

DECLARATION  
OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS  
FOR VICTORIA ROW TOWNHOMES

LOTS 1 THROUGH 8

THIS DECLARATION, made on the date hereinafter set forth by 38TH STREET JOINT VENTURE, a Nebraska Joint Venture, hereinafter referred to as "Declarant":

WITNESSETH:

WHEREAS, Declarant is the owner of the following described real property:

Lots 1 through 8, inclusive, Victoria Row Townhomes, an Addition to the City of Omaha, as surveyed, platted and recorded in Douglas County, Nebraska, and

WHEREAS, the Declarant desires to create on the herein above described real property a residential community with private parking, improvements, open spaces, and other common facilities for the benefit of said community;

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said private parking, improvements, open spaces, and other common facilities; and to this end, desires to subject the above described Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an agency to which should be delegated and assigned the powers of maintaining and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated the Victoria Row Townhomes Association, Inc., under the laws of the State of Nebraska, as a non-profit corporation, the purpose of which shall be to exercise the functions aforesaid;

WHEREAS, Declarant will convey the above-described lots, subject to certain protective covenants, conditions, restrictions, reservations, easements, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the lots described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said lots. These easements, covenants, restrictions, and conditions shall run with the real property and shall be binding upon all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each Owner thereof.

#### ARTICLE I

##### DEFINITIONS

Section 1. "Association" shall mean and refer to the Victoria Row Townhomes Association, Inc., a Nebraska non-profit corporation, its successors, and assigns.

Section 2. "Common Expenses" shall mean and refer to expenses of the Association incurred in the maintenance and repair of the exterior of any Living Unit as hereinafter provided, the maintenance and repair of the driveway and parking areas, snow removal, care and maintenance of landscaping, lawn and yards, if any, open spaces and other common facilities, the care and maintenance of the "private improvements" as set forth and defined in a certain Subdivision Agreement between the City of Omaha, the Declarant and the Association, and the providing of insurance coverages upon the Living Units.

Section 3. "Declarant" shall mean and refer to 38th Street Joint Venture, its successors and assigns.

Section 4. "Living Unit" shall mean and refer to a townhouse dwelling situated upon a Lot, designated and intended for the use and occupancy as a residence by a single family.

Section 5. "Lot" shall mean and refer to any parcel of land shown upon any recorded map or plat of The Properties, upon which a Living Unit shall be built, or is proposed to be built. The Lots subject to this Declaration are shown and described on Exhibit "A" attached hereto and by this reference incorporated herein. Any Supplemental Declaration hereafter filed shall similarly reflect those Lots thereunder subject to this Declaration, or otherwise legally describe the real property to become subject to the Declaration.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Mortgage" means a mortgage or deed of trust and "mortgagee" means the holder of a mortgage or the beneficiary of a deed of trust.

Section 8. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to all or any part, parcel or portion of a Lot which is a part of The Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "The Properties" shall mean and refer to all such properties as are subject to this Declaration. The Properties shall initially consist of Lots 1 through 8 inclusive, Victoria Row Townhomes, an Addition to the City of Omaha, as surveyed, platted and recorded in Douglas County, Nebraska.

## ARTICLE II

### PROPERTY SUBJECT TO DECLARATION

The Properties shall be held, transferred, sold, conveyed and occupied subject hereto.

## ARTICLE III.

MAINTENANCE

Section 1. Owner's Right and Obligation to Maintain and Repair. Except for those portions of the Properties which the Association is required to maintain and repair, each Owner shall, at his sole cost and expense, maintain and repair his Living Unit, keeping the same in good condition. In the event an Owner fails to maintain his Living Unit in a manner which the Board deems necessary to preserve the appearance and value of the Properties, the Board may notify Owner of the work required and request it be done within sixty (60) days from the giving of such notice. In the event that the Owner fails to carry out such maintenance within said period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner and, following notice and hearing, create a lien against his Lot for the amount thereof.

Section 2. Entry for Repairs and Maintenance. The Board or its agents may enter any Living Unit or Lot when necessary in connection with any maintenance, landscaping or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association. Except in case of any emergency, twenty-four (24) hour advance notice shall be given to the Owner or occupant.

Section 3. Limitation on Management Agreements. If a majority of the first mortgagees shall so require in writing, the Board of Directors of the Association shall retain and pay for the services of a professional property manager for the Properties. No agreement for the management of the Properties shall be effective for a term beyond one year, renewable by agreement of the parties for successive one-year periods, and such management agreement shall be terminable for cause by the Board of Directors of the Association upon 30 days' written notice thereof.

## ARTICLE IV

MEMBERSHIP

Declarant, and every Owner as defined in Article I, Section under this Declaration shall be a member of the Association.

Owner shall have more memberships than the number of Lots owned by such Owner. Memberships shall be appurtenant to and may not be separated from ownership of the Lots. Ownership of a Lot in the Association shall be the sole qualification for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

## ARTICLE V

VOTING RIGHTS

Members (Owners) 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 among themselves determine, but in no event shall all more than one vote be cast with respect to any one Lot.

## ARTICLE VI

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation  
Assessments. Each Owner of any Lot, except those exempt under Sections 7 and 9 of this Article, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, hereby covenants and agrees to pay to the Association: (1) interim assessments or charges; (2) annual assessments or charges; and (3) special assessments for capital improvements; all of such assessments to be established and collected as herein provided. The interim, annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the property against which each such assessment is made. All subsequent purchasers

shall take title to the Lot subject to said lien and shall be bound to inquire to the Association as to the amount of any unpaid assessments. 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 grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the latter.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, welfare, and recreation of the residents of The Properties and, in particular, interim and annual assessments shall be used for: exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements, specifically excluding, however, (i) windows and other glass surfaces and (ii) repairs and maintenance necessitated by the willful or negligent act of the Owner of the Lot or improvements needing such maintenance or repair or such Owner's family, guests or invitees; the maintenance and repair of the driveway and parking areas; snow removal; care and maintenance of landscaping, lawn and yards, if any, and open spaces; the care and maintenance of the "private improvements," as set forth and defined in a certain Subdivision Agreement between the City of Omaha, the Declarant, and the Association; providing insurance coverages upon the Living Units, as herein set forth, and any other expenses deemed to be common by the Association. Interim and annual assessments, and annual assessment reserves, are not intended to be used for maintenance, repair or replacement of the Living Units or appurtenant structures or improvements except as expressly provided in this Section 2, nor for the construction, replacement or major repair of capital improvements.

Section 3. Interim Assessments. Until January 1, 1985, or until the first levy of annual assessments, whichever shall first occur, unless increased as provided herein, an interim assessment of \$50.00 shall be due and payable on the first day of each calendar month by the respective Owners. The purchaser of a Living Unit on a Lot shall pay to the Association, on the date of closing, the pro-rata amount of the interim assessment due in the month of closing and the next full month's interim assessment. Thereafter, interim assessments shall become due and payable upon the first day of each calendar month. The provisions set forth in this Section 3 of Article VI shall not apply to Developer with respect to Lots owned by Developer subject to Developer paying each month the difference between the monthly interim assessments to be paid by Owners other than Developer and the total operating expenses for said month necessary to operate the Association. The Association may increase the interim assessment up to 15% per year without the consent of the Owners/Members.

Section 4. Annual Assessments. The first annual assessment shall be levied against each Lot and the Owner thereof on January 1, 1985, or any preceding January 1 if Developer has previously relinquished control of the Association. The annual assessment shall be divided as evenly into twelve (12) monthly payments as possible with the first payment to include the remainder after division. Annual assessments shall become due and payable upon the 1st of January and the 1st of each month thereafter during the calendar year. Annual assessments for each calendar year thereafter shall be levied and shall become due and payable in the same manner. Annual assessments to be levied against each Lot and the Owner thereof shall be one-eighth (1/8) of the total annual budget for the calendar year.

Section 5. Special Assessments for Capital Improvements. In addition to the interim and annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, recon-

struction, repair or replacement of a capital improvement within a driveway, ingress and egress easements, or utility easement, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of Owners who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Uniform Rate of Assessment and Collection. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. All assessments shall be paid to the Treasurer of the Association.

Section 7. Date of Commencement of Interim and Annual Assessments: Due Dates. The interim and annual assessments provided for herein shall commence as to all Lots on the day of the conveyance of the Lot by Declarant, EXCEPT THAT SUCH ASSESSMENTS SHALL NOT BE APPLICABLE TO ANY LOT OWNED BY THE DECLARANT UNTIL January 1, 1985.

The Board of Directors shall adopt a budget for each calendar year which shall include the estimate of funds required to defray the expenses of the Association in the coming calendar (fiscal) year and provide funds for reserves as herein set forth.

The budget shall be adopted in November of each year for the coming calendar year and copies of the budget and proposed annual maintenance and reserve assessments shall be sent to each Owner on or before December 31 preceding the year for which the budget is made. Budgets may be amended during a current year when necessary, but copies of the amended budget and proposed increase or decrease in assessments shall be sent to each Owner prior to the effective date of such increase or decrease. The foregoing requirement of preparation of a budget and the sending of same to Owner shall not apply to any budgeting for any period prior to January 1, 1985, unless Developer shall have previously relinquished control of the Association.

The Board of Directors shall fix the amount of annual assessment to be assessed against each Lot at least thirty (30) days prior to the commencement of the fiscal year of the Associa-



tion, which shall coincide with the annual assessment period commencing on January 1 of each year and terminating on December 31 thereof. Written notice of the annual assessment shall be sent to each Owner subject thereto at least twenty (20) days prior to the due date of the assessment, or the first installment thereof, including the dues dates and amounts thereof. The failure of the Board to so notify each Owner in advance shall not, however, relieve any Owner of the duty and obligation to pay such assessment or any installment thereof. The Board shall have the authority, in its discretion to require that all Owners pay the annual assessment in one payment or in installments becoming due at such time or times during the assessment year and payable in such manner as determined by the Board. The annual assessments shall be and become a lien as of the date of the annual assessments.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Non-Payment of the Assessments:

The Personal Obligation of the Owner; The Lien; Remedies of the Association. If any assessment chargeable to a Lot or any installment thereof is not paid on the date when due, then such assessment, together with interest thereon and cost of collection thereof as hereinafter provided, shall thereupon become a lien on such Lot superior to all other liens and encumbrances, except liens for taxes, special assessments and first mortgages.

Any delinquent assessment or installment thereof not paid within thirty days (30) after the due day shall bear interest from the due date at the highest rate of interest at which individuals may contract in Nebraska. In the event the unpaid assessment is an installment of an annual assessment, the Association may, after such thirty (30) day period and during the continuance of the default, declare all remaining installments of said annual assessment immediately due and payable, at its option. The

Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and a reasonable attorney's fee, together with the costs of the action. No Owner may waive or otherwise escape the liability for the assessments provided for herein by non-use of any facility or abandonment of his Lot. The mortgagee of the subject property shall have the right to cure any delinquency of an Owner by payment of all sums due, together with interest, costs and fees. The Association shall assign to such mortgagee all of its rights with respect to such lien and rights of foreclosure to the mortgagee.

Section 9. Transfer of Lot by Sale or Foreclosure. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

The purchaser of a Lot, including any mortgagee, who obtains title to the same as a result of foreclosure of a first mortgage, his successors and assigns, shall not thereby become personally liable for the delinquent share of the Common Expenses or Assessments, but such delinquent share of Common Expenses or assessments shall be reallocated among all of the Lots in the Properties, including the Lot foreclosed upon.

Section 10. Exempt Property. Other than Lots exempt under the provisions of Section 7 of this Article, all Lots shall be subject to a uniform rate, except for Lots owned by or conveyed to, and accepted by, any political subdivision of the Federal, State or any local governments, and Lots owned by or conveyed to, and accepted by, the Association. Such Lots shall be exempt from assessment from and after the date of filing of any such conveyance

with the Register of Deeds of Douglas County, Nebraska, and until the Lot is thereafter conveyed to a party or an entity not qualifying for exemption under this Section. Such Lots shall also be exempt from special assessments.

ARTICLE VII

COMMON SCHEME RESTRICTIONS

The following restrictions are imposed as a common scheme upon all Lots for the benefit of each other Lot and may be enforced by any Owner of a Lot or the Association.

(a) No Lot shall be used except for residential purposes.

(b) No noxious or offensive activity shall be carried on upon The Properties, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood.

(c) No structure of a temporary character, trailer, basement, tent, shack, barn or other outbuilding shall be erected upon, or used, on The Properties either temporarily or permanently.

(d) No unused building material, junk or rubbish shall be left exposed on The Properties except during actual building operations. No repair of automobiles or any other vehicle will be permitted outside of garages on The Properties at any time.

(e) No boat, camping trailer, auto-drawn trailer of any kind, mobile home, truck, motorcycle, grading or excavating equipment or other heavy machinery or equipment, vehicle undergoing repair, or aircraft, shall be stored outside the garage or in any manner left exposed on The Properties at any time.

(f) Gardens are not permitted.

(g) No incinerator or trash burner shall be permitted on The Properties. No garbage or trash can or container or fuel tank shall be permitted to remain outside of any Living Unit, except after 8:00 p.m. the evening before the scheduled

garbage pickup, provided said garbage or trash can or container is back inside the Living Unit by 6:00 p.m. the day of pickup. No garage door shall be permitted to remain open except when entry to and exit from the garage are required. No clothes line shall be permitted outside of any Living Unit at any time.

(h) No animals, livestock, fowl or poultry of any kind shall be raised, bred or kept on The Properties, except that dogs, cats, or other household pets maintained within the Living Unit may be kept, provided they are not kept, bred or maintained for any commercial purpose, and provided further that the total number of dogs and cats kept within the Living Unit or on the Lot shall not exceed two. It is intended specifically to prohibit any animals from being sheltered or tethered outside the Living Unit.

(i) No stable or other shelter for any animal, livestock, fowl or poultry shall be erected, altered, placed or permitted to remain on The Properties.

(j) No sign, billboard or other structure for advertising or the display of advertising material of any kind shall be erected, altered, placed or permitted to remain on The Properties; provided, however, that real estate for-sale signs of a size no greater than 4.5 square feet shall be permitted temporarily in the yards of Living Units which are being offered for sale; provided further, however, that as long as Declarant has Lots or Living Units for sale, no for-sale signs shall be permitted on the Properties, except such for-sale or for-rent signs as Declarant shall, in its discretion, use.

(k) No fences shall be permitted.

(l) No use shall be made of The Properties which will in any manner violate the statutes, rules or regulations of any governmental authority having jurisdiction over The Properties.

(m) No Living Unit shall be rented or leased for transient or hotel purposes (viv., rental for any period less than 30 days, or any rental if occupants are provided customary hotel services). Subject to the foregoing restrictions, each Owner shall have the absolute right to lease his Living Unit, provided that the lease is in writing and is in all respects subject to the covenants, conditions, restrictions, limitations and uses provided in this Declaration and the ByLaws.

(n) All vehicles of Owners and members of their immediate family, while on The Properties, shall be parked in the respective Owner's garage or on the street. Parking areas provided on The Properties, if any, are to be used for guest parking only.

(o) The use of The Properties shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors of the Association.

#### ARTICLE VIII

##### INSURANCE

Insurance shall be obtained and maintained and the proceeds thereof disposed of by the Association as follows:

Section 1. Coverage. The Association shall obtain and maintain in effect for the improvements upon The Properties, one or more policies of insurance against the perils of fire, lightning, malicious mischief and vandalism with extended coverage in amounts equivalent to the full replacement costs of The Properties and the improvements thereon (Living Units), to provide for the restoration thereof to tenantable condition in the event of damage (but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners), without deduction for depreciation. The policy or policies shall be written in the name of and the proceeds thereof shall be payable to, the Association, for each of the Unit Owners and the respective mortgagees of the Unit Owners. All proceeds of any such insurance shall be used to restore the improvements on The Properties to their

condition prior to any loss. The Association shall obtain and maintain in effect public liability insurance in such limits as determined by the Board of Directors covering The Properties with the Association, Board, its employees and agents, and Owners, as insureds. The Association shall also obtain and maintain workmen's compensation coverage and such other coverage as determined by the Board. Insurance premiums shall be deemed a common expense. Each Unit Owner may obtain additional insurance at his expense provided that all policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of such additional insurance carried by a Unit Owner.

Section 2. Valuation and Coverage Amount. Prior to obtaining any policy of physical damage insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a casualty company or otherwise of the full replacement of the improvements on The Properties, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be effective pursuant to this Article.

Section 3. Rebuilding and Repair Upon Casualty. If any of The Properties are damaged by fire or other casualty, insurance proceeds payable to the Association shall be used to rebuild or repair such damage substantially in accordance with the original plans and specifications therefor. Custom-built items added by Owners to their Living Units shall be rebuilt or replaced at the expense of Owners or their insurers. Any excess insurance proceeds shall be deposited to the general funds of the Association.

In the event the proceeds of the Association's insurance policy are insufficient to rebuild or repair The Properties, the Association may use funds from its account or if necessary from levying a Special Assessment on all Owners to restore or rebuild The Properties.

In the event The Properties are totally or substantially damaged or destroyed, mortgagees shall receive timely written notice thereof. The repair, reconstruction or disposition of the property and insurance proceeds shall be as provided by an agreement approved by Owners representing at least seventy-five percent (75%) of the basic value of The Properties, subject to the rights of mortgagees, provided, however, that the Project shall be rebuilt unless Owners representing at least seventy-five percent (75%) of the basic value vote not to rebuild.

Section 4. Liability of Board. The Board of Directors shall not be liable to any party upon the amount of insurance coverage obtained in settlement of the insurance claim nor the application of the insurance proceeds, except in the event of loss arising from its gross negligence or willful misconduct.

#### ARTICLE IX

##### EASEMENTS

The Properties are, and shall perpetually be, unless any thereof is terminated, subject to all and each of the following easements for common use, construction, maintenance, support, repair, recreational and other access, private and public sewer and utility line construction and service and ingress and egress easements.

Section 1. Utility Easement. Declarant hereby grants to itself and to each Member of the Association, Northwestern Bell Telephone Company, Metropolitan Utilities District, Omaha Public Power District, and their respective assigns and successors, a perpetual easement, together with rights of egress and ingress, and other access thereto, for purposes of construction, installing, maintaining, operating, renewing, or repairing their respective private sewer, telephone, gas, water, electric, public sewer, cable television, or other utility conduits, lines, or other facilities in and under each Lot, as confined to non-interference with any structural elements of any Living Unit. Each such Grantee, by acceptance or use of this easement right, shall be deemed to agree to restore the surface of the soil or any improve-

ment thereon for any purposes hereunder to the original contour and condition thereof as near as possible and to repair or replace the surface of any lawns, streets, parking areas, driveways, or Living Units which may have been disturbed for any purpose hereunder as near as possible to its original condition. Such restoration, repair or replacement shall be performed as soon as may be reasonably possible to do so.

Section 2. Ingress and Egress, Driveway, and Pedestrian Easements. Declarant hereby reserves and grants to itself, and to members of the Association, their successors and assigns, a perpetual easement, together with rights of egress, ingress, and other access thereto, on and over each Lot for the purposes of constructing, maintaining, repairing and reconstructing roadways, driveways and sidewalks over, under, and upon each Lot, as confined to noninterference with any structural elements of any Living Unit and for the further purpose of pedestrian traffic. Declarant hereby reserves and grants for itself and each of the Association, each Owner, contract purchaser and lessee (while in possession of any Living Unit in The Properties) their families, guests, employees, agents and invitees, an easement for access, ingress, egress, use and enjoyment upon and over each such roadway, driveway and sidewalk on each Lot; provided, however, such use does not interfere with an Owner's use and enjoyment of his Living Unit.

Section 3. Easements for Encroachments. If any portion of The Properties encroaches upon a Lot or Living Unit or if any Living Unit encroaches upon The Properties as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for the encroachment and for the maintenance of the same shall exist so long as such encroachment exists.



## ARTICLE X

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind The Properties, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded.

Section 2. Amendments. Subject to the provisions of Section 3 of this Article X, the covenants and restrictions of this Declaration may be amended by the Declarant corporation, partnership, or entity designated in writing by the Declarant, in order to meet the requirements of any governmental agency or financial institution, until January 1, 1985 or such earlier time as the Declarant has conveyed fee simple title to six (6) of the Lots; provided, however, that the consent of all Lot Owners shall be required for any amendment of this Declaration effecting a change in (i) the boundaries of any Lot, (ii) the number of votes in the Association appertaining to any Lot, or (iii) the fundamental purposes to which any Lot are restricted; and provided, further, that the consent of at least 80 percent of the Lot Owners shall be required to terminate or abandon the common benefits conferred upon the Properties by this Declaration, except as provided in Article VIII, Section 3. Thereafter this Declaration may be amended by an instrument signed by the Owners of not less than two-thirds (2/3) of the Lots covered by this Declaration except as provided in Section 3 of this Article X. Written notice of any proposed amendment and a meeting to be called for such purpose must be sent at least thirty (30) days but not more than ninety (90) days prior to such proposed meeting, by the Board of Directors of the Association. The notice will contain the full text of the proposed amendment and the date, time and place of the meeting. Any such amendment so adopted and executed must be properly recorded.

Section 3. Mortgage Protection Clause. No breach of any of the covenants, conditions and restrictions herein shall render invalid the lien of any first mortgage (meaning a mortgage with first priority over any other mortgage) on any Lot made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Without the prior written approval of one hundred percent (100%) of the mortgagees, based upon one (1) vote for each mortgage or deed of trust owned, neither this Declaration nor By-Laws of the Association shall be amended so as to:

- a. Change the share of assessments charged to any Lot;
- b. Terminate or abandon the common benefits conferred upon the Properties by this Declaration except as provided in Article VIII, Section 3;
- c. Allow partition or subdivision of any Lot without the prior written approval of the first mortgagee of such Lot;
- d. Change the interest of any Lot in the allocation of distributions of hazard insurance proceeds or condemnation awards;
- e. Permit the use of hazard insurance proceeds for losses or damages to any portion of the Properties to be used for other than the repair, replacement or reconstruction thereof, except as provided by law, or to be deposited to the general funds of the Association;
- f. Change the provisions of the Declaration and By-Laws so as to give any Owner or other party, priority over any rights of mortgagees pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards or losses to or taking of the Lots or The Properties.
- h. Materially change the Declaration or By-Laws or permit termination of professional management of the Project if professional management is required by Article III, Section 3 hereof.

Notwithstanding any language contained in this Declaration to the contrary, no Owner and no other party shall have priority over any rights of mortgagees pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of the Lots or any part of The Properties.

Institutional lenders who are first mortgagees shall have the right (a) to examine the books and records of the Association during normal business hours; (b) upon written request to receive an annual financial statement of the Association within 90 days following the end of any fiscal year thereof; and (c) upon written request to receive written notice of meetings of the Association and be permitted to designate a representative to attend such meetings.

Section 4. Condemnation. In the event of an award for the taking of any Lot by eminent domain, the Owner of such Lot shall be entitled to receive the award for such taking and after acceptance thereof he and his mortgagee shall be divested of all interest in the Properties if such Owner shall vacate his Living Unit as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Properties, or take other action. The remaining portion of the Properties shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking and to readjust proportionately the percentages of undivided interest of the remaining Owners in the Properties. In the event of a taking by eminent domain of any part of The Properties, the Association shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Lots are not valued separately by the condemning authority or by the court. In the event of inverse condemnation, any award received shall be allocated fairly and proportionately among the Owners of Living Units involved. The Association shall give careful consideration to the allocation of percentage interests in The Properties in determining how to divide proceeds of the condemnation. In the event any Owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under the rules of the American Arbitration Association. In the event of eminent domain proceedings against The Properties or any portion thereof, Institutional Lenders who are first mortgagees shall be given timely written notice thereof.

Section 5. Notices. Any notice required to be sent to any Member, Owner or Mortgagee under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or

Owner on the records of the Association at the time of such mailing; Provided, that it shall be the sole responsibility of each contract purchaser and mortgagee to notify the Association in writing of its interest in a Lot or Living Unit prior to the responsibility arising in the Association to notify said contract purchaser or mortgagee as required under any of the provisions herein established. In the absence of such notice, the Association shall be free from any liability or responsibility to such party or parties arising by reason of performing its duties hereunder.

Section 6. Compliance with Declaration. Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation and By-Laws of the Association, and the Rules and Regulations, decisions and resolutions of the Association as the same may be lawfully adopted and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief, or both, and for reimbursement of all attorney's fees incurred in connection therewith, which action shall be maintainable by the Board of Directors on behalf of the Owners, or by an aggrieved Owner or by the Association.

Section 7. 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.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed this 10th day of November, 1982.

38TH STREET JOINT VENTURE,  
a Nebraska joint venture,

By: Goldman-Kasin Construction Company,  
a Nebraska corporation

By: Sander J. Kasin  
Sander J. Kasin, President

STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

The foregoing instrument was acknowledged before me this 23 day of November, 1982, by Sander J. Kasin, President of Goldman-Kasin Construction Company, a Nebraska corporation, partner of 38th Street Joint Venture, a Nebraska partnership, on behalf of the partnership.



Patricia L. Welch  
Notary Public

BY-LAWS  
OF  
VICTORIA ROW TOWNHOMES ASSOCIATION, INC.

ARTICLE I

BY-LAWS

Section 1.      Description.

These are the By-Laws of Victoria Row Townhomes Association, Inc., a Nebraska non-profit corporation with its registered offices at Omaha, Nebraska.

Section 2.      Seal.

The corporate seal shall bear the name of the corporation and the words Omaha, Nebraska, Corporate Seal.

Section 3.      Membership.

The corporation has been organized to provide a means of management for Victoria Row Townhomes, a townhouse development consisting of eight (8) townhomes in Omaha, Douglas County, Nebraska. Membership in the Association is automatically granted and restricted to record owners of a Lot(s) in Victoria Row Townhomes, as described below, herein sometimes referred to as a "Unit". The votes on behalf of the Unit shall be in person by the record owner thereof, or by proxy, but if a Unit is owned by more than one person or by a corporation or other entity, such vote shall be cast, or proxy executed, by the person named in a certificate signed by all of the owners of the Unit and filed with the Secretary of the Association. Each Unit shall be entitled to one vote.

Section 4.      Property Submitted.

Lots 1 through 8, inclusive, Victoria Row Townhomes, an addition to the City of Omaha, as surveyed, platted and recorded in Douglas County, Nebraska.

Section 5.      Application.

All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of Victoria Row Townhomes or of the corporation in any manner are subject to these By-Laws, the Declaration of Covenants, Conditions, Restrictions and Easements ("Declaration") and the Rules and Regulations.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations, and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

## ARTICLE II. UNIT OWNERS.

### Section 1. Annual Members' Meetings.

Upon December 31, 1984 or, if earlier, upon the closing of the sale of the sixth Unit by the 38th Street Joint Venture (herein referred to as "Developer"), or as soon as the Developer shall voluntarily relinquish control of the Board of Directors, whichever shall first occur, the Developer shall notify all Unit owners thereof and the first annual meeting of the Unit owners shall be held within 30 days thereafter.

At such meeting, the original Board of Directors shall resign as members of the Board of Directors and as officers, and all the Unit owners, including the Developer shall elect a new Board of Directors. Thereafter, the annual meetings of the Unit owners shall be held on the 15th day of January of each year, unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the following business day. At such meetings the Board of Directors shall be elected by ballot of the Unit owners in accordance with the requirements of Section 4 of Article III of the By-Laws. So long as the Developer shall own one or more of the Units, the Developer shall be entitled to elect at least one member of the Board of Directors who shall serve for a term of one year. The Unit owners may transact such other business at such meetings as may properly come before them.

### Section 2. Special Members' Meetings.

Special meetings of the Association Unit owners may be called by the President or Vice President or by a majority of the Board of Directors and must be called upon receipt of written request from a majority of Unit owners. Notice of a special meeting shall state the time and place of such meeting and the purpose thereof. No business, except that stated in the notice shall be transacted at the special meeting.

### Section 3. Place of Meetings.

Meetings of the Association Unit owners shall be held at the registered office of the Developer as long as Developer has elected a member of the Board of Directors, or at such other suitable place convenient to the Unit owners as may be designated by the Board of Directors.

Section 4.      Notice of Meetings.

It shall be the duty of the Secretary to mail a written notice of each annual or special meeting of the Association Unit owners at least ten (10) but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit owner of record, at their Unit address or at such other address as such Unit owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided by this Section shall be considered service of notice.

Section 5.      Quorum.

A quorum for Association Unit owners' meetings shall consist of the presence, in person or by proxy, of a majority of Unit owners, unless otherwise provided in these By-Laws or the Master Deed.

Section 6.      Voting.

The owner or owners of each Unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the vote for such Unit at all meetings of Unit owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary, by the owner of owners so designating. In instances of other than individual ownership, any or all of such owners may be present at any meeting of the Unit owners and (those constituting a group acting unanimously), may vote or take any other action as an individual Unit owner either in person or by proxy. However, no proxy may cast a vote for more than one Unit owner. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Each Unit shall have one vote.

Section 7.      Majority Vote.

The vote of a majority of Unit owners at a meeting at which a quorum shall be present shall be binding upon all Unit owners for all purposes except where in these By-Laws or the Declaration, a higher percentage vote is required.

Section 8.      Procedure. The President shall preside over members' meetings and the Secretary shall keep the minute book wherein the resolutions shall be recorded.

Section 9.      Adjournment.

If any meeting of the Unit owners cannot be held because a quorum has not attended, a majority of the Unit owners who are present at such meeting, either in person or by proxy, may adjourn

the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Number and Qualification.

The affairs of the Association shall be governed by a Board of Directors of three (3) in number. Until December 31, 1984, or until the closing of the sale of the eighth Unit by Developer, or until the Developer shall voluntarily relinquish its control of the Board of Directors by written notice to all owners of Units, whichever shall first occur, the Developer shall designate all members of the Board of Directors, officers and employees of the Association. Thereafter, the Board of Directors shall be composed of not less than three (3) persons, all of whom shall be Unit owners.

Section 2. Powers and Duties.

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things except as by law or by these By-Laws may not be delegated to the Board of Directors by the Unit owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the common areas and facilities.
- (b) Determination of the common expenses required for the affairs of the Association and the Victoria Row Townhomes, including, without limitation, the operation and maintenance of the Association and the Victoria Row Townhomes.
- (c) Collection of the assessments (which for the purpose of these By-Laws shall mean such portion of the common expenses as are payable by the respective Unit owners) from Unit owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas, facilities and property.
- (e) Adoption and amendment of rules and regulations covering the details of the operation and use of the Victoria Row Townhomes.
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.



- (g) Making of repairs, additions and improvements to or alterations of the Victoria Row Townhomes and repairs to and restoration of the Victoria Row Townhomes in accordance with the other provisions of these By-Laws and the Declaration.

Section 3. Managing Agent and Manager.

The Board of Directors may employ a managing agent and/or a manager at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize.

Section 4. Election and Term.

At the first annual meeting of the Association Unit owners, the members of the Board of Directors shall be elected to serve until the next annual meeting of the Association Unit owners. Each Director shall be elected thereafter to serve a term of one (1) year or until his successor shall have been duly elected by the Association Unit owners. The initial Board of Directors shall hold office until the first annual meeting of the owners.

Section 5. Removal of Directors.

After the Developer has relinquished control of the Board of Directors, at any regular or special meeting of Association Unit owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority vote of the owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any members of the Board of Directors whose removal has been proposed by the Association Unit owners shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies.

Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the Association Unit owners, shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the terms of the vacating member and until a successor shall be elected at the next annual meeting of the Association Unit owners.

Section 7. Annual Board Meeting.

The annual meeting of the members of the Board of Directors shall be held immediately following the annual meeting of the Association Unit owners, at such time and place as shall be fixed

by the Association Unit owners at the meeting at which such Board of Directors shall have been elected. No notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors but at least two such meetings shall be held during each calendar year, in addition to the annual meeting. Notice of regular meetings of the Board of Directors shall be given to each member of the Board, by mail, at least three business days prior to the day named for such meeting.

Section 9. Special Board Meetings.

Special meetings of the Board of Directors may be called by the President upon five (5) business days' notice to each member of the Board, given by mail, or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and like notice on the written request of at least three (3) members of the Board of Directors unless there are less than three (3) members, in which event, upon the written request of the one or two remaining members.

Section 10. Waiver of Notice.

Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice to him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum.

At all meetings of the Board of Directors a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjournment at which a quorum is present, any business which might have been transacted

at the meeting originally called, may be transacted without further notice.

Section 12.      Fidelity Bonds.

The Board of Directors shall obtain adequate fidelity bonds for all officers, employees, and themselves, if necessary, of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a common expense.

Section 13.      Compensation.

No members of the Board of Directors shall receive any compensation from the Association for acting as such; provided, however, members of the Board of Directors shall receive reimbursement for expenses actually incurred. A Director may be an employee of the Association, and a contract for management of Victoria Row Townhomes may be entered into with a Director.

Section 14.      Liability.

The members of the Board of Directors shall not be liable to the Unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board of Directors or the managing agent, or the manager, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder. The liability of any Unit owner arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board shall be limited to one-eighth (1/8) of the total liability thereunder.

ARTICLE IV. OFFICERS

Section 1.      Designation.

The officers of the Association shall consist of a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors, and such additional officers as the Directors shall from time to time deem necessary. Any person may hold two or more offices, but no one person shall hold the offices of President and Secretary simultaneously.

Members of the Board of Directors may also be officers. The President shall be elected from the members of the Board of Directors.

Section 2.            Election.

The officers of the Association shall be elected annually by a majority vote of the Board of Directors at the annual Board meeting, and shall hold office at the pleasure of the Board.

Section 3.            Removal.

Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed, with or without cause, and his successor shall be elected at any regular, annual, or special meeting of the Board called for that purpose.

Section 4.            President.

The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association Unit owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the laws of Nebraska, including but not limited to, the power to appoint committees from among the Unit owners from time to time as he may at his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5.            Vice President.

The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

Section 6.            Secretary.

The Secretary shall take the minutes of all meetings of the Association Unit owners and of the Board of Directors and shall keep same at the principal office of the Association unless otherwise instructed by the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the secretary of a corporation organized under the laws of the State of Nebraska.

Section 7. Treasurer.

The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the depository of all monies and other valuable effects in the name of the Board of Directors or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of the State of Nebraska.

Section 8. Compensation.

No officer shall receive any compensation from the Association for acting as such.

Section 9. Agreements, Contracts, Etc.

All agreements, checks, contracts and other instruments shall be signed by two officers of the Association or by such other person or persons as may be designated by the Board of Directors.

ARTICLE V. BUDGET AND ASSESSMENTS.Section 1. Budget.

The Board of Directors shall adopt a budget for each calendar year, which shall include the estimate of funds required to defray common expenses in the coming calendar year and to provide funds for current expenses, reserves to provide a working fund or to meet anticipated losses, and such sums as needed to make up any deficit in the common expense assessments for prior years. Common expenses shall mean and refer to expenses of the Association incurred in the maintenance and repair of the exterior of any Unit the maintenance and repair of the driveway and parking areas, snow removal, care and maintenance of landscaping, lawn and yards, if any, open spaces and other common facilities, the care and maintenance of the "private improvements" as set forth and defined in a certain Subdivision Agreement between the City of Omaha, 38th Street Joint Venture, and the Association, and the providing of insurance on the Common Properties and the Units. Where no provision is applicable, the discretion of the Board of Directors shall control. The budget shall be adopted in November of each year in advance of the coming calendar year and copies of the budget and the annual assessments for each Unit shall be sent to each Unit owner on or before the December 31 proceeding the calendar year for which the budget is made.

Budgets may be amended during a current calendar year where necessary, but copies of the amended budget and proposed increase or decrease in assessments shall be mailed to each Unit owner prior to the effective date of such increase or decrease.

Section 2. Annual Assessments.

The first annual assessment shall be levied against each Unit and the owner thereof on January 1, 1985, or any preceding January 1 if Developer has previously relinquished control of the Association. The annual assessment shall be divided as evenly into twelve (12) monthly payments as possible with the first payment to include the remainder after division. These monthly payments shall become due and payable upon the 1st of January and the 1st of each month thereafter during the calendar year. Annual assessments for each calendar year thereafter shall be levied and shall become due and payable in the same manner. Annual assessments to be levied against each Unit and the owner therefor shall be one-eighth (1/8) of the total annual budget for the calendar year.

Section 3. Interim Assessments.

Until January 1, 1985, or until the first levy of annual assessments according to Section 2 of Article V herein, whichever shall first occur, an interim assessment of \$ \_\_\_\_\_ shall be due and payable on the first day of each calendar month by the respective Unit owners.

The purchaser of a Unit shall pay to the Association, on the date of closing, the pro-rata amount of the interim assessment due in the month of closing, plus the interim assessment for the next full month. Thereafter interim assessments shall become due and payable upon the first day of each calendar month.

The provisions set forth in this Section 3 of Article V shall not apply to Developer with respect to Units owned by Developer subject to Developer paying each month the difference between the monthly interim assessments to be paid by Unit owners other than Developer and the total operating expenses for said month necessary to operate the Association.

Section 4. Increases in Interim Assessments.

Interim assessments in the amounts shown in Section 3 of Article V shall not be increased more than fifteen percent (15%) above the level of the immediately preceding year.

Section 5. Special Assessments.

Special assessments may be assessed and levied against each Unit, in addition to the annual or interim assessments provided

for above, during any assessment year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, improvement, repair or replacement of a capital improvement of the common elements, including fixtures and personal property, subject to the owner approval provisions of the Declaration of and these By-Laws.

Special assessments shall be due and payable thirty (30) days after the assessment is levied against the owners of the Units and notice thereof has been given, and special assessments not paid within thirty (30) days thereafter shall be treated according to the interest and lien provisions hereafter.

Special assessments to be levied against each Unit and the owner thereof shall be one-sixteenth (1/16) of the total special assessments.

Section 6. Escrow of Assessments.

The Board of Directors of the Association may arrange to have all assessments in Section 4 or Section 5 of Article V paid to an escrow fund to be held and managed by a bank or savings and loan association.

Section 7. Personal Assessment Liability.

Each Unit owner or, if more than one, Unit owners, jointly and severally, shall be personally liable for the payment of assessments under the preceding Sections. Upon the expiration of thirty (30) days from the due date of an assessment, if said assessment remains unpaid, the Association may bring suit against the owner or owners of said Unit for recovery of the same. If the assessment is a monthly installment of an annual assessment, the default in payment of one installment when due, may, at the option of the Association, cause the remainder of the installments due for that annual period to become immediately due and payable. The defaulting Unit owner shall be liable for the unpaid assessment or assessments, interest thereon from the due date to the date paid at the highest rate of interest at which individuals may contract in Nebraska, and attorney fees and expenses incurred in the collection of the same. No proceeding to collect defaulted assessments pursuant to this Section shall constitute a waiver of the lien of the Association against said defaulting owner's Unit nor a waiver of the right of the Association to foreclose thereon.

The grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter up to the time of the grantor conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

The provisions set forth in this Section shall not apply to the initial sales and conveyance of the Units made by Developer, and such sales shall be free from all assessments to the date of conveyance.

Section 8. Assessment Lien.

If any Unit owner shall fail or refuse to make any payment of an assessment when due, the amount thereof shall constitute a lien on the interest of the Unit owner in his Unit and the Board of Directors may record such lien in the Office of the Register of Deeds of Douglas County, Nebraska; whereupon, said lien shall be privileged over and prior to all liens and encumbrances except assessments, liens and charges for taxes past due and unpaid on the Unit and except prior duly recorded mortgage and lien instruments. Assessments delinquent more than ten (10) days after the due date shall bear interest at the highest rate at which individuals may contract in Nebraska from the due date until paid. The delinquency of one installment of an annual assessment shall cause all remaining installments, at the option of the Association, to immediately become due and payable.

Section 9. Statement of Unpaid Assessments.

Upon payment of a reasonable fee, not to exceed Ten Dollars (\$10.00), and upon the written request of any owner, prospective purchaser or of any mortgagee of a Unit, the Board of Directors, or the Managing Agent, shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to the subject Unit, the amount of the current periodic assessment and the date that such assessment becomes due, any penalties due, and credit for advance payments or for prepaid items, which statement shall be conclusive upon the Association in favor of all persons who rely thereon in good faith.

Section 10. Nonwaiver.

The omission or failure to timely fix any assessments or deliver or mail a statement for any period shall not be deemed a waiver, modification or a release of the owners from their obligation to pay the same.

Section 11. Foreclosure of Liens for Unpaid Common Expenses.

In any action brought by the Board of Directors to foreclose a lien on a Unit because of unpaid common expenses, the Board of Directors, acting on behalf of all owners, shall have power to purchase such Unit at the foreclosure sale, and to acquire, hold, lease, mortgage, vote the vote appurtenant to, convey, or otherwise deal with the same, all costs incurred, including the cost to purchase, constituting a common expense. A suit to recover a



money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

ARTICLE VI. INSURANCE.

Insurance shall be obtained and maintained and the proceeds thereof disposed of by the Association as follows:

Section 1. Coverage.

The Association shall obtain and maintain in effect for the improvements upon The Properties, one or more policies of insurance against the perils of fire, lightning, malicious mischief and vandalism with extended coverage in amounts equivalent to the full replacement costs of the Properties and the improvements thereon (Living Units), to provide for the restoration thereof to tenable condition in the event of damage (but not including furniture, furnishings, or other personal property supplied or installed by Unit owners), without deduction for depreciation. This policy or policies shall be written in the name and proceeds thereof shall be payable to, the Association, for each of the Unit owners and the respective mortgagees of the Unit owners. All proceeds of any insurance shall be used to restore the improvements on The Properties to their condition prior to any loss. The Association shall obtain and maintain in effect public liability insurance in such limits as determined by the Board of Directors covering The Properties with the Association, Board, its employees and agents, and Owners, as insureds. The Association shall also obtain and maintain workmen's compensation coverage and such other coverage as determined by the Board. Insurance premiums shall be deemed a common expense. Each Unit owner may obtain additional insurance at his expense provided that all policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by a Unit owner.

Section 2. Valuation and Coverage Amount.

Prior to obtaining any policy of physical damage insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a casualty company or otherwise of the full replacement of the improvements on The Properties, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be effective pursuant to this Article.

Section 3. Liability of Board.

The Board of Directors shall not be liable to any party upon the amount of insurance coverage obtained in settlement of the insurance claim nor the application of the insurance proceeds, except in the event of loss arising from its gross negligence or willful misconduct.

ARTICLE VII. MAINTENANCE AND ALTERATIONSSection 1. Maintenance.

The Unit owner shall have the obligation to maintain and keep in good repair the interior of his Unit. An owner shall not be solely responsible for repair to common elements by casualty, or property to be repaired by common expense by casualty, unless such casualty is due to the act or negligence of the owner, his guests, invitees, or tenants. All maintenance, including lawn maintenance and snow removal, repairs and replacements to the common and exterior of the Unit, elements shall be made by the Association and be charged to all Unit owners as a common expense, unless such maintenance, repair, or replacement is necessitated by the negligence, misuse or neglect of a Unit owner, in which case, such expense shall be charged to such Unit owner.

Section 2. Alterations by Unit Owner.

No Unit owner shall make any exterior structural addition, alteration or improvement in or to his Unit, including any exterior painting or exterior alteration or addition (including awnings, grills, skylights etc.) without the prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a Unit owner for approval of a proposed structural addition, alteration or improvement in such owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement.

Section 3. Decks and Porches.

A deck or porch to which a Unit has sole access shall be for the exclusive use of the owner of said Unit. Such Unit owner shall keep such areas free and clear of snow, ice, any accumulation of water, waste, debris, dirt, and shall make all repairs thereto resulting from his negligence, misuse or neglect. All other repairs in, to or with respect to such area shall be a common expense.

ARTICLE VIII. RESTRICTIONS AND RESERVATIONS.Section 1. Use Restrictions.

In order to provide for congenial occupancy of the Victoria Row Townhomes and for the protection of the value of the Units, the use of the Units and Victoria Row Townhomes shall be restricted to and shall be in accordance with the following provisions:

(a) The Units shall be used for residences only by the owner or owners thereof, their families, guests, invitees, lessees and licensees.

(b) The common areas and facilities shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

(c) No nuisance shall be allowed in the Victoria Row Townhomes or Units nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Victoria Row Townhomes or Units.

(d) No improper, offensive or unlawful use shall be made of the Victoria Row Townhomes or Units and all valid laws, zoning laws and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Victoria Row Townhomes or Units shall be corrected, by and at the sole expense of the Unit owners or the Board of Directors whichever shall have the obligation to maintain or repair such portion.

## Section 2. Rules of Conduct.

Rules and regulations concerning the use of the Units and the common areas and facilities may be promulgated and amended by the Board of Directors with the approval of a majority of the Unit owners. Copies of such rules and regulations shall be furnished by the Board of Directors to each Unit owner prior to the time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Directors with the approval of a majority of the Unit owners, are annexed hereto, marked Exhibit "2", and made a part hereof. Certain restrictions on use are provided in the Declaration.

## Section 3. Right of Access.

A Unit owner shall grant a right of access to his Unit to the manager and/or managing agent and/or any other person authorized by the Board of Directors, the manager or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a common area or facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other facilities in his Unit or elsewhere, or for setting or maintenance of the sprinkler system, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit owner. In case of an emergency, such right of entry shall be immediate, whether the Unit owner is present at the time or not.

Section 4. Abatement and Enjoining of Violations.

The violation of any rule or regulation adopted by the Board of Directors or the breach of any of these By-Laws contained herein, shall give the Board of Directors the following rights, in addition to any other rights set forth in these By-Laws:

(a) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE IV. MORTGAGESSection 1. Notice to Board of Directors.

A Unit owner who mortgages his Unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Notice of Default.

The Board of Directors, when giving notice to a Unit owner of a default in paying assessments or other defaults, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board of Directors.

Section 3. Examination of Books.

Each Unit owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more often than once every three (3) months.

ARTICLE X. AMENDMENT.Section 1. Amendment of Owners.

There shall be no amendment to these By-Laws unless owners of sixty-six and two-thirds percent (66 2/3%) or more of the Units shall have voted therefor in the affirmative at a special or annual meeting.

Section 2. Amendment By Developer.

Anything contained in these By-Laws or Articles of Incorporation to the contrary notwithstanding, until December 31, 1984, or until the sale of the eighth Unit by Developer, or until Developer releases control of the Association, whichever first occurs, Developer reserves the right to supplement or amend these

By-Laws for clarification, correction or otherwise in the best interests of all Unit owners, including Developer.

ARTICLE XI. RECORDS.

Section 1. Records and Audit.

The Board of Directors or the managing agent shall keep detailed records of the actions of the Board of Directors and the managing agent, minutes of the meetings of the Board of Directors, minutes of the meetings of Unit owners, and financial records and books of account of the corporation, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of common charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the corporation shall be rendered by the Board of Directors to all Unit owners at least semi-annually. In addition, an annual report of the receipts and expenditures of the corporation certified by an independent certified public accountant, shall be rendered by the Board of Directors to all Unit owners and to all mortgagees of Units who have requested the same, promptly after the end of each calendar year.

ARTICLE XII. MISCELLANEOUS.

Section 1. Notices.

All notices hereunder shall be sent by registered or certified mail to the Board of Directors c/o the managing agent, or if there is no managing agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time, by notice in writing to all Unit owners and to all mortgagees of Units. All notices to any Unit owner shall be sent by registered or certified mail to the building or to such other address as may have been designated by him from time to time in writing to the Board of Directors. All notices shall be deemed to have been given when mailed except notices of change of address which shall be deemed to have been given when received.

Section 2. Invalidity.

The invalidity of any part of the By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3.      Captions.

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws, or the intent of any provisions thereof.

Section 4.      Gender.

The use of the masculine gender of these By-Laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5.      Nonwaiver.

No restrictions, conditions, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce same, irrespective of the number of violations or breaches thereof which may occur.

