

DECLARATION

THIS DECLARATION made on the date hereinafter set forth by CANDLEWOOD II PARTNERSHIP, hereinafter referred to as "Declarant" and SANITARY AND IMPROVEMENT DISTRICT NO. 253 OF DOUGLAS COUNTY, NEBRASKA, hereinafter referred to as "SID".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real estate hereinafter referred to as the "Properties" in the County of Douglas, State of Nebraska, which is more particularly described as:

lots One (1) to Eighteen (18), inclusive, lots Twenty-Nine (29) to Forty-Seven (47), inclusive, lots Forty-Nine (49) to Fifty-Eight (58), inclusive, all in Candlewood II, a subdivision in Douglas County, Nebraska, as surveyed, platted and recorded

and

WHEREAS, SID is the owner of certain real estate hereinafter referred to as "common area" which is to be dedicated herein for the common use and benefit of all owners within the properties which property is legally described as:

All of Lot 78, Candlewood II, a subdivision located in the NE 1/4 of Section 18, Township 15 North, Range 12 East of the 6th P.M., Douglas County, Nebraska, except for the tract of land described on Page 6, Paragraph 7 of this Declaration

and

WHEREAS, Declarant is desirous of providing easements, restrictions, covenants and conditions for the use of said premises for the purpose of protecting the value and desirability of said property.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the real property above described as well as any other property submitted hereto as provided herein, and shall 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 until January 1, 2005 at which time said covenants shall be automatically extended for successive periods of ten (10) years unless by written agreement of a two-thirds majority of the then owners of the lots it is agreed to change said covenants in whole or in part, said agreement to be executed and recorded in the manner provided by law for conveyance of real estate in the State of Nebraska.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to The Candlewood II Property Owners Association, Inc., its successors and assigns, a Nebraska non-profit corporation.

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

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to that certain real property hereinbefore described owned by Sanitary and Improvement District No. 253 of Douglas County, Nebraska, or its successors-in-interest, for the common use and enjoyment of the owners.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

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Section 6. "Improved Lot" shall mean and refer to any lot on the Properties exclusive of the Common Area upon which shall be erected a dwelling the construction of which shall be at least 95% complete according to the plans and specifications for construction of said dwelling. All other lots, exclusive of the Common Area, which shall be vacant or upon which shall be erected a dwelling the construction of which shall be less than 95% complete according to the plans and specifications for construction of said dwelling shall be defined and referred to herein as "Unimproved Lots".

Section 7. "Declarant" shall mean and refer to CANDLEWOOD II PARTNERSHIP, its successors and assigns if such successors or assigns should acquire more than one developed Lot from the Declarant for the purpose of development and provided that the transfer shall comply with the provisions of Section 2 of the By-Laws regulating transfer of Declarant Membership.

ARTICLE II

PROPERTY RIGHTS

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

Section 2. Delegation of Use. Any owner may delegate his right of enjoyment to the Common Area and facilities to the members of his family, guests or tenants; provided, however, that said owner shall be responsible to the Association for the conduct upon and use by said family, guests or tenants of the Common Area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot within the properties shall be a member of the Association. 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:

(a) "Resident Members" shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) "Declarant Members" shall be the Declarant and its assigns, provided said assignment, grant or conveyance to said assigns shall denominate said assignee as a successor Declarant as provided in the By-Laws. The Declarant Member or its successors shall be entitled to three (3) votes for each lot owned. The Declarant membership shall cease and be converted to Resident membership on the happening of the following events, whichever occurs earlier.

(1) when the total votes outstanding of Resident membership equal the total votes outstanding in the Declarant membership; or

(2) on December 31, 1981

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each fully developed Lot owned within the Properties, shall be deemed to have hereby covenanted and each Owner of any Lot by acceptance of a deed thereon, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Regular annual maintenance assessments or charges for the purpose hereinafter set forth in Section 2 hereof, and (2) Assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The Regular and Special Assessments, together with interest, costs and reasonable attorney fees, shall be and constitute until paid a continuing lien against and lien upon such lot or property against which such assessments are made. Each such assessments, together with interest, costs, and reasonable attorney fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for

for delinquent assessments shall not pass to his successors-in-title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively without any part of the net earnings inuring to the private benefit of its members, to promote and sustain their social welfare and otherwise provide for their health, pleasure, recreation, safety and other non-profitable interests by acquiring, maintaining, operating, contributing to the acquisition, maintenance, or operation of, or otherwise making available for use any one or more area entrances or entry structures, swimming pools, tennis courts, and other recreational equipment, facilities, grounds, or structures, to provide weed and other actual or potential nuisance abatement or control, security service, domestic water supply, and other community services, to provide architectural control and secure compliance with or enforcement of applicable covenants, easements, restrictions, and similar limitations, and to undertake such other activities appropriate, convenient or necessary to promote or sustain any such interest.

Section 3. Regular Assessment. Before each fiscal year, the Board of Directors of the Association shall adopt and fix in reasonably itemized detail an annual budget of the Working Fund for the then anticipated fiscal affairs and general operations of the Association for that year, and shall levy and collect monthly assessments from each Lot on the properties which, considering the revenue derived from Regular Annual assessments on unimproved lots and other sources of income, if any, shall be sufficient to fund the budget for said fiscal year. The regular assessment with respect to all improved lots shall be uniform in amount. In recognition of the fact that a substantial portion of the budget for the Working Fund for maintenance will be attributable to upkeep, maintenance, and security upon improved lots as opposed to unimproved lots, the regular assessment for each unimproved lot will be the sum of One Dollar (\$1.00) per month until commencement of construction thereon, and after the commencement of construction and until said lot be improved as herein defined, the regular assessment shall be Two Dollars (\$2.00) per month, for each unimproved lot. The budget and assessments shall be approved and ratified by the directors at the annual meeting prior to any other business to be undertaken at said annual meeting.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Ten Dollars (\$10.00) per Lot.

(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 7% 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 7% 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 5. Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the 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, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto or to defray in whole or in part any extraordinary general expenses of the Association; provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. One-twelfth (1/12) of said assessment shall be due and payable one month from the date of levy with a like sum due and payable each and every month thereafter, along with the Regular Assessment with respect to said Lot, until the said assessment shall be paid in full.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The Regular annual assessments provided for herein shall commence as to all unimproved

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Lots on the first day of the month following completion of the installation of paving on the streets abutting said lot. The Regular annual assessments provided herein as to all improved lots shall commence the first day of the month following the month during which the construction of a dwelling on said lot shall become at least 95% completed according to the plans and specification for construction of said dwelling. As provided in the By-Laws, the first Regular annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certification signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within the thirty (30) days after the due date shall bear interest from the due date at the rate of nine percent (9%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in the same manner as provided by law for foreclosure of mortgages. No owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Area or abandonment of his lot.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became 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.

Section 9. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Nebraska shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, exterior color scheme, 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 three (3) or more representatives appointed by the Board ("Committee"). In the event said Board or its designated Committee fails to approve or disapprove such design and location within thirty (30) days after said 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. All owners shall submit plans and specifications to the Board or the Committee, in duplicate. When the same have been approved by the Board or the Committee, the approval shall be designated on the duplicate plans, one copy shall be returned to the owner and the other copy shall be retained by the Board or Committee.

ARTICLE VI

GENERAL RESTRICTIONS

Section 1. Awnings No awnings or sun screens of any type shall be affixed to any building or structure within the properties without the written consent of the Committee.

Section 2. Buildings or Uses Other than for Residential Purposes. No building or structure of any sort may ever be placed, erected or used for business, professional, trade or commercial purposes on any of the property within the properties. Provided, however, the prohibition shall not apply:

(a) to any building or structure that is to be used exclusively by a public utility company in connection with the furnishing of public utility services to the properties, or

(b) to any portion of a building used for coin-operated laundry or dry cleaning equipment for the use of occupants of buildings in the properties, or

(c) to any portion of a building used by Declarant, its licensees or assigns, for a manager's office or a sales office, or by the Association for its offices, or

(d) to any portion of a building leased for residential purposes for a term exceeding one year,

if written permission for such placement, erection or use under (a) or (d) above is first obtained from the Committee. Permission of the Committee is not required for exception (c) above

Section 3. Fences, etc. No fence shall be erected or permitted to remain in front of the minimum building setback line applicable to any lot on the properties. No truck, trailer, boat, equipment or machinery or cars not in daily use shall ever be parked, located or otherwise maintained on any building site, parking area or street in the properties. Automobiles shall be parked only in designated parking areas as published by the Committee in its Rules and Regulations. No external television or radio antenna shall hereafter be erected on or about any of the building sites or property within the properties; provided, that, with the written approval of the Committee, one or more master television antenna towers may be erected for the benefit and use of all or of a part of the residents of the properties. No clotheslines or clothes hangers may be constructed or used unless completely concealed with enclosed patio areas.

Section 4. Livestock and Poultry Prohibited. No animals, livestock or poultry of any kind shall be raised or kept on any building site in the properties other than household pets, which shall be limited to two (2) per household. All pets shall be leashed when outside of the home and patio area. No such pet will be kept, bred or maintained for commercial purposes.

Section 5. Noxious Activity. No noxious or offensive activity shall be carried on the properties, nor shall any trash, ashes or other refuse be thrown, placed or dumped upon any vacant building site, nor shall anything ever be done which may become an annoyance or nuisance to the neighborhood. No motorcycles, motor carts, motor scooters, minibikes or snowmobiles (other than those permitted in the Omaha City Parks) shall be permitted or used in the Common Areas.

Section 6. Billboards Prohibited. The construction, placing or maintenance of billboards, advertising boards or structures or "for sale" or "for rent" signs on any building site in the properties is expressly prohibited except that "for sale" or "for rent" signs may be erected by Declarant and "for sale" or "for rent" signs may be placed by others after first obtaining the written consent of the Declarant; provided, however, that the permission of Declarant shall not be required hereunder after July 1, 1981.

Section 7. Outbuildings Prohibited. No outbuilding or other attached structure appurtenant to a residence may be erected on any of the building sites hereby restricted without the consent in writing of the Committee.

Section 8. Temporary Structure. No trailer, basement, tent, shack, garage, barn, or other outbuilding shall at any time be used for human habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human habitation. Provided, however, nothing contained shall restrict Declarant or its assigns from locating, constructing or moving a temporary real estate and/or construction office on any building site in the properties to be used during the period of construction and sale of the properties. Declarant or its assigns may also erect and maintain model homes for sales purposes, and rental and lease purposes, and may operate such office or offices therein for so long as they deem necessary for the purpose of selling, renting or leasing the properties.

Section 9. General Building Restrictions. All lots within the properties other than the Common Area shall be used only for detached single family residences, and not more than one single family dwelling with garage attached shall be erected, altered, placed or permitted to remain on any one of said lots and no homes may be attached

as duplexes by use of zero lot line and party wall; provided, however, that duplexes shall be permitted on Lot 1 through 5 inclusive, and 35 through 40 inclusive, of Candlewood II, a subdivision in Douglas County, Nebraska, as surveyed, platted and recorded. No dwelling shall exceed two and one-half stories in height. All homes constructed on said lots must have two-car garages. All homes must have a minimum building set-back from the closest part of the building to front lot line of at least twenty feet (20') with an average set-back along the building of not less than twenty-five feet (25'). The ground floor enclosed area of every one-story single family dwelling, exclusive of open porches, open breezeways, basements and garages, shall be not less than 1,100 square feet. The above ground total finished living area of every multi-level single family dwelling shall be not less than 1,350 square feet. The ground floor enclosed area of each living unit of every one-story duplex, exclusive of open breezeways, basements, and garages, shall be not less than 1,000 square feet. The above ground total finished living area of each living unit of every multi-level duplex shall be not less than 1,200 square feet. All exposed foundations of each improved lot shall be constructed to meet the following requirements:

(a) all exposed foundations facing the public or private street (front and sides) shall be faced with brick, and all other foundations shall be painted to harmonize with the exterior of the dwelling.

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 this Declaration. Failure by the Association or by any owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded after which time it shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation. Additional land within the area described as Candlewood II, a subdivision in Douglas County, Nebraska, as surveyed, platted and recorded, may be annexed by the Declarant or its assigns to the properties without the consent of members of the Association within five (5) years of the date of this instrument by executing and recording with the Register of Deeds of Douglas County, Nebraska an express written Supplementary Declaration describing such property and extending to each of the lots so annexed all of the conditions and other terms set out in this Declaration with only such complementary additions and modifications as may be appropriate, convenient or necessary for accommodation of the different character of such property but not inconsistent with the residential character of Candlewood II; provided, however, that as long as there is a Class B membership the annexation of additional properties, the dedication of any Common Area and amendment of this Declaration of Covenants, said annexation, dedication, and/or amendment may only be done upon the prior written approval of the Federal Housing Administration or the Veterans Administration.

Beginning at the point of intersection of the Southerly right-of-way line of Franklin Street and the Easterly right-of-way line of Franklin Circle; thence, along said Southerly right-of-way line of Franklin Street, on the following described courses; thence Easterly, on a curve to the left with a radius of 220.70 feet, a distance of 134.66 feet, said curve having a long chord which bears S72°11'41"E, a distance of 132.59 feet; thence S89°40'25"E, a distance of 85.32 feet, to the Northwest corner of Lot 5, Candlewood II; thence S45°33'29"W, a distance of 287.79 feet to a point on the North right-of-way line of Seward Circle; thence N48°12'34"W, along said North right-of-way line of Seward Circle, a distance of 166.16 feet to the point of intersection of said North right-of-way line of Seward Circle and said Easterly right-of-way line of Franklin Circle; thence N41°47'26"E, along said Easterly right-of-way line of Franklin Circle, a distance of 176.78 feet to the Point of Beginning.

Said tract of land contains an area of 12.144 acres, more or less.

IN WITNESS WHEREOF, the undersigned Declarant and I do have hereunto set our hands and seals this 2nd day of April 1979.

CANDLEWOOD II PARTNERSHIP

BY: Charles E. Lakin
Charles E. Lakin, Partner

BY: Charles E. Lakin III
Charles E. Lakin III, Partner

BY: Thomas L. Pribil
Thomas L. Pribil, Partner

BY: Suzanne E. McQuaid
Suzanne E. McQuaid, Partner

Sanitary and Improvement District
No. 253 of Douglas County, Nebraska

ATTEST:

Suzanne E. McQuaid
Suzanne E. McQuaid, Clerk

BY: Charles E. Lakin III
Charles E. Lakin III, Chairman

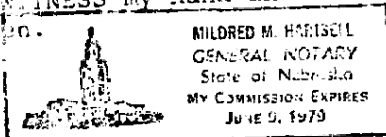
STATE OF NEBRASKA)

SS:

COUNTY OF DOUGLAS)

On this 2nd day of April, 1979, before me a Notary Public in and for said state, personally came the above named CHARLES E. LAKIN, Partner of Candlewood II Partnership, who is personally known to me to be the identical person whose name is affixed to the above instrument, and he acknowledged the execution thereof to be his voluntary act and deed and the voluntary act and deed of Candlewood II Partnership.

WITNESS my hand and Notarial Seal the day and year first above written.



Mildred M. Harisell
Notary Public

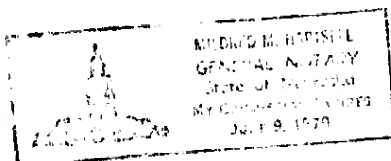
STATE OF NEBRASKA)

SS:

COUNTY OF DOUGLAS)

On this 2nd day of April, 1979, before me a Notary Public in and for said state, personally came the above named CHARLES E. LAKIN III, Partner of Candlewood II Partnership, who is personally known to me to be the identical person whose name is affixed to the above instrument, and he acknowledged the execution thereof to be his voluntary act and deed and the voluntary act and deed of Candlewood II Partnership.

WITNESS my hand and Notarial Seal the day and year first above written.



Mildred M. Harisell
Notary Public

STATE OF NEBRASKA)

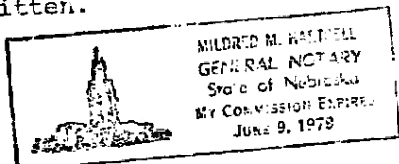
COUNTY OF DOUGLAS)

ss:

BOOK 612 PAGE 681

On this 2nd day of April, 1979, before me a Notary Public in and for said state, personally came the above named THOMAS L. FRIBEL, Partner of Candlewood II Partnership, who is personally known to me to be the identical person whose name is affixed to the above instrument, and he acknowledged the execution thereof to be his voluntary act and deed and the voluntary act and deed of Candlewood II Partnership.

WITNESS my hand and Notarial Seal the day and year first above written.



Mildred M. Hartzell
Notary Public

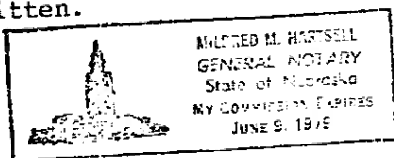
STATE OF NEBRASKA)

COUNTY OF DOUGLAS)

ss:

On this 2nd day of April, 1979, before me a Notary Public in and for said state, personally came the above named SUZANNE E. MCQUAID, Partner of Candlewood II Partnership, who is personally known to me to be the identical person whose name is affixed to the above instrument, and she acknowledged the execution thereof to be her voluntary act and deed and the voluntary act and deed of Candlewood II Partnership.

WITNESS my hand and Notarial Seal the day and year first above written.



Mildred M. Hartzell
Notary Public

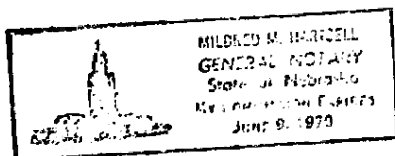
STATE OF NEBRASKA)

COUNTY OF DOUGLAS)

ss:

On this 2nd day of April, 1979, before me a Notary Public in and for said county and state, personally appeared CHARLES E. LAKIN III and SUZANNE E. MCQUAID, to me known to be the Chairman and Clerk, respectively, of SANITARY AND IMPROVEMENT DISTRICT NO. 253 OF DOUGLAS COUNTY, NEBRASKA, who subscribed the foregoing Declaration and acknowledged the execution thereof to be their voluntary act and deed and the voluntary act and deed of Sanitary and Improvement District No. 253 of Douglas County, Nebraska.

WITNESS my hand and Notarial Seal the day and year first above written.



Mildred M. Hartzell
Notary Public

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