the value and desirability of the Properties, which shall include, but not be limited to, the following:

- A. The acquisition, construction, landscaping, improvement, maintenance, operation, repair, and upkeep of the Common Areas, including but not limited to any Common Facilities located on the Common Areas (such as any recreational facilities including playground or park equipment, paths or linear trails), and including as Common Areas all outlots, green areas, Median Islands, and on any property described in Article IX, Section 3, of this Declaration.
- B. The promulgation, enactment, amendment and enforcement of rules and regulations relating to the use and enjoyment of any Common Facilities and Common Area, provided always that such rules are uniformly applicable to all Members. The rules and regulations may permit or restrict use of the Common Facilities by Members. The rules and regulations may permit or restrict use of the Common Facilities and Common Areas by Members, their families, their guests, and/or by other persons, who may be required to pay a fee or other charge in connection with the use or enjoyment of the Common Facility.
- C. The exercise, promotion, enhancement and protection of the privileges and interests of the residents of THE HIGHLANDS and THE HIGHLANDS REPLAT

ONE; and the protection and maintenance of the residential character of THE HIGHLANDS and THE HIGHLANDS REPLAT ONE.

Section 2. Powers and Responsibilities. The Association shall have all powers and duties necessary and appropriate to accomplish the Purposes and administer the affairs of the Association. The powers and duties to be exercised by the Board of Directors, and, upon authorization of the Board of Directors, by the officers, shall include, but shall not be limited to, the following:

- A. The acquisition, development, maintenance, repair, replacement, operation and administration of Common Area, and the enforcement of the rules and regulations relating to the Common Area.
- B. The landscaping, mowing, watering, repair and replacement of parks, outlots, Median Islands, other public property and improvements on parks or public property within or near THE HIGHLANDS, and upon the property described in Article IX, Section 3.
- C. The fixing, levying, collecting, abatement, and enforcement of all charges, dues, or assessments made pursuant to the terms of this Declaration.
- D. The expenditure, commitment and payment of Association funds to accomplish the purposes of the Association including, but not limited to, payment for purchase of insurance covering any Common Area or any other area in which the Association has an interest against property damage and casualty, and purchase of liability insurance coverages for the Association, the Board of Directors of the Association and the Members.
- E. The exercise of all of the powers and privileges, and the performance of all of the duties and obligations of the Association as set forth in this Declaration, as the same may be amended from time to time.
- F. The acquisition by purchases or otherwise, holding, or disposition of any right, title or interest in real or personal property, wherever located, in connection with the affairs of the Association.
- G. The deposit, investment and reinvestment of Association funds in bank accounts, securities, money market funds or accounts, mutual funds, pooled funds, certificates of deposit or the like.
- H. The employment of professionals and consultants to advise and assist the Officers and Board of Directors of the Association in the performance of their duties and responsibilities for the Association.
- I. General administration and management of the Association, and execution of such documents and doing and performance of such acts as may be necessary or appropriate to accomplish such administration or management.
- J. The doing and performing of such acts, and the execution of such instruments and documents, as may be necessary or appropriate to accomplish the purposes of the Association.

ARTICLE V

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarants, for each Lot owned within the Properties, hereby covenant, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such

deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Areas, all Median Islands, and the areas on which the Association has an easement as described in Article IX, Section 3.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Fifty Dollars (\$50.00) per Lot, payable in annual installments.

- a. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 10% above the maximum annual assessment for the previous year without a vote of the membership.
- b. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 10% by a vote of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.
- c. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in an assessment year, a special assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast Sixty Percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected annually, unless otherwise established by the Board.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of any such improved Lot to an Owner who is not one of the Declarants. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the association or a designated agent of the association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum. Should any assessment remain unpaid more than sixty (60) days after the due date, the Association may declare the entire unpaid portion of said assessment for said year to be immediately due and payable and thereafter delinquent. The Association may bring an action at law against the Owner personally obligated to pay the same, or may foreclose the lien of such assessment against the property through proceedings in any court having jurisdiction of actions for the enforcement of such liens. No Owner may waive or otherwise escape liability for the assessments provided herein by abandonment of title or transfer of such Owner's Lot.

Section 9. Subordination of Assessments. The lien on the assessments provided for herein shall be subordinate to the lien of any first mortgage, and the holder of any first mortgage, on any Lot may rely on this provision without the necessity of the execution of any further subordination agreement by the Association. Sale or transfer of any Lot shall not affect the status or priority of the lien for assessments made as provided herein. The Association, if authorized by its Board of Directors, may release the lien of any delinquent assessments on any Lot as to which the first mortgage thereon is in default, if such Board of Directors determines that such lien has no value to the Association. No mortgagee shall be required to collect any assessments due. The Association shall have sole responsibility to collect all assessments due.

ARTICLE VI

RESTRICTIONS AND COVENANTS

Section 1. Each Lot shall be used for residential purposes.

Section 2. The ground floor finished and enclosed living area of main residential structures, exclusive of porches, breezeways, basements and garages, shall be not less than the following minimum sizes:

i) One-story house	1200 sq.ft.	On the main floor, exclusive
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with attached garage		of garage area (garage must be approximately at the same level as the main floor)
ii) One and one-half	1300 sq.ft.	Total area above the basement level; minimum 1300 sq.ft. on the main floor
iii) Two-story houses	1575 sq.ft.	Total area above grade

For each dwelling, there must be erected a private garage for not less than two (2) cars, (each car stall to be a minimum size of ten feet by twenty-one feet).

Section 3. No residence, building, fence, wall, driveway, patio enclosure, rock garden, swimming pool (provided that said swimming pool shall be in-ground or shall not exceed two feet above the grade of the Lot under and circumstances), tennis court, dog house, tree house, antenna, satellite receiving station ("dish"), flag pole, solar heating or cooling device, shed, wind mill, wind generating equipment, or other external improvement, above or below the ground (herein all referred to as any "Improvement") shall be constructed, erected, placed or permitted to remain on any Lot, nor shall any grading or excavation for any Improvement be commenced, except for Improvements which have been approved by the Declarants and by the Homeowners Association as follows:

- (i) An owner desiring to erect an Improvement shall deliver two sets of construction plans, landscaping plans and plot plans to the Declarants (herein collectively referred to as the "Plans"). Such Plans shall reflect the type of structure, quality and use of exterior materials, exterior design, exterior color or colors, and location of structure proposed for such Improvement. Concurrent with submission of the Plans, owner shall notify the Declarants of the owner's mailing address.
- (ii) Declarants shall review such Plans in relation to the type and exterior of improvements and construction, or approved for construction, on neighboring Lots and in the surrounding area and any general scheme or plans formulated by Declarants. In this regard, Declarants intend that the Lots shall form a developed residential community with homes constructed of high quality materials. If Declarants determine that the proposed Improvement will not protect and enhance the integrity and character of all the Lots and neighboring Lots as a quality residential community, Declarants may refuse approval of the proposed Improvement.
- (iii) Written notice of any refusal to approve a proposed Improvement shall be mailed to the owner at the address specified by the owner upon submission of the Plans. Such notice shall be mailed, if at all, within thirty (30) days after the date of submission of the Plans. If notice of refusal is not mailed within such period, the proposed Improvement shall be deemed approved by the Declarants.
- (iv) The decision to approve or refuse approval of a proposed Improvement shall be exercised by the Declarants to protect the values, character and

residential quality of all Lots. However, no Lot owner, or combination of Lot owners, or other person or persons shall have any right to any action by the Declarants, or to control, direct or influence the acts of the Declarants with respect to any proposed Improvement. No responsibility, liability or obligations shall be assumed by or imposed upon the Declarants by virtue of the authority granted to the Declarants in this Section or as a result of any act or failure to act by the Declarants with respect to any proposed Improvement.

Section 4. The exposed front foundation wall as well as any foundation wall facing a street of all main residential structures must be constructed of or faced with brick or simulated brick or stone or stucco. All exposed side and rear concrete or concrete block foundation walls not facing a street must be painted. All driveways must be constructed of concrete, brick, paving stone, asphalt or laid stone. All foundations shall be constructed of concrete, concrete blocks, brick or stone. Fireplace chimneys shall be covered with brick, stone or siding. The roof of all improvements shall be covered with shingles that have been approved in writing by the Declarants.

Section 5. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot except one sign per Lot consisting of not more than six (6) square feet advertising a Lot as "For Sale"; nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the owner or owners of any Lot or any resident thereof. Further, no retail business activities of any kind whatsoever shall be conducted on any Lot. Provided, however, the foregoing paragraph shall not apply to the business activities, signs and billboards or the construction and maintenance of buildings, if any, by the Declarants, their agents or assigns, during the construction and sale of the Lots.

Section 6. No exposed exterior television, broadcasting or radio antenna of any sort shall be permitted on any Lot or on any structure on any Lot, except that a satellite dish not exceeding 18" in diameter may be permitted on the rear of a house provided that the Declarants and the Association have given their approval. No radio or television signals, or any other form of electromagnetic radiation or any type of signal of any kind or nature, be permitted to originate from any Lot, which may unreasonably interfere with the reception of television or radio signals within the Properties.

Section 7. No vehicle repairs, other than emergency repairs or repairs of a minimal nature needed to be performed to move a vehicle off the Properties, shall be allowed on the Properties. The Association is expressly authorized to tow away, at an offending owner's expense, any vehicle referred to in this Section which is in violation hereof or in violation of the rules and regulations governing parking as may be adopted by the Board of Directors. No boats, boat, trailers, campers, canoes, recreational vehicles, vehicles used primarily for recreational purposes, vehicles primarily used for commercial purposes, or vehicles with commercial writings on their exterior shall be stored, allowed to remain, or parked in the subdivision, except in an area, if any, designated by the Board of Directors or except as otherwise permitted by the Declarants, or if the Declarants have released and relinquished this power, by the Association's Board of Directors.

Section 8. No boat, camper, trailer, auto-drawn or mounted trailer of any kind, motorcycle, motor home, recreation vehicle, mobile home, truck, aircraft, camper truck or similar chattel shall be maintained or stored on any part of a Lot (other than in an enclosed

structure). No motor vehicle may be parked or stored outside on any Lot, except vehicles driven on a regular basis by the occupants of the dwelling located on such Lot. No grading or excavating equipment, airplanes, tractors or semi-tractors/trailers shall be stored, parked, kept or maintained in any yards, driveways or streets. However, this restriction shall not apply to trucks, tractors, or commercial vehicles which are necessary for the construction of residential dwellings during their period of construction.

Section 9. No outside trash or garbage pile, burner, receptacle or incinerator shall be erected, placed or permitted on any Lot. No garden, lawn or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any dwelling or suitable storage facility, except when in actual use. Lots shall be maintained free of trash and debris. No unused building material, junk or rubbish shall be left exposed on the Lot except during actual building operations, and then only in as neat and inconspicuous a manner as possible. No clothes line shall be permitted outside of any dwelling at any time.

Section 10. Exterior lighting installed on any Lot shall either be indirect or of such a controlled focus and intensity as not to disturb the residents of adjacent Lots. No fence shall be permitted to extend beyond the rear or back line of a main residential structure unless written approval is first obtained from the Declarants. No chain link fences or vinyl covered chain link fences shall be permitted. No hedges or mass planted shrubs shall be permitted more than ten (10) feet in front of the front building line. All produce or vegetable gardens shall be maintained only in rear yards.

Section 11. A dwelling on which construction has begun shall be completed within one (1) year from the date the foundation was commenced for such dwelling.

Section 12. A public sidewalk shall be constructed of concrete four (4) feet wide by four (4) inches thick in front of each built upon Lot and upon the street side of each built upon corner Lot. The sidewalk shall be placed four (4) feet back of the street curb line and shall be constructed by the owner of the Lot prior to the time of completion of the main structure and before occupancy thereof.

Section 13. No livestock, fowl or poultry of any kind shall be permitted on any Lot. No stable or other shelter for any animal, livestock, fowl or poultry shall be erected, altered, placed or permitted to remain on any Lot. No dog runs and no dog houses shall be permitted. No more than a total of three dogs or cats (of any combination) shall be permitted on any Lot.

Section 14. Any exterior air conditioning condenser unit shall be placed in the rear yard or any side yards so as not to be visible from public view. No grass, weeds or other vegetation will be grown or otherwise permitted to commence or continue, and no dangerous, diseased or otherwise objectionable shrubs or trees will be maintained on any Lot so as to constitute an actual or potential public nuisance, create a hazard or undesirable proliferation, or detract from a neat and trim appearance. Vacant Lots shall not be used for dumping of earth or any waste materials, and no vegetation on vacant Lots shall be allowed to reach a height in excess of twelve (12) inches.

Section 15. No structure of a temporary character, trailer, basement, tent, outbuilding or shack shall be erected upon or used on any Lot at any time, either temporarily or permanently. No structures, dwellings or modular housing improvements shall be moved from outside THE HIGHLANDS subdivision or from THE HIGHLANDS REPLAT ONE to any Lot.

In addition to the restrictions above, the Declarants and the Association shall have the right to make and to enforce reasonable rules and regulations governing the use of the Lots.

ARTICLE VII

Architectural Control

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography, and in relation to other trees, shrubs and plantings, by the Declarants pursuant to the procedure set forth in Article VI, Section 3, and by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. No exterior painting shall be commenced upon the Properties except such painting as shall be approved by the Declarants and by the Board of Directors or by the architectural committee. In the event the Declarants and the Board or the Board's designated committee fail to act upon such design and location within thirty (30) days after said plans and specifications have been submitted to the Declarants and to the Board or its committee, respectively, approval will not be required and this Article will be deemed to have been fully complied with. The Architectural Control referred to in this paragraph shall not be applicable to initial construction by any builder or Owner, provide that the plans and specifications of which have been approved by the Declarants.

ARTICLE VIII

Insurance

Section 1. Liability Insurance. The Association shall purchase and provide general liability coverage insurance in such amounts as shall be determined from time to time by the Board of Directors of the Association. The Association may provide liability coverage insurance for the Association's Officers, and members of the Board of Directors. In addition, the Association may purchase such additional insurance against other hazards that may be deemed appropriate by the Board of Directors.

Section 2. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient.

ARTICLE IX

Utility, Pipeline and Other Easements

Section 1. A perpetual easement is hereby reserved in favor of and granted to the Omaha Public Power District, Qwest, and any company which has been franchised to provide cable television system in the area to be subdivided, their successors and assigns, to erect, operate, maintain, repair and renew underground poles, wires, cables, conduits, and other related facilities, and to extend thereon wires or cables for the carrying and transmission of electric current for light, heat, and power and for the transmission of signals and sounds of all

kinds including signals provided by a cable television system, and the reception on, over, through, under and across a five-foot (5') wide strip of land abutting all front and side boundary lot lines; an eight-foot (8') wide strip of land abutting the rear boundary lines of all lots; and a sixteen-foot (16') wide strip of land abutting the rear boundary lines of all exterior lots. The term exterior lots is herein defined as those lots forming the outer perimeter of the above-described addition. Said sixteen-foot (16') wide easement will be reduced to an eight-foot (8') wide strip when the adjacent land is surveyed, platted and recorded, and a perpetual easement is hereby granted to the City of Omaha and Peoples Natural Gas, their successors and assigns, to erect, install, operate, maintain, repair and renew pipelines, hydrants and other related facilities, and to extend thereon pipes for the transmission of gas and water on, through, under and across a five-foot (5') wide strip of land abutting all streets. No permanent buildings or retaining walls shall be placed in the said easement ways, but the same may be used for gardens, shrubs, landscaping and other purposes that do not then or later interfere with the aforesaid uses or rights herein granted.

Section 2. A perpetual easement is hereby reserved in favor of and granted to the Declarants and to the Association on, over, through, under and across an eight-foot (8') wide strip of land abutting the front boundary lot lines of all Lots for the purpose of planting one or more trees in order to create a tree canopy over the streets throughout the Properties. Any tree planted by the Declarants shall not be removed by any Owner or by any person acting at the request or direction of any Owner without obtaining the express written consent of the Declarants and the Association. Each Owner shall have the duty to maintain any tree within the easement area of the Owner's Lot at the Owner's sole expense.

Section 3. A perpetual easement is hereby reserved in favor of and granted to the Declarants and to the Association on, over, through, under and across a ten-foot (10') wide strip of land abutting the rear boundary lot lines of all Lots whose rear yards abut the Pacific Street Right-of-Way for the purposes of planting and maintaining one or more trees and other landscaping, with an underground sprinkler system. If the Declarants plant any trees or other landscaping within the easement area described in this section, then no Owner or other person at the request or direction of any Owner shall remove or modify any tree or other landscaping within the easement area described in this section without obtaining the written consent of the Declarants and the Association. No Owner shall be permitted to erect any fence or enclose in any manner the easement area that is described in this section.

ARTICLE X

General Provisions

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten

(10) years. This Declaration may be amended by the Declarants, or by any entity designated by the Declarants, in writing, in any manner which it may determine in its full and absolute discretion for a period of seven (7) years from the date that this Declaration is recorded with the Register of Deeds in which the Properties is located. In addition, this Declaration may be amended by an instrument signed by not less than seventy percent (70%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation. Additional residential property may be annexed to the Properties with the consent of two-thirds (2/3) of the members of the Association. There will be no annexation or dedication of Common Area.

Section 5. Declarants, or their successors or assigns, may assign all or in part of its rights under the Declaration to any entity, including but not limited to the Association. Declarants, or their successors or assigns, may terminate their status as Declarants under this Declaration, at any time, by filing a Notice of Termination of Status as Declarants. Upon such filing, the Association may appoint itself or another entity, association or individual to serve as the Declarants, and such appointee shall thereafter serve as the Declarants with the same authority and powers as the original Declarants.

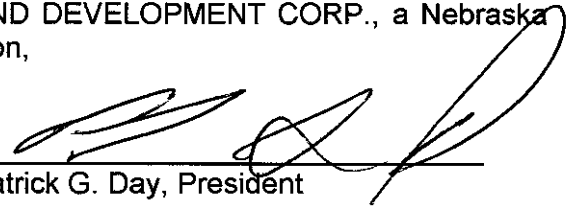
IN WITNESS WHEREOF, the undersigned, being the Declarants herein, have hereunto executed this document on this 9 day of June, 2003.

DECLARANTS:

HIGHLANDS DEVELOPMENT, L.L.C., a Nebraska
limited liability company,

By: 
Patrick G. Day, Managing Member

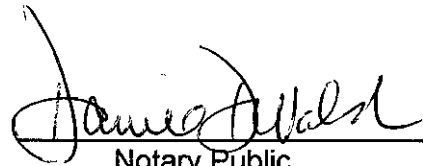
DIAL LAND DEVELOPMENT CORP., a Nebraska
corporation,

By: 
Patrick G. Day, President

State of Nebraska)
) ss.
County of Douglas)

On this 9th day of June, 2003, before me, a Notary Public in and for said county and state, personally came Patrick G. Day, Managing Member of Highlands Development, L.L.C., a Nebraska limited liability company, known to me to be the identical person who executed the above instrument and acknowledged the execution thereof to be his voluntary act and deed and the voluntary act and deed of said limited liability company.




Notary Public

State of Nebraska)
) ss.
County of Douglas)

On this 9 day of June, 2003, before me, a Notary Public in and for said county and state, personally came Patrick G. Day, President of Dial Land Development Corp., a Nebraska corporation, known to me to be the identical person who executed the above instrument and acknowledged the execution thereof to be his voluntary act and deed and the voluntary act and deed of said corporation.



Notary Public



Exhibit A

OC-16263
The following 53 lots in The Highlands subdivision: Lots 1 thru 16, inclusive; all of Lots 23 thru 27, inclusive; all of Lots 46 thru 67, inclusive; all located in The Highlands, a subdivision located in part of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 20, Township 15 North, Range 11 East of the 6th P.M., in Douglas County, Nebraska, as surveyed, platted and recorded.

And

OC-16264
The following 22 lots in The Highlands Replat One subdivision: Lots 1 thru 22, inclusive, The Highlands Replat One, (being a replat of all Lots 17 thru 22 of The Highlands, inclusive, all of Lots 38 thru 45 of The Highlands, inclusive, and all of Lots 68 thru 79 of The Highlands, inclusive, The Highlands being a subdivision in Douglas County, Nebraska, as surveyed, platted and recorded), a subdivision located in part of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 20, Township 15 North, Range 11 East of the 6th P.M., Douglas County, Nebraska, as surveyed, platted and recorded.

And

OC-16263
Outlots A and B, The Highlands, a subdivision located in part of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 20, Township 15 North, Range 11 East of the 6th P.M., in Douglas County, Nebraska, as surveyed, platted and recorded.