

APPLEWOOD HEIGHTS HOMEOWNERS ASSOCIATION, INC.
BY-LAWS

SECTION 1: OFFICES

- A. REGISTERED OFFICE: The registered agent and the registered office shall be located in Douglas County, Nebraska.
- B. OPERATING HEADQUARTERS: The operating headquarters and other offices may be located wherever the Board of Directors may direct or the affairs of the corporation may require.

SECTION 2: MEMBERS

- A. CLASSES OF VOTING MEMBERSHIP: The Association shall have one class of voting membership.
 - 1. Resident Members shall be all owners and all contract purchasers, with the exception of Harrison Street Joint Venture, a Nebraska Joint Venture, and shall be entitled to one vote for each residential lot owned. When more than one person holds an interest in any residential lot, all such persons shall be members. The vote for each lot shall be exercised as the owners among themselves determine but in no event shall more than one vote be cast with respect to any residential lot.
- B. MEETINGS: Meetings of members shall be held as follows:
 - 1. Annual meetings of the members shall be held on the First Wednesday in November of each calendar year beginning in 1982 at the operating headquarters or wherever directed by the Board of Directors.
 - 2. The President of the corporation; Vice President of the corporation; or a substitute, shall preside at, and the Secretary of the corporation, or a substitute, shall record the minutes of all meetings of members.
 - 3. On the election of directors, each resident member shall be entitled to cast in person or by proxy as many votes cumulatively for each such membership held as there are directors to be elected, and each declarant member shall be entitled to cast in person or by proxy as many votes cumulatively for each such membership held, times three, as there are directors to be elected. Each resident member and each declarant member shall be entitled on any other matter or question voted upon by such members or by proxy one vote for each resident membership held and three votes for each declarant membership held in accordance with the provision of these By-Laws.
 - 4. Unless otherwise required by these By-Laws, the majority vote of the entire number of votes entitled to be cast by the members present in person or by proxy at any annual or

special meeting shall decide any matter or question voted upon by such members. There shall be three votes for each declarant membership held in accordance with the provisions of these By-Laws.

- C. ACTION WITHOUT MEETING: The Board of Directors may, in place of holding any special meeting of membership, submit any matter or question to, and take the vote of the members by mail. A majority vote of the entire number of votes entitled to be cast shall be required to decide any matter or question submitted to the members by mail.
- D. RIGHTS AND PRIVILEGES: Subject to regulations or rules from time to time adopted by the Board of Directors, members shall be entitled to rights and privileges as follows:
1. All individual Resident Members, their respective families and guests shall be entitled as appropriate to enjoy or otherwise to use all common facilities and all common individual services operated or provided by the corporation.
 2. In like manner, all Resident Members and their respective residential lots within the limits of real property included in membership shall be entitled as appropriate to benefit from or otherwise to participate in all common functions and all common non-individual services performed or provided by the corporation.
- E. DISCIPLINE AND ENFORCEMENT: Resident Members shall be subject to disciplinary and enforcement measures as follows:
1. All Resident Members shall be subject to denial partly or wholly of access to, benefit from or use of all or any facilities, functions or services, suspension, partly or wholly, of all or any rights or privileges of membership for failure to pay any dues or charges or for any other act or omission detrimental to the affairs of the corporation or otherwise improper or in violation of the Rules and Regulations adopted by the Board of Directors or in violation of the Declaration of Covenants, Conditions and Restrictions applicable to the real property included in membership.

SECTION 3: DIRECTORS

- A. NUMBER AND ELECTION: The Board of Directors shall be comprised of directors elected as follows:
1. The initial Board of Directors as named in the Articles of Incorporation shall serve until November 3, 1982.
 2. From and after November 3, 1982, the affairs of the corporation and its assets and other property shall be managed exclusively by a board of five directors who shall not be required to be members or officers, who shall be elected at the annual meeting for members for 1982, for terms of office of one, two, three, four or five years respectively. Thereafter, one director shall be elected annually by the members of their annual meeting for a term of office of three (3) years beginning with the annual meeting of 1983.

Directors shall be elected from among the individuals nominated by the Nomination Committee and by the members present at the annual meeting. Directors may succeed themselves in office.

3. Any directors may be removed by the vote of three-fourths of the votes eligible to vote at any meeting of the members.

B. VACANCIES: The office of directors shall be vacated and filled as follows:

1. The office of any director shall be vacated forthwith upon the first occurring of the death of such director, the failure of such director without excuse to attend any three consecutive meetings of the Board of Directors, the removal of such director from office by a four-fifths vote of the Board of Directors either for or without cause, or the resignation of such director.
2. Any vacancy among the directors may be filled by appointment by the remaining director or directors or, if there is none, by election by the members for the unexpired term of office.

C. MEETINGS: Meetings of the Board of Directors shall be held as follows:

1. Annual meetings of the Board of Directors shall be held immediately following annual meetings of members.
2. Regular or special meetings of the Board of Directors may be held upon direction of the Board of Directors or call by the chairman or a majority of the directors at the operating headquarters or wherever directed by the Board of Directors.
3. The Chairman or a substitute shall preside at, and the Secretary of the corporation or a substitute shall record the minutes of all meetings of the Board of Directors.
4. A majority of the directors shall constitute a quorum for any meeting of the Board of Directors.
5. Each director shall be entitled to cast one vote in person on any matter or questions voted upon.
6. Unless otherwise required by these By-Laws, the majority vote of the entire number of directors present at any meeting of the Board of Directors shall decide any matter or question voted upon by the directors.

D. ACTION WITHOUT MEETING: The Board of Directors may, in place of holding any meeting, by unanimous written consent dispose of any matter or question.

E. CHAIRMAN: The Chairman of the Board of Directors shall be elected at each annual meeting from among the directors and shall have the powers and rights and be charged with

the duties and obligations usually vested in or pertaining to such office or from time to time directed by the Board of Directors.

F. ARCHITECTURAL CONTROL COMMITTEE: There shall be an Architectural Control Committee of the Board of Directors as follows:

1. The Chairman shall designate and from time to time replace members of or fill any vacancy in membership on an Architectural Control Committee comprised of three who may be, but are not required to be directors; and the Architectural Control Committee may engage professional architectural and any other appropriate, convenient, or necessary advisors. The Architectural Control Committee shall adopt its own rules and regulations.
2. The Association, through its Architectural Control Committee, shall consider general appearance, exterior color or colors, architectural character, harmony of external design and location in relation to surroundings, topography, location within the Lot boundary lines, quality of construction, size and suitability for residential purposes as part of its review procedure. Designs of a repetitive nature and/or within close proximity to one another will not be approved. Superficial, cosmetic or minor architecture detail differences in like designs will not constitute a basis for approval. The Architectural Control Committee specifically reserves the right to deny permission to construct or place any of the above-mentioned improvements which it determines will not conform to the general character, plan and outline for the development of the properties.
3. Documents submitted for approval shall be clear, concise, complete, consistent and legible. Samples of materials to be included in the improvement may be required of the applicant at the discretion of the Architectural Control Committee. Submittals for approval shall be made in duplicate and the comments and action of the Architectural Control Committee will be identically marked on both copies of said submittals. One copy will be returned to the applicant, and one copy will be retained as part of the permanent records of the Committee. Each applicant shall submit to the Architectural Control Committee with the following documents, materials and/or drawings:
 - 1) Site Plan indicating specific improvement and indicating Lot number, street address, grading, surface drainage and sidewalks
 - 2) Complete construction plans, including, but not limited to, basement and upper floor plans, floor areas of each level, wall sections, stair and fireplace sections and exterior elevations clearly indicating flues or chimneys, type and extent of siding, roofing, other faces and/or veneer materials.
 - 3) A review fee as determined by the Association.

The applicant's name, address and telephone number shall appear on each set of plans submitted to the Architectural Control Committee.

4. The approval or disapproval of the Architectural Control Committee as required in these Covenants shall be in writing. Failure of the Architectural Control Committee to give either written approval or disapproval of submitted plans within thirty (30) days after receipt of all of the documents and the fee required above, by mailing such written approval or disapproval to the last known address of the applicant as shown on the submitted plans, shall operate to release such Lot from the provisions of this paragraph.

G. NOMINATION COMMITTEE: There shall be a Nomination Committee of the Board of Directors as follows:

1. The Chairman shall annually designate a Nomination Committee comprised of three directors.
2. Subject to regulations or rules from time to time adopted by it, the Nomination Committee shall consider prospective nominees for director and receive recommendations from other directors and from the members and at each annual meeting of the members when any director is to be elected the Nomination Committee shall report the names of not fewer than two individuals nominated for each vacancy among the directors.

H. OTHER COMMITTEES: There may be other committees of the Board of Directors of the members as follows:

1. The Chairman may designate and from time to time replace any number of or fill any vacancy in membership on any one or more special or standing committees comprised of any number of directors, members, or both directors and members directed by the Board of Directors.
2. Any other committee so designated shall have the powers and rights and be charged with the duties and obligations usually vested in or pertaining to each such committee or as from time to time directed by the Board of Directors.

I. LIABILITY: No director shall be accountable or liable for any expense, gain, loss or profit in connection with any transaction in which such director may have an actual or potential direct or indirect adverse interest solely because of the actual or potential direct or indirect adverse interest of such director; and no such transaction shall be void or voidable solely because the vote of such director may be required for its authorization or ratification.

J. FEES AND EXPENSES: The directors shall serve without remuneration for their services, but the Board of Directors may provide for the reimbursement of expenses incurred by them.

SECTION 4: OFFICERS, AGENTS AND EMPLOYEES

A. OFFICERS: Officers shall be appointed or elected as follows:

1. The principal officers shall be a President, Vice President, a Secretary and a Treasurer, who shall not be required to be directors; who shall be elected annually by the Board of Directors at each annual meeting for a term of office of one year; and who may succeed themselves in office.
 2. The Board of Directors may from time to time appoint, discharge, engage or remove subordinate officers or assistants to the principal officers found to be appropriate, convenient, or necessary for the management of the affairs of the corporation.
 3. The officers shall have the powers and rights and be charged with the duties and obligations usually vested in or pertaining to such officers or from time to time directed by the Board of Directors.
 4. The initial Board of Directors shall elect the principal officers who shall serve until the first annual meeting of the Board of Directors.
- B. VACANCIES: The office of any principal officer shall be vacated and filled as follows:
1. Any principal officer may be removed from office at any time by a majority vote of the Board of Directors either for or without cause.
 2. Any vacancy among the principal officers may be filled by appointment by the Board of Directors for the unexpired term of office.
- C. AGENTS AND EMPLOYEES: The principal officers may from time to time appoint, discharge, engage or remove additional agents and employees found to be appropriate, convenient or necessary for the management of the affairs of the corporation.
- D. FEES, EXPENSES AND WAGES: The officers shall serve without remuneration for their services but shall be reimbursed for expenses incurred by them, and the Board of Directors may from time to time fix the wages and other compensation paid to any agent or employee.

SECTION 5: INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each director and officer of the corporation shall be indemnified by the corporation against all judgments, verdicts, costs and expenses, including counsel fees, reasonably incurred by or imposed upon him in connection with or resulting from any action, suit or proceeding to which he may be made a party by reason of his being or having been a director of the corporation or any subsidiary of the corporation (whether or not he continues to be a director or officer at the time of incurring such judgment, verdict, cost or expense), except in relation to matters as to which a recovery shall be had against him by reason of his having been finally adjudged in such action, suit or proceeding to have been derelict in the performance of his duty as such director or officer. The foregoing qualifications shall not, however, prevent a settlement by the corporation prior to final adjudication when such settlement appears to be in the best interest of the corporation. The right of indemnification herein provided shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law.

SECTION 6: DUES AND OTHER FINANCIAL MATTERS

- A. FISCAL YEAR: The fiscal year of the corporation shall coincide with the calendar year unless otherwise directed by the Board of Directors.
- B. ANNUAL BUDGET: During the fiscal year 1982, the Board of Directors shall adopt and fix in reasonably itemized detail, a budget for the anticipated fiscal affairs and general operations of the corporation for that fiscal year. Thereafter, prior to each fiscal year, the Board of Directors shall adopt and fix in reasonably itemized detail an annual budget for the then anticipated fiscal affairs and general operations of the corporation for such fiscal year, and shall submit said budget to the members as hereinafter provided.
- C. DUES AND ASSESSMENTS: Assessments shall be ascertained and collected as follows:
- D. APPORTIONMENT AND ABATEMENT:
 - 1. By reason of purchase or ownership of more than one residential lot subject to any dues, assessments or charges for the purpose of only a single resident or for the temporary loss of use of the improvements on the residential lot by destruction thereof and during the period of rebuilding or for any other suitable reason, the Board of Directors may permanently or temporarily and partly or wholly abate any dues, assessments or charges as to any residential lot or as to any member subject to such dues, assessments or charges; and for any suitable reason, the Board of Directors may permanently or temporarily and partly or wholly subordinate or release the charge against or lien upon any residential lot or dwelling subject to dues, assessments or charges.
 - 2. Dues and assessments for the period prior to the first annual meeting may be estimated by the Board of Directors and shall be subject to adjustment based upon actual expenses.
- E. DEPOSITS, CHECKS AND LOANS: Funds shall be deposited and withdrawn and additional funds borrowed as follows:
 - 1. Funds and money of the corporation may from time to time be deposited by the officers, agents and employees in any depository or depositories located in Nebraska or wherever directed by the Board of Directors.
 - 2. All checks, drafts or other orders upon the corporation shall be signed by the Treasurer or any one or more other officers, agents or employees directed by the Board of Directors.
 - 3. The Chairman or any one or more other officers directed by the Board of Directors may negotiate and consummate for the corporation all arrangements appropriate, convenient or necessary for any loan to it.

F. CAPITAL IMPROVEMENTS, EXTRAORDINARY EXPENSES, AND PROPERTY DISPOSITION: Capital improvements, extraordinary expenses and property dispositions shall be limited as follows:

1. General capital improvements and extraordinary general expenses of the corporation financed by dues, charges, loans or otherwise of more than Two Thousand Dollars for one expenditure or of more than the total sum of Five Thousand Dollars for any fiscal year shall be undertaken only when no one person or entity holds more than one-fourth (1/4) of the entire number of memberships in the association and upon recommendation of the Board of Directors accepted by a three-quarters (3/4) vote of the entire number of memberships of the members present in person or by proxy at any annual or special meeting or responsive to a vote thereon taken by mail.
2. Disposition by lease for more than five years, sale, or otherwise of any interest in real property owned by the corporation shall be undertaken only upon recommendation of the Board of Directors accepted by a majority vote of the entire number of memberships of the members present in person or by proxy at any annual or special meeting or responsive to a vote thereon taken by mail.

SECTION 7: DELEGATION OF MANAGEMENT

The Board of Directors may delegate by contract or otherwise to any other Nebraska non-profit corporation general responsibility for administration and executive management of its affairs.

SECTION 8: BOOKS, RECORDS AND REPORTS

The books and records of the corporation shall be maintained at the registered office or wherever directed by the Board of Directors, and the officers shall at each annual meeting of the members and when otherwise called for at any meeting of the Board of Directors present a clear and full report of the affairs and condition of the corporation.

SECTION 9: NOTICES AND STATEMENTS

- A. NOTICE FOR MEETING OF MEMBERS: Not less than twenty (20) nor more than thirty (30) days next preceding any annual or special meeting of the members, a written notice of the time, place and general purpose of each such meeting shall be given to each member by mail sent to the address of such member as last recorded with the Secretary.
- B. STATEMENT OF ASSESSMENTS, DUES, CHARGES AND OTHER MATTERS: Not less than twenty (20) nor more than thirty (30) days next preceding the day for action thereon or response thereto by any member or membership class, each such member therewith concerned shall be given by mail sent to the address of such member last recorded with the Secretary a written notice or statement of any assessments, dues or charges, cancellation of membership, disciplinary action, recommendation of the Board of Directors to amend the Articles of Incorporation or these By-Laws, to extend, modify or terminate all or any part of the Declaration of Covenants, Conditions and Restrictions applicable to all real property

included in membership in accordance with the terms of such Declaration, to increase the standard dues, to undertake excess general capital improvements or extraordinary general expenses, or to dispose of any interest in real property, or any other matter or question submitted to the vote of such members or membership taken by mail.

- C. NOTICE FOR MEETING OF DIRECTORS: Not less than three (3) nor more than thirty (30) days next preceding any annual or special meeting of the Board of Directors, each director shall have actual notice or be given by mail at his last known address or otherwise a written notice of the time, place and general purpose of such meeting.
- D. WAIVER: Any notice required by applicable law, the Articles of Incorporation or these By-Laws shall be waived as to any meeting by the presence of any person entitled to such notice in person or by proxy at such meeting and may be waived at any time as to any meeting or any other matter or question by an oral or written waiver by any person entitled to such notice; and any such waiver, however and whenever made, shall be fully equivalent to the due and timely giving of such notice.

SECTION 10: ADOPTION, AMENDMENT AND DECLARATION

- A. ADOPTION OF BY-LAWS: These By-Laws shall take effect forthwith upon their adoption by the Board of Directors.
- B. DECLARATION: The Declaration of Covenants, Conditions and Restrictions applicable to all real property included in membership may only be extended, modified or terminated according to the provision of Section B of Article VI thereof.
- C. AMENDMENT OF ARTICLES OF INCORPORATION: The Articles of Incorporation of the Association may be altered, amended or revoked, in whole or in part, as follows:
 - 1. By the unanimous agreement and consent in writing of all of the members of the Association; or
 - 2. At any annual or special meeting of the members of the Association, by an affirmative vote of three-fourths (3/4) of the entire number of votes entitled to be cast by all members of the Association; or
 - 3. If the matter is submitted to a vote by mail, by an affirmative vote of three-fourths (3/4) of the entire number of votes entitled to be cast by all members of the Association.
- D. AMENDMENT OF BY-LAWS: These By-Laws may be altered, amended or revoked, in whole or in part, as follows:
 - 1. By the unanimous agreement and consent in writing of all of the members of the Association; or

2. At any annual or special meeting of the members of the Association, by an affirmative vote of three-fourths (3/4) of the entire number of votes entitled to be cast by the resident members of the Association, together with the written consent of the declarant member, its successor or assigns; or
3. If the matter is submitted to a vote by mail, by an affirmative vote of three-fourths (3/4) of the entire number of votes entitled to be cast by the resident members of the Association, together with the written consent of the declarant member, its successor or assigns; or
4. Upon recommendation of the Board of Directors accepted by affirmative vote of three-fourths (3/4) of the entire number of votes entitled to be cast by resident members of the Association present in person or by proxy at any annual special meeting, or responsive to a vote taken by mail, together with the written consent of the declarant member, its successor or assigns; or
5. No assignment of declarant's voting rights, pursuant to Section 2(B.)(2) of these By-Laws, shall carry with it the right to consent to any alteration, amendment or revocation of these By-Laws unless said right is specifically granted by said assignment.

IN WITNESS WHEREOF, we, being all of the directors of Applewood Heights Homeowners Association, Inc., have adopted these By-Laws this 27th day of January, 1982.

AMENDMENTS ADOPTED NOVEMBER 3, 1982

APPLEWOOD HEIGHTS HOMEOWNERS ASSOCIATION, INC.
BY-LAWS

SECTION 2: MEMBERS

B. MEETINGS: Meetings of members shall be held as follows:

5. Special meetings may be held upon call by the Board of Directors at the operating headquarters or wherever directed by the Board of Directors. Special meetings may also be called by members having twenty per cent (20%) of the votes entitled to be cast at such meeting. Such special meeting shall be at the operating headquarters.

G. DISCIPLINE AND ENFORCEMENT: Resident Members shall be subject to disciplinary and enforcement measures as follows:

2. The corporation shall be entitled at any time or from time to time to institute any equitable or legal proceeding appropriate, convenient or necessary for collection of any dues or charges or enforcement of any covenant or easement of concern to it or to take any appropriate, convenient or necessary remedial or other action against any resident member or any resident member's residential lot within the limits of the real property included in membership, or against the holder of any option from the Declarant; provided, however, that no action shall be taken against any lot to which the Declarant holds title. Any lien for dues, assessments or other charges provided for herein shall be subordinate to the lien of any first mortgage or deed of trust, and any mortgage or deed of trust given to Declarant.

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SECTION 6: DUES AND OTHER FINANCIAL MATTERS

F. DUES AND ASSESSMENTS: Assessments shall be ascertained and collected as follows:

1. The regular assessments shall be assessed on an annual or a monthly basis as the Board of Directors shall designate. If assessed on a monthly basis, each monthly assessment shall be a sum equal to one-twelfth (1/12) of the amount determined by the Board of Directors which will be required to completely fund the budget for the coming fiscal year. If assessed on an annual basis, the regular assessment shall be due on a date designated by the Board of Directors. The regular assessment shall be charged against each residential lot and against the holder of any option to purchase a lot from the Declarant; provided, however, that nothing contained herein shall obligate the Declarant to pay any of said assessments or shall in any manner cause any assessment to become a lien against any lot to which Declarant holds title. The budget and the assessments for fiscal year 1982 shall be approved and ratified by the directors at a special meeting called for that purpose. For fiscal year 1983 and thereafter, the budget and the assessments shall be approved and

ratified by the directors prior to the annual meeting of the members immediately preceding the commencement of the fiscal year and the budget, as proposed by the directors, shall be submitted to the members for approval and ratification or amendment and ratification by a majority vote at such annual meeting.

2. The corporation may levy against each residential lot and against the holder of any option to purchase a lot from the Declarant, 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 or 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 corporation. Special assessments for capital improvements and extraordinary expenses shall be approved by a majority vote of the membership. Declarant members shall be entitled to three votes per lot as provided in these By-Laws. Special assessments shall be assessed on an annual or a monthly basis as the Board of Directors shall designate. If assessed on a monthly basis, each monthly assessment shall be a sum equal to one-twelfth (1/12) of said special assessment and shall be due and payable each and every month thereafter, along with the regular assessment with respect to said lot or to said option holder, until the said special assessment shall have been paid in full. If assessed on an annual basis the special assessment shall be due on a date designated by the Board of Directors.
3. The Monthly assessments shall be paid on or before the first day of each month. Annual assessments shall be paid on or before the date designated by the Board of Directors. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 14 per cent (14%) per annum. Regular and special assessments, together with interest, costs, and reasonable attorney fees, shall be and constitute until paid, a continuing charge against and lien upon the residential lot against which the assessment is made, and shall constitute a valid claim against the holder of an option from the Declarant provided, however that nothing contained herein shall obligate the Declarant to pay any of said assessments or shall in any manner cause any assessments to constitute a charge against or lien upon any lot to which the Declarant holds title.