

Board of Directors

Aric Wenzl - President
Sara Komen - Vice President
Joan Luebbert - Secretary
Mike Palmer - Member-at-large
Paul Schoomaker - Member-at-large

Robyn LaMar, Mgr.

Applewood Heights Homeowners Association

January 20, 2017

Re: First Quarter 2017

Dear Association Members,

Happy New Year! The Applewood Heights Homeowners Association's (the "Association") 2016 annual meeting was held on November 2, 2016. Sixty (60) members ("Members") were in attendance. At this meeting Paul Schoomaker was elected to the board of directors ("Board") and Aric Wenzl and Sara Komen were reelected. Thank you to all who voted in the election.

The Association maintains a favorable financial condition. As of December 31, 2016, the Association had \$183,066 in cash. Of this amount, \$43,776 (24%) is available for general operations, \$16,643 (9%) is reserved for covenant enforcement, and \$122,648 (67%) is reserved for perimeter fence maintenance and repair. In terms of operations, in 2016, the Association generated income of \$31,237 and incurred expenses of \$28,538, for a net income of \$2,699. The Board has determined that the 2016 net income will be allocated to the Association's covenant enforcement account for 2017. A summary of the Association's 2015 and 2016 balance sheet and profit and loss statement is enclosed with this letter for your review.

Also enclosed with this letter is a notice that your 2017 Association dues are due by February 28, 2017. Please submit payment to Applewood Heights Homeowners Association, P.O. Box 615, Boys Town, NE 68010. (A self-addressed stamped envelope is enclosed for your convenience.) As indicated in the invoice, the 2017 dues will remain at \$60 per lot.

The Board considers the Association's purpose to be fourfold: (i) common area maintenance; (ii) architectural control; (iii) covenant enforcement; and (iv) social welfare. Therefore, the Board's actions will be consistent with these purposes. We will continue to fund common area maintenance such as repairs to the perimeter fence and landscape services on the perimeter lawn and entrance islands. Architectural control is provided through the Architectural Control Committee, subject to oversight by the Board. Covenant enforcement is accomplished on a situation by situation basis through various means such as enforcement letters, fines and legal action. Finally, in support of social welfare, the Board is prepared to sponsor one or more neighborhood events, such as a block party or picnic. If you would like to organize such an event please join the Social Committee group on Nextdoor (described below).

Applewood Heights Homeowners Association

Please take a minute to review the summary of the Association's covenants enclosed with this letter. Essentially, the covenants are a contract that you entered into with the Association when you purchased your home. If you fail to adhere to the covenants you can be liable to the Association for damages caused by your "breach" or otherwise be ordered to comply with the covenants. As we consider one of the Board's primary objectives to be covenant enforcement, our point here is simply to make you aware of the important role the covenants play in the Association's governance.

Based on past experience, the three most common covenant violations that the Board is likely to encounter involve the storage of trash cans, maintenance equipment, and recreation vehicles or trailers. On these three issues, the covenants are clear:

"No garbage or trash can or container shall be permitted to remain outside of any dwelling unless completely screened from view from every street and from all other Lots in the subdivision. No garden, lawn or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any dwelling except while in actual use." (Phase I and Phase II at Article III(L); Phase III at Article III(M))

"No automobile, boat, camping trailer, van-type campers, auto-drawn trailer of any kind, mobile home, motorcycle, snowmobile or other self-propelled vehicles shall be stored outside of the garage. For purposes of the preceding provision, 'stored outside of the garage' shall mean, parking the vehicle or trailer overnight on the driveway, or any other part of the Lot, outside of the garage, for seven (7) or more consecutive days. . . The dedicated street right-of-way located between the pavement and the Lot line of any residential Lot shall not be used for the parking of any vehicle, boat, camper or trailer." (Phase I and Phase II at Article III(M); Phase III at Article III(N))

Finally, we note that while the Association's covenants are designed to restrict certain activities that detract from the neighborhood's appearance, certain additional activity is also prohibited per the City of Omaha ("City") Municipal Code. Things like nuisance (noise, odors, lights, etc.), abandoned vehicles, potholes, snow removal, graffiti, speeding, housing code violations, illegal dumping, overgrown vegetation and others matters should be directed to the City for abatement and remediation. For instance, while not restricted in the Association's covenants, the Municipal Code restricts on-street parking: as per Sec. 36-161 of the Municipal Code, parking a vehicle "continuously in one place in the same block for a period in excess of 48 hour on any street" is considered a public nuisance and any such vehicle can be removed by City employees. You can report these issues to the City by calling the Mayor's Hotline at 402-444-5555 or through the Omaha Mobile App. Our point is simply that the City is equipped to deal with many neighborhood issues more quickly and efficiently than the Association, and we urge you to use the City as a resource.

As always, if you have questions about any Board activities please email one of the Board members at the email addresses listed on the Association's website (www.applewoodhoa.com). Also, if you haven't already, please join Nextdoor, the private

Applewood Heights Homeowners Association

social network for the Association's residents (www.nextdoor.com). This is a great way to stay informed about Association news, advertise a small business, post classified notices, or simply introduce yourself to your neighbors. The Board wishes you all a safe and happy 2017.

Sincerely,

Applewood HOA Board of Directors

Enclosures:

2015 and 2016 Financial Statement Summary

2017 Dues Invoice

Self-addressed stamped envelope

Applewood Heights Covenants Summary

Applewood Heights Homeowners Association
2015 and 2016 Financial Statement Summary

	2015	2016
Assets		
Operating Account	\$ 36,925.46	\$ 43,775.58
Restricted Money Market Accounts		
Covenant Enforcement	\$ 19,710.25	\$ 16,642.85
Fence Maintenance & Replacement	\$ 122,647.75	\$ 122,647.75
Total Cash	\$ 179,283.46	\$ 183,066.18
Accounts Receivable	\$ 4,240.26	\$ 4,313.63
Total Current Assets	\$ 183,523.72	\$ 187,379.81
 Total Assets	 \$ 183,523.72	 \$ 187,379.81
Equity		
Retained Earnings	\$ 179,512.42	\$ 184,680.99
Net Income	\$ 4,011.30	\$ 2,698.82
Total Equity	\$ 183,523.72	\$ 187,379.81
Income		
Association Dues	\$ 30,195.67	\$ 31,017.10
Interest Income	\$ 105.82	\$ 219.97
Total Income	\$ 30,301.49	\$ 31,237.07
Expenses		
Clerical Costs	\$ 1,765.01	\$ 1,430.45
Homeowner Events	\$ 447.16	\$ 709.68
Income Taxes	\$ 99.00	\$ 8.00
Insurance	\$ 911.00	\$ 911.00
Landscape Maintenance	\$ 10,061.52	\$ 9,754.72
Management Fees	\$ 6,600.00	\$ 6,750.00
Tax Preparation & Audit	\$ 410.00	\$ 440.00
Website	\$ 135.00	\$ 195.00
Legal Fees - Covenant Enforcement	\$ 5,861.50	\$ 8,339.40
Total Operating Expense	\$ 26,290.19	\$ 28,538.25
 Net Income	 \$ 4,011.30	 \$ 2,698.82

Applewood Heights Homeowners Association Covenants & Restrictions Summary

The Applewood Heights Homeowners Association (the "Association") is governed by three separate covenants: Phase I (lots 1 through 213); Phase II (lots 215 through 365); and Phase III (lots 366 through 523). While the covenants are substantially similar, they do vary with regards to the obligations for fencing and trees (see below). The following is a summary of the material provisions of the covenants. Please pay close attention to those provisions dealing with architectural control, trash containers and vehicle/equipment storage. Most complaints result from these three covenants. Refer to the Association's website (www.applewoodhoa.com) to view the Declaration of Covenants, Conditions, and Restrictions in full.

Air Conditioning Units

Air conditioning condenser units must be in the rear yard. For lots 366 through 523, air conditioning condenser and heat pump units must be in the rear yard at least twelve feet from the lot line.

Amendments

The covenants may be amended with the written consent of seventy-five percent (75%) of the lot owners in each Phase. The covenants may be revoked by the written consent of a majority of lot owners in each Phase.

Architectural Control

No external improvement, above or below the surface, may be made without the written approval of the Association through the Architectural Control Committee. Improvements are anything built, erected, placed, altered, maintained, or planted on the lot. They may include, but are not limited to, dwellings (and their exterior colors), fences, driveways, water drainage, patios, patio enclosures, gazebos, decks, rock gardens, swimming pools, television or radio antenna, solar collecting panels, air conditioning equipment, and wind-generated power equipment. Documents submitted for committee approval shall be clear, concise, complete, consistent, and legible. Detached accessory buildings, incinerators, and clotheslines are strictly prohibited.

Fences

Lots 1 to 365: Fences shall be constructed only of wood, brick or stone and are subject to approval of the Architectural Control Committee. No fences may be built forward of the rear-most wall of the house. Fences on corner lots may not be closer to the adjoining street than the closest point of the residence.

Lots 366 through 523: Fences must be approved by the Architecture Control Committee. No fence may be built within thirty feet of the front lot line. Fences on corner lots may not be closer than that allowed by the Municipal Code of the City of Omaha. Wire, chain-link, and snow fences are strictly prohibited.

Fireplaces

Fireplace flues protruding from the front or side, or visible above the roofline from the front of the dwelling shall be constructed or finished with clay-fired brick or stone. Fireplace flues at the rear of a dwelling shall be finished with the same material as the dwelling.

Trash Containers

Outside trash containers must be completely screened from the street and other lots. For lots 215 through 523, trash may not be placed for pickup prior to 10:00 P.M. the day before scheduled pickup. And, trash containers must be removed by 6:00 P.M. the day of pickup.

Trees

No trees may be planted in the dedicated street right-of-way between the pavement and the lot line.

Lots 1 to 213: Two trees shall be planted in the front yard. One of these trees shall be one of the following: Greenspire Linden, Marshall Seedless Ash, Skyline Honeylocust or Emerald Ash.

Lots 215-365: Two trees shall be planted on the lot with at least one in the front yard. The trees shall be of the deciduous variety on the "recommended" or "highly recommended" list of the Forestry Division of the City of Omaha.

Lots 366-523: No tree designations.

Vehicle/Equipment Storage

No vehicle shall be "stored" outside of the garage. Vehicles include, but are not limited to, automobiles, boats, camping trailers, van-type campers, auto-drawn trailers, mobile homes, motorcycles, and snowmobiles. "Stored" means parking the vehicle on the driveway or lot (including dedicated street right-of-way) for seven or more consecutive days. All repairs on personal vehicles must occur in the garage. Vehicles parked on the premises or upon the streets must be in operating condition. No garden, lawn or maintenance equipment may be stored outside of any dwelling.

Yard Signs

No advertising signs or posters may be placed on any lot. "For Sale" signs not exceeding six square feet are the only exception.