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DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
REGISTER OF DEEDS

THIS DECLARATION, made the date hereinafter set forth by Pinnacle Homes Inc., a Nebraska corporation, hereinafter referred to as Declarant.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Sarpy County, Nebraska, which is more particularly described as:

Birchfield, 3rd Addition, Lots 1-23 inclusive, and Outlot "A", a subdivision as surveyed, platted and recorded in Sarpy County, Nebraska.

NOW, THEREFORE, Declarant hereby declares that the property described above, together with all of the properties make a part hereof in accordance with Section 4, 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, perpetually with all of said 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 Birchfield Townhomes Association, Inc., a Nebraska nonprofit corporation, 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 townhome unit which is a part of the Properties, but excluding in all cases those having any such interest merely as security for the performance of any obligation or as an encumbrance upon the interest of a beneficial owner. If a townhome Unit or Lot is sold under a recorded contract of sale under which the seller retains title solely as security for the performance of the purchaser's obligations under the contract, the purchaser (rather than the fee Owner) will be considered the Owner.

Section 3. "Properties" shall mean and refer to Lots 1 through 23, inclusive, and Outlot A of Birchfield 3rd Addition, a Subdivision, as surveyed, platted, and recorded in Sarpy County, Nebraska that certain real property hereinafter described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any platted Lot shown upon any recorded subdivision map of the Properties, or one of two parcels resulting from a Lot split. 015565

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Section 5. "Declarant" shall mean and refer to Pinnacle Homes, Inc., its successors and assigns.

Section 6. "Unit" shall mean each individual dwelling/townhome unit (1/2 of the duplex or 1/3 of the triplex) and the Lot upon which it is situated.

Section 7. "Common Area" shall mean and refer to all property owned by the Declarant or its successor or assign, including Outlot A, Birchfield 3rd Addition, a Subdivision, as surveyed, platted, and recorded in Sarpy County, Nebraska. Outlot A, Birchfield 3rd Addition, shall be owned and held by either the Declarant or its successors and assigns, and maintained by the Association pursuant to Article III, Sections 9 and 10.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a Unit which is subject to assessment shall be a member of the Association. Each Lot Owner is empowered to enforce the covenants. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. The Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each unit owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

Class B. Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot or Unit 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 July 1, 2001.

ARTICLE III

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Unit by

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

Section 2. Assessments. The assessments levied by the Association shall be used exclusively for the expenses and costs of the operation of the Association, the exterior maintenance of the Lots and the Common Area, as more particularly described in Section 9, insurance on the Common Areas, more particularly described in Section 10, for a sprinkler system in the common Areas, if installed, and for a privacy fence around the Properties, if constructed.

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 not exceed Seven Hundred Eighty Dollars (\$780.00) per Unit.

- (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 five percent (5%) above the maximum 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 five percent (5%) by a vote of two-thirds (2/3) 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. Notice and Quorum for Any Action Authorized Under Section 3. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 of this Article shall be sent to all members not less than ten (10) days nor more than thirty (30) 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 held within thirty (30) days following the preceding meeting.

Section 5. Rate of Assessment. Annual assessments must be fixed, based on the status of each Lot. All Lots which have a townhome Unit completed and residents living therein will be be assessed. Lots or Units under construction, which are vacant, used as models and/or unsold

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to third party purchasers (not the Declarant's or his assigns) will not be assessed. All assessments may be collected on a monthly basis.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The annual monthly assessments provided for herein shall commence as to all Units on the first day following the conveyance of the first townhome Unit to a third party purchaser. The first annual assessment shall be adjusted according to the number of days remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Unit 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 setting forth whether the assessments on a specified Lot or Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Unit is binding upon the Association as of the date of its issuance.

Section 7. 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 due date at the maximum legal rate allowable by law in the State of Nebraska, which at the time of execution of these Declarations is sixteen percent (16%) per annum. Should any assessment remain unpaid for more than thirty (30) days after the due date, the Association may declare the entire unpaid portion of the assessment 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 a court having jurisdiction for the enforcement of such liens. No Owner may waive or otherwise escape liability for the assessments provided for herein by maintaining his or her own Unit or Lot.

Section 8. Subordination or the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage, first deed of trust, or other initial purchase money security device. Sale or transfer of any Unit shall not affect the status or priority of the lien for assessments made therein. However, the sale or transfer of any Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of security device is in default if the Board determines that such lien has no value to the Association. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the responsibility to collect all assessments due.

Section 9. Exterior Maintenance and Services. "Exterior Maintenance" (as defined herein) of each townhome Unit and Lot shall be provided by the Association and each Owner does hereby consent and grant to the Association a perpetual and permanent easement over and across such Unit and Lot and the Common Areas at any reasonably time to perform such exterior maintenance. Exterior maintenance shall mean maintenance of the lawns (mowing, fertilization, and chemicals), snow removal (all walkways, front porches, and driveways), and other exterior landscaping improvements as originally installed by the Declarant, if any, except such improvements within any Lot installed by or at the direction of the owner thereof, which shall be the responsibility of such Owner, maintenance repair, and reconstruction of improvements,

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grounds, sprinkler systems installed in and utility improvements in, and insurance for, the Common Areas, and any privacy fences erected by the Declarant, or by its successors and assigns, or by the Association. Exterior maintenance shall not include any repairs or maintenance of sanitary sewer, water, gas or electrical lines on an Owner's Lot, roof repair or replacement, repair or maintenance of gutters, downspout, siding materials, sprinkler systems, or any damage to property of any kind normally covered by homeowners insurance policies with extended coverage including but not limited to such items as glass, garage doors, entrance doors, and owners personal property. All exterior surfaces of the townhome Units shall be in earth tone colors. To facilitate such earth tone color schemes, all units shall be vinyl sided with colors to be selected by the Architectural Control Committee of the Association. There shall be no exterior painting permitted of any townhome Unit by any Owner, except any portion of the exposed foundation and front door frame and door. All exterior maintenance that is not the responsibility of the Association shall be the responsibility of each Owner of a townhome Unit and Lot.

In the event that the need for any exterior maintenance of a Unit or the improvements thereon by the Association is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests, and invitees of the Owner of the Unit needing such maintenance, the cost of such added to and exterior maintenance by the Association shall become part of the assessment to which such Unit is subject under this Declaration.

With respect to those maintenance obligations that are not the responsibility of the Association, in the event an Owner of any Unit shall fail to maintain the exterior of the Owner's Unit and any other improvements situated on the owner's Lot in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon the Owner's Lot and to repair, maintain, and restore the Unit and any other improvements erected on the owners Lot, and each Owner hereby grants to the Association, its agents, servants, employees, representatives and contractors a perpetual easement therefor. The cost of such exterior maintenance shall be added to and become an additional part of the assessment to which such Unit is subject under this Declaration. Further, the Owners of the Units appurtenant to the Common Areas hereby grant to the Declarant, its successor and assigns, and to the Homeowner's Association a perpetual easement for the purpose of installing and maintaining a separate water meter to control and monitor the water usage of any sprinkler system installed in the Common Areas.

Section 10. Insurance. Each townhome Owner shall provide homeowners insurance with respect to the improvements (townhome Units) in an amount equal to at least eighty percent (80%) of the full replacement value of said improvements or in an amount as may be required by any mortgage holder, whichever is higher, against loss by fire, lightning, windstorm, and other perils covered by standard extended coverage endorsement, and insurance against such other hazards in amounts as are normally carried by owners of like Units. Upon request of the Association from time to time, each Owner shall provide written evidence of this insurance coverage. Liability insurance for the Common Areas shall be maintained by the Association at its expense.

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ARTICLE IV

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the town home Unit upon the Porperties and placed on the dividing line between the Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the Owners, thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, subject however, to the night of any such owners to call for a larger contribution from the others under and rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes that party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Run With the Land. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such Owner's successor in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party to the dispute shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision of a majority of all the arbitrators shall be binding and enforceable against the parties to the dispute.

ARTICLE V

RESTRICTIONS, EASEMENTS AND MISCELLANEOUS PROVISIONS

Section 1. Restrictions. Every Owner shall have full rights of ownership and enjoyment to his individual Unit, subject to the following restrictions:

- (a) No noxious or offensive trade or activity shall be carried on in or from any Unit, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No outside above ground trash or garbage piles, burners, receptacles or incinerators shall be erected, placed or permitted on any Lot. Except while under construction, any wood storage piles and equipment shall be walled in or kept screened

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by adequate planting or by other means in such a manner as to conceal them from view. boats, boat trailers, recreational trailers and recreational vehicles shall not be parked on driveways or side yards on any Lot or Unit for more than seven (7) days cumulatively in any calendar year.

(b) No fences, except the privacy fence erected by Declarant or his assigns, shall be erected without the prior written consent of the Board of Directors of the Association. All lots shall be kept free of all kinds of trash and debris.

(c) No trailer, basement, tent, shack, garage, barn or other building erected on any Lot shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence until all exterior construction is fully completed according to approved plans.

(d) No birds, snakes, cattle, horses, sheep, poultry, pigs or any other animals shall be kept or maintained on an Lot. Each Owner may, however, keep a maximum of two (2) domestic pets.

(e) All exterior lighting shall be so installed and maintained so as not to unreasonably disturb adjoining Units.

(f) Except for approved chemical temporary toilets to be used only during construction, no outdoor toilets may be constructed or maintained on any Lot.

(g) All Lots shall be used only for residential purposes, except such Lots, or portions thereof, as may hereinafter be conveyed or dedicated for public, church, educational or charitable uses.

(h) No clothes lines or clothes hangers shall be constructed on any Lot or Unit or used on any Lot outside of a building located thereon.

(i) No exterior T.V. or radio antenna shall be erected on any Lot or Unit; provided, however, that with the written permission of the Association, a satellite dish measuring 24 inches or less in diameter may be erected so long as such dish is hidden from the view of adjoining Lots.

(j) No awnings or sunscreens of any type shall be affixed to any Unit without the written consent of the Association.

(k) No auto, truck, motorcycle or other vehicle shall be repaired, torn-down, rebuilt, or stored on any Lot other than in an enclosed building.

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ARTICLE VI

ARCHITECTURAL CONTROL

No building, fence (except for a privacy fence which may be installed by the Association in its sole discretion), wall or other structure or improvement shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until complete plans and specifications showing the nature, kind, shape, height, materials, 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 by the Board of Directors of the Association, or by an architectural committee composed of representatives appointed by the Board. In the event said Board, or its designated committee, falls to approve or disapprove such design and location within thirty (30) days after said complete plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII

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 the Declaration. Failure by the Association or by an 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 thirty (30) years from the date this Declaration is recorded, after which time they may be automatically extended for successive periods of ten (10) years by action of not less than seventy-five percent (75%) of the Unit Owners. Subject to complying with the provisions of Section 5 of this Article, this Declaration may be amended or dissolved by an instrument signed by not less than seventy-five percent (75%) of the Unit Owners. Any amendment or extension must be recorded to be effective.

Section 4. FHA/VA Approval. During the period that there is a Class B membership and the loan on any members Lot or Unit is made or insured by either the Federal Housing Administration or the Veterans Administration, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration as the case may be: (a) annexation of additional properties within the Jurisdiction of the Association; (b) any mortgaging or dedication of any common areas of the Association; and (c) the amendment of

