

This instrument after recording to be returned to:

Daniel B. Kinnamon
Erickson & Sederstrom, P.C.
Regency Westpointe
10330 Regency Parkway Drive
Omaha, NE 68114



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RICHARD N. TAKECHI
REGISTER OF DEEDS
DOUGLAS COUNTY, NE

(Space Above This Line for Recording Data)

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS DECLARATION, ("Declaration") made on the date hereinafter set forth by Dave Paik Builders, Inc., a Nebraska corporation, hereinafter referred to as "Declarant."

PRELIMINARY STATEMENT:

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

Lots 13 and 14 in Hillsborough Replat 21, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska.

NOW, THEREFORE, Declarant hereby declares that all the properties described above and any other properties hereinafter made subject to this Declaration 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 and desirability of the properties and the enjoyment of the residents and owners thereof, and which shall run, perpetually with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Hillsborough Townhomes II, 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 fee simple title to any townhome Unit or Lot which is a part of the Properties, but excluding in all cases those having any such interest merely as security for

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the performance of any obligation. If a townhome Unit or Lot is sold under a recorded contract of sale, the purchaser (rather than the fee Owner) will be considered the Owner.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additional real properties as may hereafter be brought within the jurisdiction of the Association in accordance with the provisions of this Declaration.

Section 4. "Lot" shall mean and refer to those plots of land shown as lots upon the recorded subdivision maps of Hillsborough Replat 21 and of Hillsborough.

Section 5. "Declarant" shall mean and refer to Dave Paik Builders, Inc. and its successors and assigns.

Section 6. "Unit" shall mean an individual dwelling/ townhome unit situated on an entire Lot or an individual dwelling/townhome unit which is ½ of a duplex situated on ½ of a Lot. Such Units are referred to collectively as "Units" and individually as "Unit".

Section 7. "Architectural Control Committee" shall mean the individual or committee appointed from time to time by the Board of Directors of the Association.

Section 8. "Hillsborough Declaration of Covenants" shall mean that certain Declaration of Covenants, Conditions, Restrictions and Easements of a part of Hillsborough dated November 30, 1995 and recorded with the Register of Deeds of Douglas County, Nebraska on December 12, 1995 in the Miscellaneous Records at Book 1162, Page 570. The Hillsborough Declaration of Covenants is by this reference incorporated herein.

(Note: The Association does not and will not own any real property for the common use and enjoyment of any Owner, sometimes referred to generally as "Common Area".)

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Unit or Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit or 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 Declarants, and shall be entitled to one (1) vote for each Unit or Lot owned. When more than one person holds an interest in any Unit or Lot, all such persons shall be

members. The vote for such Unit or Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Unit or Lot.

Class B. Class B member(s) shall be the Declarant and it 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 any 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 January 1, 2002; or
- (c) The written direction of Declarant.

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 or Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association 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 real property against which each such 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 real property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them, and in that event all successors shall take title subject to the lien for such assessments, and shall be bound to inquire of the Association as to the amount of any unpaid assessments. All assessments made under this Declaration shall not be in lieu thereof but shall be in addition to any other assessments from time to time made by the Hillsborough Homeowners Association under the Hillsborough Declaration of Covenants.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the expenses, charges, and costs of the operation of the Association and the exterior maintenance of the Lots and Units situated thereon as more particularly described herein.

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 Nine Hundred Sixty Dollars (\$960.00) per Unit or 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 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 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) 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 assessed. Lots or Units under construction, which are vacant, used as models and/or unsold to third party purchasers (not the Declarant or its 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 assessments provided for herein shall commence as to all Lots or Units on the first day of the month 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 months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot or 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 or Lot 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 bear interest from the due date at the then maximum legal rate for individuals allowable in the State of Nebraska. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. 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. Abatement of Assessments. Notwithstanding any other provision of this Declaration, the Board of Directors may abate all or any part of the assessments due in respect of any Lot or Unit.

Section 9. Subordination of the Lien to Mortgages/Trust Deeds. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first Deed of Trust. Sale or transfer of any Unit or Lot shall not affect the assessment lien. However, the sale or transfer of any Unit or Lot pursuant to a mortgage or trust deed foreclosure or any proceeding in lieu thereof, 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 or Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. 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 at any reasonable time to perform such exterior maintenance. "Exterior maintenance" shall mean the painting of exterior wood and metal building surfaces, together with maintenance of the lawns (mowing, fertilization and chemicals), garbage pickup and snow removal. Exterior maintenance shall at all times be consistent with and comply with the provisions of the Hillsborough Declaration of Covenants. Exterior maintenance shall not include any repairs or maintenance of sanitary sewer, water, gas or electrical lines on Owner's Lot, roof repair or replacement, repair or maintenance of gutters, downspouts, 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 Owner's personal property. All wood and metal exterior surfaces of the townhome Units shall be painted by the Association in earth tone colors. To facilitate such earth tone color schemes, there shall be no exterior painting permitted of any townhome Unit by any Owner. 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 or omissions of its Owner, or through the willful or negligent acts or omissions of the family,

guests, or invitees of the Owner of the Unit needing such maintenance, the cost of such exterior maintenance by the Association shall be added to and 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 Owner's Lot. 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.

Section 11. 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.

ARTICLE IV

PARTY WALLS FOR CERTAIN UNITS

Section 1. General Rules of Law to Apply. Any wall which is built as a part of the original construction of any townhome Unit upon the Properties and placed on the dividing line between two 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 Repair and Maintenance. The cost of reasonable repair, maintenance and restoration of a party wall shall be shared by the Owners who make use of the such party wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If such party wall is destroyed or damaged by fire or other casualty, any Owner who has used such 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 right of any Owner to call for a larger contribution from any other Owner under any 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 such 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 Runs 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. Binding 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 or Lot, subject to the restrictions set forth in Article I of the Hillsborough Declaration of Covenants and to the extent not inconsistent with Article I of such Hillsborough Declaration of Covenants, the following additional 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 by adequate planting or by other means in such a manner as to conceal them from view. Trailers and recreational vehicles shall not be continuously parked on driveways or side yards.

(b) No fences (other than fences constructed by Declarant) shall be erected without the prior written consent of the Board of Directors of the Association. All Lots shall be kept free of all types 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 any 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 or adjacent Lot Owners.

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

(g) All Lots shall be used only for residential purposes.

ARTICLE VI

ARCHITECTURAL CONTROL

No dwelling, fence (other than fences constructed by Declarant), wall, pathway, driveway, patio, patio cover or enclosure, deck, rock garden, garden, treehouse, swimming pool, television or radio antenna, satellite dishes, flag pole, solar collecting panels or equipment, tool sheds, or other external improvements, above or below the surface of the ground shall be built, erected, placed, planted, altered, or otherwise maintained or permitted to remain upon any of the Properties, nor shall any grading, excavation, or tree removal be commenced without express written approval of the Architectural Control Committee, and where applicable the express written approval of the Declarant in accordance with the requirements of Article I of the Hillsborough Declaration of Covenants

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 and where applicable any of the provisions of the Hillsborough Declaration of Covenants. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained or contained in the Hillsborough Declaration of Covenants 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 Properties, 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 Owners. Subject to complying with the provisions of Section 4 of this Article, this Declaration may be amended or dissolved by an instrument signed by not less than seventy-five percent (75%) of the Owners. Any amendment or extension must be recorded in the real estate records to be effective.

Section 4. Special Declarant Rights. Declarant reserves the right in its sole and absolute discretion at any one or more times to amend this Declaration and annex and bring within the scheme of and make subject to this Declaration Lots 1 through 12, inclusive, and Lots 15 through 26, inclusive, Hillsborough Replat 21, in Douglas County, Nebraska and Lots 595 through 603, inclusive, and Lots 622 through 632, inclusive, Hillsborough in Douglas County, Nebraska and by virtue thereof add additional townhome Units to this Declaration. Declarant shall have the right to annex the foregoing real property even though at the time of such annexation Declarant owns no townhome Unit or Lot then subject to the Declaration. Each annexation shall be made by recording a supplement or amendment to this Declaration in the Register of Deeds Office of Douglas County, Nebraska which shall have the effect of extending all the terms and provisions of this Declaration to such additional real property effective on the date of the recording of the supplement or amendment to this Declaration with the Register of Deeds Office of Douglas County, Nebraska. By this Declaration, Declarant and each future Owner of any Lots or Units consent to and approve such annexation of additional townhome Units and Lots hereto.

Section 5. FHA/VA Approval. During the period that there is a Class B membership and the loan on any Owner's 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: (i) annexation of additional properties within the jurisdiction of the Association; (ii) any mortgaging or dedication of any common areas of the Association; and (iii) the amendment of this Declaration.

IN WITNESS WHEREOF, the undersigned being the Declarant herein has executed this Declaration this 30th day of March, 1997.

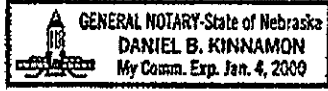
DECLARANT:

DAVE PAIK BUILDERS, INC.

By 
David R. Paik, President

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this 30th day of March, 1997, by David R. Paik, President of Dave Paik Builders, Inc. on behalf of the corporation.



[Handwritten Signature]
Notary Public

NOTARIAL SEAL AFFIXED
REGISTER OF DEEDS