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Declaration Establishing

CAPITOL TOWNHOMES

a Condominium

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THIS DECLARATION, is made this 15th day of March, 1985, by BEALS-ARCH MANAGEMENT CORP., a Nebraska corporation (herein referred to as "Declarant"), for itself and its successors and assigns.

Section 1. RECITALS.

1.1 The Property. Declarant is the owner of a certain tract of land (the "Property") situated in the City of Omaha, Douglas County, Nebraska, legally described as follows:

Lots 15, 16 and 17, Block 2, BRIGGS PLACE, an Addition to the City of Omaha, as surveyed, platted and recorded in Douglas County, Nebraska.

1.2 The Building. Declarant intends to improve the Property by constructing thereon a building (the "Building") which shall contain seven condominium units and the general and limited common elements hereinafter described.

1.3 Submission of Property. Declarant hereby submits the Property, together with all improvements, easements, rights and appurtenances thereunto belonging, to the provisions of the Uniform Condominium Act of Nebraska, R.S. Neb. Sections 76-825 to 76-894, subject to taxes, assessments and the covenants, reservations and restrictions of this Declaration.

1.4 Name of Condominium. The condominium hereby established shall be known as "CAPITOL TOWNHOMES, A CONDOMINIUM," hereinafter referred to as the "Project", which reference shall mean and refer to the entire Property, the Building and all structures and improvements erected or to be erected thereon and all easements, rights and appurtenances belonging to the Property.

NOW, THEREFORE, Declarant declares that the following terms, covenants, conditions, restrictions, easements, uses, reservations, limitations and obligations shall run with the land, shall be a burden and a benefit to Declarant, its successors and assigns, each of the Owners (hereinafter defined), and all persons and entities having or acquiring any right, title or interest in or to any part of the Property or the Project, their grantees, and their heirs, personal representatives, devisees, successors and assigns:

Section 2. DEFINITIONS.

2.1 "Association of Owners" or "Association" means Capitol Townhomes Association, Inc., a Nebraska not for profit corporation, the Articles of Incorporation and By-laws of which shall govern the administration of the Project, and the members of which Association shall be all of the Owners of the Units.

2.2 "Building" means the single building containing Units as shown on the Plan.

2.3 "Common elements" means all portions of the Project other than the Units.

2.4 "Common expenses" means (i) expenses of administration, operation and management, maintenance, repair or replacement of the common elements, including, without limitation, those expenses identified in paragraph 5.8; (ii) expenses declared to be common expenses by the provisions of this Declaration or the By-laws of the Association; (iii) other expenditures made by or financial liabilities of the Association; and (iv) all sums lawfully allocated to reserves by the Board of Directors of the Association.

2.5 "Condominium" means the Property, the Building and all structures and improvements erected or to be erected on the Property and all easements, rights and appurtenances belonging to the Property.

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2.7 "Declarant" means Beals-Arch Management Corp., a Nebraska corporation, and its successors and assigns.

2.8 "Declaration" means this Declaration, as supplemented and amended from time to time.

2.9 "First mortgage" means a mortgage with first priority over any other mortgage on the same property, and "first mortgagee" means the holder of a first mortgage.

2.10 "General common elements:" means those common elements which are not limited common elements.

2.11 "Limited common elements" means those parts of the common elements particularly described in paragraph 3.5 hereof which are either limited to and reserved for the exclusive use of an Owner of a Unit or which are limited to and reserved for the common use of more than one but fewer than all of the Unit Owners.

2.12 "Mortgage" means a mortgage, deed of trust or land contract, and "mortgagee" means the holder of a mortgage, the beneficiary of a deed of trust or the vendor of a land contract.

2.13 "Owner" or "Unit Owner" means one or more natural persons, firms, corporations, partnerships, trusts, associations or other entities, or any combination thereof, who own an interest in one or more Units.

2.14 "Plat" means Exhibit B hereto and "Plan" means Exhibit C hereto. The Plat and Plan together constitute the engineering survey of the Project, depicting and locating on the Property all of the improvements and the floor and elevation plans, as supplemented, amended and revised from time to time in accordance with the provisions of this Declaration.

2.15 "Project" means the Condominium.

2.16 "Property" means the real estate described in paragraph 1.1 of this Declaration.

2.17 "Unit" means the physical portion of the Condominium designated for separated ownership or occupancy in the Plan, the boundaries of which are described in paragraph 3.3.

Terms not otherwise defined herein or on the Plat and Plan shall have the meanings set forth in Section 76-827 of the Uniform Condominium Act of Nebraska.

Section 3. DIVISION OF THE PROPERTY; UNIT BOUNDARIES.

3.1 Location and Dimensions of the Building. The location and dimensions of the Building on the Property are depicted on the Plat attached as Exhibit B hereto.

3.2 Units. The location of Units within the Building and their dimensions are shown on the Plan attached as Exhibit C hereto. Attached as Exhibit A hereto is a list of all Units, their identifying numbers, approximate size and the share interest appurtenant to each Unit determined on the basis of size. The "size" of each Unit is the total number of square feet contained therein determined by reference to the dimensions shown on the Plan.

3.3 Unit Boundaries. The boundaries of each Unit are as follows:

(a) Upper and Lower (horizontal) Boundaries: The upper and lower boundaries of each Unit shall be the following boundaries extended to an intersection with the vertical boundaries:

1. Upper Boundary: The horizontal plane of the bottom surface of the wood joists of the ceiling, except where there is a dropped ceiling, in which locations the upper boundary shall be the

(b) Vertical Boundaries: The vertical boundaries of each Unit shall be the vertical plane that includes the back surface of the single layer of plasterboard of all walls bounding the Unit and in stairways the front surface of vertical elements of the steps extended to intersections with each other and with the upper and lower boundaries.

(c) Each Unit shall include (i) the garage space depicted in the Plan; (ii) all interior stairways; and (iii) the room containing the heating and air-conditioning apparatus, which apparatus is part of the Unit. Any portion of a utility system or other apparatus serving more than one Unit (e.g., pipes, conduits, ducts) that is partially within and partially without a Unit, is part of the common elements. Any portion of a utility system serving only one Unit that is located outside the Unit is a limited common element appurtenant to that Unit.

3.4 Right to Change. There is reserved to the Association the right to (i) physically combine the space within one Unit with the space within one or more adjoining Units, or (ii) combine a part of or combination of parts of the space within one Unit with part or parts of the space within one or more adjoining Units, or (iii) assign limited common elements as appurtenant to Units (whether or not previously allocated as a limited common element) and sever limited common elements from Units and reassign them to other units. Any such physical changes to Units and any such assignment or reassignment shall be reflected by an amendment to Exhibit "A" and the Plan, which amendment shall depict the affected Units as reconstituted and shall set forth the reapportioned undivided share interests and voting rights of the Units affected. No such physical change, assignment or reassignment shall be made without the written consent of the Owner and the first mortgagee of each of the Units affected. The cost and expenses incurred for legal, architectural and engineering fees relative to preparation of such amendment shall be borne by the person requesting such physical change to the Unit.

3.5 Limited Common Elements. A portion of the common elements is reserved for the exclusive use of individual Owners of the respective Units, and such areas are herein referred to as "limited common elements". The limited common elements so reserved are identified on Exhibit "A" and on the Plan; provided, however, that any patio or balcony and driveways which are accessible from, associated with and which adjoin a Unit and any other limited common elements identified on the Plan, in Section 76-839 of the Uniform Condominium Act of Nebraska, or in this Declaration shall, without further reference thereto, be used in connection with such Unit to the exclusion of the use thereof by the other Owners of the common elements, except by invitation. All of the Owners of Units in the Project shall have a non-exclusive right in common with all of the other Owners to the use of sidewalks and pathways located within the entire Project. No reference need be made to the limited common elements in any deed, instrument of conveyance or other instrument, whether such limited common elements are exclusive or nonexclusive.

3.6 Condominium Plat and Plan. In interpreting the Plat and the Plan, the existing physical boundaries of each separate Unit, whether in its original state or existing or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries, regardless of settling or lateral movement of the Building and regardless of minor variance between boundaries shown on the Plan and those of Building. Declarant reserves the right to amend the Plan, from time to time, to conform to the actual location of any of the constructed improvements and to establish, vacate and locate easements, access easements and on-site parking areas.

3.7 Legal Description of Condominium Unit.

(a) Every contract for the sale of a Condominium Unit written prior to the filing for record of the Plan or this Declaration may legally describe a Condominium Unit by its identifying Unit designation, followed by the name of the Project. The location of such Unit on the Property shall be depicted on the Plan subsequently filed for record.

(b) Every contract, deed, lease, mortgage, deed of trust, will or other instrument may legally describe a Condominium Unit by its identifying Unit designation,

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general common elements and the limited common elements appurtenant thereto. Each such description shall be construed to include a non-exclusive easement for ingress and egress to an Owner's Unit and use of all of general and the appurtenant limited common elements.

3.8 Permissible Forms of Ownership. A Condominium Unit may be held and owned in any real property estate or tenancy relationship recognized under the laws of the State of Nebraska.

3.9 Inseparability of Condominium Unit. Each Unit, the appurtenant undivided interest in the general common elements and the appurtenant limited common elements shall together comprise one Condominium Unit, shall be inseparable and may be conveyed, leased, devised or encumbered only as a Condominium Unit, provided, however, Units may be changed and limited common elements may be assigned and reassigned as provided in paragraph 3.4 hereof.

3.10 Non-Partitionability of General Common Elements. The common elements shall be owned by all of the Owners of the Units and Declarant (as long as it owns unsold Units or lots on which Units are to be constructed), shall remain undivided, and no Owner shall bring any action for partition or division of the common elements. Nothing contained herein shall be construed as a limitation of the right of partition of a Condominium Unit between the Owners thereof, but such partition shall not affect any other Condominium Unit. Declarant shall be the Owner of all undivided interests in and to the common elements appurtenant to unsold and unconstructed Units.

3.11 Easements for Encroachments. Each Unit is subject to such encroachments as are contained in the Building, whether the same now exist or may later be caused or created. In particular, if a Unit is partially or totally destroyed and then rebuilt, the Owners agree that minor encroachments upon other Units or upon parts of the common elements shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the common elements or on the Units for purposes of marketability of title or otherwise.

3.12 Termination of Mechanic's Lien Rights and Indemnification. Subsequent to the completion of the improvements described on the Plat and Plan, no labor performed or materials furnished and incorporated in a Unit with the consent of or at the request of the Unit Owner, his agents, his contractor or subcontractor shall be the basis for filing of a lien against the common elements or against the Unit of any other Unit Owner who did not expressly consent to or request the services or materials. Each Owner shall indemnify and hold harmless each of the other Owners from and against all liability arising from the claim of any lien against the Unit of any other Owner for services or materials incorporated in an Owner's Unit at such Owner's consent or request. The provisions of this paragraph are subject to the rights reserved to the Association as set forth in paragraph 5.1.

Section 4. CREATION AND OPERATION OF CAPITOL TOWNHOMES ASSOCIATION, INC.

4.1 Governing Documents. The common interests of all Owners with respect to the Project shall be governed and administered by the Association in accordance with the provisions of this Declaration and the Articles of Incorporation and By-laws of the Association. The Articles of Incorporation of the Association are attached hereto as Exhibit "D", and the By-laws of the Association are attached hereto as Exhibit "E".

4.2 Membership. Every Owner shall be a member of the Association and shall remain a member for so long as he is an Owner, and Declarant shall be a member as long as it owns any part of the Project.

4.3 Voting Rights. Each Owner shall have and be entitled to cast, in respect of any matter coming before the Association or the Owners as such, the number of votes equivalent to the percentage representing the share interest of his Unit or Units, as set forth in Exhibit "A". The Declarant shall have and be entitled to cast in all such matters the votes allocated to all Units not owned by any other Owner, whether or not such Units have been built or completed.

Association. If a majority of the first mortgagees shall so require in writing, the Board of Directors of the Association shall retain and pay for the services of a professional property manager for the Project. No agreement for the management of the Project shall be effective for a term beyond one year, renewable by agreement of the parties for successive one-year periods, and such management agreement shall be terminable without penalty by the Board of Directors or the Association upon 180 days' written notice thereof.

4.5 Compliance with the Governing Documents. Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation and By-laws of the Association, and the Rules and Regulations, decisions and resolutions of the Association as the same may be lawfully adopted and amended from time to time. Failure to comply with any of the same shall be grounds for the Association to levy reasonable fines or for an action to recover sums due for damages or injunctive relief, or both, and for reimbursement of all attorney's fees incurred in connection therewith, which action shall be maintainable by the Board of Directors on behalf of the Owners, or by an aggrieved Owner, or by the Association.

4.6 Revocation or Amendment of Declaration. Except as otherwise provided herein, this Declaration shall not be revoked unless the Owners representing an aggregate ownership of at least 80 percent of the share interest and all of the holders of recorded first mortgages covering or affecting any or all of the Condominium Units consent and agree to such revocation by a duly recorded instrument. Except as otherwise provided herein, this Declaration shall not be amended unless Owners representing an aggregate ownership interest of 75 percent or more of the share interest and the holders of recorded first mortgages on Condominium Units which pertain to at least 75 percent of the share interest of Condominium Units subject to mortgages, consent to such amendment by a duly recorded instrument; provided, however, such consent shall not be required for an amendment made to the Plan pursuant to paragraph 3.6 hereof, or to the Plan and Exhibit "A" pursuant to paragraph 3.4 hereof; and provided, further, that the boundaries of the Units, the numbers of votes appertaining to the Units, the fundamental purposes of the Project as set forth in the first sentence of paragraph 3.1 hereof, and the undivided interests in the common elements appurtenant to each Unit shall have a permanent character and, except as provided in paragraph 3.4, shall not be altered without the consent of the Owners representing an aggregate ownership of all the share interest and all of the holders of first mortgages, and no amendment changing the pro rata interest or obligation of any Unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the Project shall become effective without receiving approval of Owners representing ownership of all the share interest and all holders of first mortgages.

4.7 Certificate of Identity of Management Body. There shall be recorded from time to time a Certificate of Identity and the addresses of the persons then comprising the management body (directors and officers) of the Association together with the address of the Manager, if any. Such Certificate shall be conclusive evidence of the facts stated therein in favor of any person relying thereon in good faith, regardless of the time elapsed since the date thereof. The first such Certificate shall be recorded on or before 90 days after recording this Declaration.

4.8 Owners' Access to Information. All Owners shall have access, for a proper corporate purpose, to inspect the books, records and financial statements of the Association, upon such notice as the Board of Directors may reasonably require. During normal business hours, the Association shall have available for inspection by Owners, mortgagees and prospective purchasers, current copies of this Declaration, the Articles of Incorporation and By-laws of the Association, and any rules and regulations which are then effective with respect to any part of the Project.

Section 5. MAINTENANCE, REPAIRS, EMERGENCIES AND COMMON EXPENSES.

5.1 Right of Access. The Association has the irrevocable right, to be exercised by the Board of Directors of the Association or its lawful delegate, to have access to each Unit from time to time during reasonable hours and with such notice as may be reasonable under the circumstances as may be necessary for the maintenance, repair or replacement of any of the general or limited common elements therein or accessible therefrom.

5.2 Responsibility for Damage. Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the common elements or as a result of emergency repairs within another Unit shall be a common expense of all the Owners. If any damage to a Unit or any of the common elements is caused by the negligent or tortious act of a Unit Owner, members of his family, his agent, employee, invitee, licensee, tenant or pet then such Unit Owner shall be responsible and liable for all such damage. All damaged improvements shall be restored substantially to the same condition in which they existed prior to the damage. In the event any Unit Owner fails to restore the Unit or the common elements as set forth herein, the Association may perform such work, invoice the responsible Unit Owner for the cost thereof and secure and enforce a lien against the Unit of the responsible Owner in like manner as for the nonpayment of assessments for common expenses.

5.3 Owner's Maintenance Responsibility. For maintenance purposes, an Owner shall be obligated to keep in good repair and condition, at his own expense, the interior of his own Unit and the supporting walls, and the materials, including, but not limited to, plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor coverings and flooring (not including the sub-flooring) which make up the finished surfaces of the perimeter walls, ceilings, interior stairways and floors within his Unit, including all glass, Unit doors and windows, together with all fixtures and equipment which serve only his Unit or are installed within the Unit commencing at a point where the utilities are connected to such fixtures and equipment, whether or not the same are general common elements or limited common elements. The lines, pipes, wires, conduits or systems which the common elements in part comprise shall not be disturbed or relocated by an Owner without the written consent and approval of the Board of Directors of the Association. An Owner's right to repair, alter and remodel the interior of his Unit shall be coupled with the obligation to replace any finishing or other materials removed with similar material having at least the same sound-absorbing characteristics. No Owner shall do any act nor perform any work that will impair or tend to impair the structural soundness or integrity of the Building or interfere with or tend to interfere with any easement or hereditament. In the event any Owner fails to perform the maintenance required by this paragraph, the Association may perform such work, invoice the responsible Unit Owner for the cost thereof and secure and enforce a lien against the Unit of the responsible Owner in like manner as for the nonpayment of assessments for common expenses.

5.4 Owner's Maintenance Responsibility for Certain Limited Common Elements. In addition to the maintenance required by paragraph 5.3, each Owner shall be obligated to keep neat, clean and in good and sanitary repair and condition, at his expense, those limited common elements which comprise patios, stairways, decks and balconies adjoining his Unit and which are appurtenant thereto. In particular, such facilities will be maintained by the Owner free of weeds, compost, pet debris, and other unsightly or annoying conditions. In the event any Owner fails to perform the maintenance required by this paragraph, the Association may perform such work, invoice the Owner for the cost thereof and secure and enforce a lien against the Unit in like manner as for the nonpayment of assessments for common expenses.

5.5 Maintenance of Common Elements. Except as otherwise provided herein, the maintenance and operation of the common elements shall be the responsibility of the Association and the cost thereof shall be common expenses to be paid for by assessments levied against all Owners.

5.6 Special Assessments for Common Elements. There shall be no additions, alterations, improvements, replacements or major repair of or to the common elements by the Association requiring a special assessment in excess of \$100.00 per Unit in any one calendar year without prior approval of Owners representing an aggregate ownership interest of fifty percent or more of the share interest. Such approval shall be expressed by a vote in favor thereof at a special or regular meeting of the Association members. Such expenditure shall be a common expense, and unless otherwise provided by the approving vote, (i) all costs therefor shall be specially assessed against all Units in accordance with their respective interests in the common elements; (ii) such additions, alterations, improvements, replacements and major repairs shall have no effect on any Owner's voting rights; and (iii) each Owner

5.7 Assessment for Common Expenses. All Owners shall be obligated to pay the estimated assessments imposed by the Board of Directors of the Association to meet the common expenses. The assessments shall be made according to each Owner's share interest in the common elements as provided in paragraph 5.8. Except as provided in paragraphs 5.3 and 5.4, the limited common elements shall be maintained from assessments the same as general common elements, and Owners having exclusive use thereof shall not be subject to any special charges or assessments for the repair or maintenance thereof. Assessments for the estimated common expenses shall be due in advance on the first day of each calendar month, or at such other intervals as may be determined by the Board of Directors, and the Board of Directors shall prepare and deliver or mail to each Owner statements for the common expenses. The assessments provided for herein shall commence as to a particular Unit on the day of the conveyance of the Unit by Declarant.

5.8 Determination of Amount of Annual Assessments and Time for Making Such Determination. Until January 1, 1987, or until the first levy of annual assessments, whichever shall first occur, unless increased as provided in this paragraph, monthly interim assessments shall be due and payable on the first day of each calendar month by the Owner of each Unit at the rates set forth below:

<u>Units</u>	<u>Monthly Interim Assessment</u>
Units 201 and 203	\$ 83.33
All other Units	\$ 66.67

The purchaser of a Unit shall pay to the Association on the date of closing the pro rata amount of the interim assessment due in the month of closing and the next full months' interim assessment. Thereafter, interim assessments shall be due and payable on the first day of each calendar month. So long as the Declarant shall pay each month the difference between the amount of monthly interim assessments to be paid by Owners other than the Declarant and the total operating expenses of the Association for such month, no interim assessments shall be payable with respect to Units owned by Declarant. The first annual assessment shall be levied against each Unit on the January 1 next following the first to occur of any of the following events: (a) the completion of sale of the fifth Unit by Declarant; (b) December 31, 1986; or (c) relinquishment of control of the Association by Declarant. In November of each year preceding the levying of an annual assessment, the Board of Directors shall adopt an annual budget by estimating the amount of the annual assessments necessary to make payment of all estimated expenses growing out of or connected with the maintenance, repair, replacement, operation, addition, alteration and improvement of and to the general and limited common elements, which sum may include, but shall not be limited to, expenses of administration, taxes and special assessments other than separately assessed taxes and assessments on the Units, premiums for insurance, landscaping and care of grounds, common lighting and heating, repairs and renovations, trash and garbage collection, wages, water and sewer charges, legal and accounting fees, management fees, expense and liabilities incurred by the Manager or Board of Directors on behalf of the Unit Owners under or by reason of this Declaration or any corporate documents, for any deficit remaining from the previous period, for the creation of a reasonable contingency reserve, for working capital as well as other costs and expenses required to be paid pursuant to this Declaration or the By-laws of the Association and relating to the common elements or the common interests of the Owners. Notwithstanding the foregoing, the monthly amount of the interim assessment may not be increased in any year by more than 15 percent of the preceding year's assessment without approval of Owners representing an aggregate ownership of 50 percent or more of the share interest at a regular or special meeting of the Association. Annual assessments to be levied against each Unit shall be the percentage of the total annual budget of the Association equivalent to the share interest appurtenant to such Unit as set forth in Exhibit "A". Within 30 days after making its determination, the Board of Directors shall provide a summary of the budget to all Unit Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing or delivering the summary. Unless at that meeting a majority of all votes in the Association reject the budget, the budget shall be deemed to be adopted.

omission or failure to fix the assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of Owners from their obligation to pay the same.

5.9 Owner's Personal Obligation for Payment of Assessments. The amount of the common expenses assessed against each Unit shall be the personal and individual debt of each Owner thereof. No Owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his Unit. Both the Board of Directors and Manager shall have the responsibility to take prompt action to collect any unpaid assessment which remains unpaid for more than 10 days from the due date for payment thereof. In the event of default in the payment of the assessment, the Unit Owner shall be obligated to pay interest at the rate of 1-1/3 percent per month on the amount of the assessment from due date thereof (or such lesser rate as is then the maximum permissible by law), together with all expenses, including attorney's fees incurred in collecting such assessment, together with such late charges as may be provided for in the By-laws of the Association. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing the lien provided for in paragraph 5.10, and such suit shall not be construed to be a waiver of the lien.

5.10 Effect of Nonpayment of Assessments and Remedies of the Association. Any assessments chargeable to a Unit within 10 days after it is due, together with late charges and interest, shall constitute a lien on the Condominium Unit superior to all other liens and encumbrances, except liens for taxes, special assessments and first mortgages. As evidence of such lien, the Board of Directors shall prepare a written notice of assessment lien setting forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges thereon, the name of the Owner of the Unit and a legal description of the Condominium Unit. Such notice of assessment lien shall be signed by one member of the Board of Directors on behalf of the Association and shall be recorded in the office of the Register of Deeds of Douglas County, Nebraska. Such lien shall be effective from the due date of the assessment until all sums, with interest and other charges thereon provided for herein shall have been paid.

5.11 Foreclosure of Lien. Any lien arising as provided in paragraph 5.10 may be enforced by the foreclosure of the defaulting Owner's Condominium Unit by the Association in like manner as a mortgage on real property, at any time after the recording of the notice of assessment lien. In any such proceedings, the Owner shall be required to pay the costs, expenses and attorney's fees incurred for filing the lien, and in the event of foreclosure proceedings, all additional costs, expenses and reasonable attorney's fees incurred, including any costs incurred to protect the security of the lien. The Owner of the Condominium Unit being foreclosed shall be required to pay to the Association the monthly assessments upon the Unit during the period of foreclosure, and the Association shall be entitled to a receiver during foreclosure. The Association shall have the power to bid on the Condominium Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey and otherwise deal with the same.

5.12 Right of Mortgagee with Respect to Unpaid Assessment and Owner's Default. Any mortgagee holding a mortgage on a Condominium Unit may pay, but shall not be required to pay, any unpaid assessments payable with respect to such Unit, and upon such payment, such mortgagee shall have a lien on the Condominium Unit for the amount paid of the same rank and priority as the lien of his mortgage without the necessity of recording a notice or claim of such lien. The Association shall report to first mortgagees any unpaid assessment remaining unpaid for longer than 30 days after the same is due and shall further report to first mortgagees any other default by the Owner of his obligations under this Declaration if the default is not cured within 30 days.

5.13 Statement of Unpaid Assessments. Upon written request by an Owner or his agent, or a prospective buyer or mortgagee of a Condominium Unit, the Association shall furnish a written statement, in recordable form, of the amount of any unpaid assessments, the amount of the current assessments with respect to such Unit, the dates that assessments are due, the amount of any advance payments made, prepaid items such as insurance premiums and reserves therefor and deficiencies in reserve accounts. Such statement shall also include a list of the names of the Owners of the





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which shall provide that the loss, if any, shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provision in favor of the Association set forth in paragraph 6.1; (ii) public liability insurance in such limits as the Board of Directors may from time to time determine, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the common elements. Such public liability insurance shall also cover cross liability claims of one insured against the other. Initially, such public liability insurance shall be in a single limit of \$1,000,000 covering all claims for death, bodily injury or property damage arising out of one occurrence and the policy limits may be increased from time to time as the Board of Directors deems appropriate; (iii) plate or other glass insurance; (iv) workmen's compensation insurance if required; (v) such other insurance as the Board of Directors may determine. All policies of public liability insurance shall contain waivers of subrogation against any Owner and members of his family and waivers of any defense based on co-insurance or of invalidity arising from any acts of an insured and shall provide that such policies may not be cancelled or substantially modified without at least 30 days' prior written notice to all of the insured parties including mortgagees. Upon request, duplicate originals of all policies and renewals thereof together with proof of payments of premiums shall be delivered to all first mortgagees at least 30 days prior to expiration of the then-current policies. The insurance shall be carried in blanket form naming the Association and each Owner as an insured and as attorney-in-fact for all the Unit Owners, and the policy or policies shall set forth each Owner's name and Unit number. Prior to obtaining any policy of fire insurance or renewal thereof, the Board of Directors shall obtain an appraisal of the full replacement value of the entire Project improvements, without deduction for depreciation, for the purpose of determining the amount of the insurance to be obtained pursuant to the provisions hereof. In no event shall the insurance policy contain a co-insurance clause for less than 90 percent of the full replacement cost. If, at the time of a loss under any policy required or permitted by this paragraph, there is other insurance in the name of an Owner covering the same risk as such policy, the Association's policy provides primary coverage.

6.3 Unit Owner's Insurance. Unit Owners may carry other insurance for their benefit and at their own expense, provided that all such policies shall contain waivers of subrogation, and provided, further, that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Insurance coverage on furnishings and other items of personal or other property belonging to an Owner and public liability coverage within each Unit shall be the sole and direct responsibility of the Owner thereof, and the Board of Directors, the Association and the Manager shall have no responsibility therefor.

6.4 Action to be Taken if Insurance Proceeds are Insufficient to Repair and Damage is not More than 60 Percent of Replacement Cost. If the insurance proceeds are insufficient to repair and reconstruct the improvements and if repair of such damage will not cost more than 60 percent of the total replacement cost of all of improvements in the Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as trustee and attorney-in-fact, using the proceeds of insurance and, if insurance proceeds are insufficient, the proceeds of a special assessment to be made against all of the Owners and their Condominium Units. Such deficiency assessment shall be a common expense and shall be due and payable within 30 days after written notice thereof has been mailed to each Owner. Subject to the foregoing, the Association shall have full authority, right, and power, as trustee and attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. Assessments for common expenses shall not be abated during the period of insurance adjustment and repair and reconstruction unless otherwise determined by the Board of Directors.

6.5 Special Assessment Lien. The assessment provided for in paragraph 6.4 shall be a personal debt of each Owner and a lien upon his Condominium Unit and may be enforced and collected as provided in paragraphs 5.9 and 5.11, and the Owner shall be required to pay to the Association all amounts provided for in said para-

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this paragraph. The proceeds derived from such sale shall be used and disbursed in the following order:

1. For payment of customary expenses of sale and the balance of the lien of any first mortgage;
2. For payment of taxes and special assessment liens in favor of any assessing entity;
3. For payment of unpaid common expenses and all costs, expenses and fees incurred by the Association;
4. For payment of junior liens and encumbrances in the order of and to the extent of their priority.

The balance remaining, if any, shall be paid to the Unit Owner.

6.6 Action to be Taken if Insurance Proceeds are Insufficient to Repair and Damage is More than 60 Percent of Replacement Cost.

(a) Sale of Project. If the insurance proceeds are insufficient to repair and reconstruct the damaged improvements, and if such damage is more than 60 percent of the total replacement cost of all of the improvements in the Project not including land, and if the Owners representing a majority of the share interest do not within 100 days after the damage has occurred make provisions for reconstruction and obtain the approval for such action of the first mortgagees representing at least a majority of the share interest of Units which are subject to mortgages, then the Association shall forthwith record a notice setting forth such facts and thereafter the entire remaining Project shall be sold by the Association pursuant to the provisions of this paragraph, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Plan, Articles of Incorporation and the By-laws. Assessments for common expenses shall not be abated during the period prior to sale. The insurance settlement proceeds and net sales proceeds shall be collected by the Association as trustee for the Owners and all mortgagees, and shall be divided by the Association according to each Owner's share interest in the common elements. The proceeds shall be paid into separate accounts, each such account representing one of the Condominium Units. Each such account shall be in the name of the Association and shall be identified by the Unit designation and the name of the Owner. From each account the Association shall disburse monies in the order set forth in paragraph 6.5.

(b) Reconstruction. If the insurance proceeds are insufficient to repair and reconstruct the damaged improvements and if such damage is more than 60 percent of the total replacement cost of all the improvements in the Project not including land, and if the Owners and mortgagees adopt a plan for reconstruction, as provided in paragraph 6.6(a) within 100 days after the damage has occurred, then all the Owners shall be bound by the terms and other provisions of such plan. In that event, such damage or destruction shall be promptly repaired and reconstructed by the Association, as trustee and attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment to be made against all of the Owners and their Units in accordance with the plan of reconstruction. Such assessment shall be a common expense and made according to each Owner's share interest in the common elements and shall be due and payable within 30 days after written notice thereof has been mailed to each Owner. Subject to the foregoing, the Association shall have full authority, right and power, as trustee and attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. Assessments for common expenses shall not be abated during the period of insurance adjustment and repair and reconstruction unless otherwise determined by the Board of Directors.

(c) Special Assessment Lien. The assessment provided for in subparagraph 6.6(b) shall be a personal debt of each owner and a lien on his Condominium Unit and may be enforced and collected by any of the methods provided for in paragraphs 5.9, 5.11 and 6.5, and the Owner shall be bound by the provisions of

common elements are obsolete and adopt a plan for their renewal and reconstruction, which plan must be approved by all first mortgagees. If a plan for renewal and reconstruction is adopted, notice of such plan shall be recorded, and the expense of renewal and reconstruction shall be specially assessed against all of the Owners and their Units as a common expense in accordance with the plan for renewal and reconstruction, whether or not they have previously consented to the plan for renewal and reconstruction. The assessment provided for herein shall be a personal debt of each Owner and a lien on his Condominium Unit and may be enforced and collected by any of the methods provided in paragraphs 5.9, 5.11 and 6.5, and the Owner shall be required to pay to the Association all amounts provided for in said paragraphs. If the Association elects to sell the Condominium Unit, the proceeds shall be disbursed as set forth in paragraph 6.5.

6.8 Obsolescence of Condominium Units. The Owners representing an aggregate ownership interest of 80 percent or more of the share interest may agree that the Condominium Units are obsolete and that the same should be sold. Such agreement must have the unanimous approval of every first mortgagee. The Association shall record a notice setting forth such agreement, and, upon the recording of such notice, the Project shall be sold by the Association, as attorney-in-fact, for all of the Owners free and clear of the provisions contained in this Declaration, the Plat and Plan, the Articles of Incorporation and the By-laws. The net sales proceeds shall be collected by the Association as trustee for the Owners and all mortgagees and shall be divided according to each Owner's share interest in the general common elements. The proceeds shall be placed into separate accounts, each such account representing one of the Condominium Units. Each such account shall be in the name of the Association and shall be identified by the Unit designation and the name of the Owner. From each account the Association shall disburse monies in the order set forth in paragraph 6.5 above.

#### Section 7. RIGHT TO ACQUIRE ADDITIONAL PROPERTY.

The Association may require and hold for the benefit of all of the Unit Owners real and tangible and intangible personal property and may dispose of the same by sale or otherwise. The cost of any such property shall be borne by, and the beneficial interest in any such property shall be owned by, all of the Unit Owners in the same proportions as their respective interests in the common elements, and such interest therein shall not be transferable except with a conveyance of a Condominium Unit as provided in this Section 7. The Unit Owners' interest in all general and limited common elements shall remain as it was before any additions of or to the general or limited common elements, and there shall be no change in voting power of any Owner in the Association. A conveyance of a Condominium Unit shall transfer to the grantee ownership of the grantor's beneficial interest in such additional real and personal property without any reference thereto.

#### Section 8. RESTRICTIVE COVENANTS AND OBLIGATIONS.

8.1 Residential Use; Structures. The Project is hereby restricted to residential dwellings for residential use and uses related to the convenience and enjoyment of such residential use. No buildings other than the Building and structures shown on the Plan shall be erected or constructed on the Property except with the approval of Owners representing at least 75 percent of the share interest. No structures of a temporary character, trailers, tents, shacks, or other outbuildings shall be used or permitted to be kept or stored on any portion of the Property at any time, either temporarily or permanently, except as provided in paragraph 8.2 hereof.

8.2 Construction and Sales Period Facilities. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for the Declarant, its agents, employees and contractors to maintain during the period of construction and sale of the Project, upon such portion of the Property as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale or rental of Condominium Units including, without limitation, a business office, storage area, construction yards, signs, model units, sales office, construction office, parking areas and lighting. Any such facilities which are not designated a Unit or otherwise shown in the Plat and Plans may be removed by Declarant upon termination of the

more than 4.5 square feet shall be permitted temporarily for Units offered for sale or rent), billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the Property, nor shall any part of the Project be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof. During the construction and sale period, no "For Rent" or "For Sale" signs whatsoever shall be permitted on the Property without the express written approval of the Declarant. No business activities of any kind whatever shall be conducted in any building or on any portion of the Property except as provided in paragraph 8.2. The foregoing covenants shall not apply to the business activities, signs and billboards or the construction and maintenance of buildings and improvements, if any, of the Declarant, its agents, contractors and assigns during the construction and sale period, and of the Association, its successors and assigns, in furtherance of its powers and purposes as herein set forth.

8.4 Rentals. No Unit shall be rented or leased for transient or hotel purposes (viv. rental for any period less than 30 days, or any rental if occupants are provided customary hotel services). Subject to the foregoing, each Owner shall have the absolute right to lease his Unit, provided that the lease is in writing and is in all respects subject to the covenants, conditions, restrictions, limitations and uses provided in this Declaration and the By-laws.

8.5 Exteriors. Except for those improvements erected or installed by Declarant, no exterior additions, alterations or decorating to any buildings, nor changes in fences, hedges, walls and other structures shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate costs of the same shall have been submitted to and approved in writing as to conformity and harmony of external design and location with existing structures on the Property by the Association or by a representative designated by it.

8.6 Antennae. No exterior television, radio or microwave antennas of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon the Property, nor upon any structure situated upon the Property, other than an aerial for a master antenna system, should such system be utilized and require any exterior antenna, unless written permission is obtained from the Association.

8.7 Parking. All vehicles of Owners and residents which have been assigned garage stalls or parking areas, while on the Property shall be parked only in assigned areas or in the garages. Exterior parking areas are intended primarily for guests and for resident's vehicles which are not assigned to parking areas.

8.8 Trailers, Etc. No trailers, detached campers, boats, mobile homes, trucks, grading or excavating equipment or other heavy machinery shall be parked or stored on the Property unless parked or stored in a garage. No repairs of automobiles or other vehicles will be permitted outside garages at any time.

8.9 Nuisance. No nuisance shall be allowed on the Property or within the Project, nor shall any use or practice be permitted which is a source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the Project by its residents. All parts of the Project shall be kept in a clean and sanitary condition, and unused building materials, junk, rubbish, refuse and garbage shall be regularly removed and shall not be allowed to accumulate, nor shall any fire hazard be permitted to exist. All refuse containers, service yards, wood piles, and storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring residences and streets. Gardens are not permitted. No clotheslines shall be permitted outside of any Unit at any time. No Unit Owner shall permit any use of his Unit or make any use of the common elements which will increase the rate of insurance upon the Project.

8.10 Lawful Use. No improper, offensive or unlawful use shall be permitted or made of the Project or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction shall be observed.

8.11 Regulations. Rules and regulations may be adopted by the Board of Directors concerning and governing the use of the general and limited common elements and

8.12 Animals. No animals, livestock, fowl or poultry of any kind shall be raised, bred or kept on the Property or in the Property, except that dogs, cats or other small household pets maintained within a Unit may be kept, provided they are not kept, bred or maintained for commercial purposes and the total number of dogs and cats kept within a Unit does not exceed two. No animal shall be sheltered, tethered or left unattended outside a Unit. Owners shall be responsible for any damage caused to the common elements by pets of residents and guests of their Units, as provided paragraph 5.2.

8.13 Variances. The Board of Directors of the Association shall be responsible for the enforcement of the provisions of this Section, and in a proper case may permit variances. Any variance or adjustment of the provisions of this Section 8 granted by the Board of Directors or any acquiescence or failure to enforce any violation of the conditions and restrictions of this Section 8 shall not be deemed to be a waiver of any of the conditions and restrictions hereof in the same or any other instance.

#### Section 9. GENERAL RESERVATIONS.

9.1 Declarant's Rights. Declarant reserves the right during the period of Declarant control specified in paragraph 9.2 to establish easements and rights of way through, under, over and across the Project for construction purposes and for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, drainage, gas, electricity, telephone, cable television and other utilities and services, and to establish or grant other easements, reservations, exceptions and exclusions consistent with the condominium ownership of the Project and for the best interest of all of the Unit Owners, including the Declarant, in order to serve the entire Project.

9.2 Control of Association. Notwithstanding any other provision expressly or impliedly to the contrary contained in this Declaration, the Articles of Incorporation or By-laws of the Association, Declarant reserves the right to exercise the rights, duties and functions of the Board of Directors of the Association until the first to occur of the following: (i) January 1, 1987; (ii) the closing of the sale of the fifth Unit by the Declarant; or (iii) the voluntary relinquishment by the Declarant of control of the Association by written notice to all Owners.

9.3 Special Declarant Rights. Declarant reserves the following special declarant rights: (a) to complete the improvements indicated on the Plat and Plan filed as a part of this Declaration; (b) to maintain the facilities permitted by paragraph 8.2 during the construction and sales period; (c) to use easements through the common elements for making improvements within the Project; and (d) to appoint or remove any officer or Director of the Association during the period of Declarant control specified in paragraph 9.2.

#### Section 10. MISCELLANEOUS PROVISIONS.

10.1 Registration of Mailing Address and Transfer of Ownership. Each Owner shall register his mailing address with the Association, and notices or demands required to be served upon an Owner shall be sent by mail, postage prepaid, addressed to the Owner at such registered mailing address. In the event of failure of an Owner to register his mailing address, notice may be served upon an Owner by leaving a copy thereof at his Unit. Upon sale or other transfer of his Condominium Unit, each Owner shall give notice to the Association of the name and address of his transferee, and the Association shall be justified in relying upon the latest information received by it with respect to any question involving the ownership of a Condominium Unit.

10.2 Period of Condominium Ownership. The separate condominium estates created by this Declaration and the Plan shall continue until this Declaration is revoked in the manner provided in paragraph 4.6 or until terminated as provided in Section 6 hereof.

10.3 Acceptance of Provisions of Documents. The conveyance or encumbrance of a Condominium Unit shall be deemed to include the acceptance of all of the provisions of this Declaration, the Articles of Incorporation, the By-laws and the Rules and Regulations, and the same shall be binding upon each grantee and encumbrancer without the necessity of inclusion of such an express provision in the instrument of

10.4 Parking Facilities. All parking facilities, whether or not appurtenant to Units, shall be under the control of the Association, and the Board of Directors may from time to time adopt rules and regulations governing the use thereof.

10.5 Assessment Reserves. The Association may require an Owner other than Declarant to deposit with the Association up to three times the amount of the estimated monthly common assessment, without interest, which sum shall be held by the Association as a reserve to be used for paying such Owner's monthly common assessment and for working capital. Such an advance payment shall not relieve an Owner from making the regular monthly payment of the monthly common assessment as the same comes due. Upon the sale of his Condominium Unit an Owner shall be entitled to a credit from his grantee for any unused portion thereof.

10.6 Mortgagee Protection Clause. No breach of any of the covenants, conditions and restrictions herein shall render invalid the lien of any first mortgage on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Without the prior written approval of one hundred percent (100%) of the first mortgagees, based upon one (1) vote for each mortgage or deed of trust owned, neither this Declaration nor the By-laws of the Association shall be amended so as to:

- (a) Change the share of assessments charged to any Unit;
- (b) Terminate or abandon the common benefits conferred upon the Property by this Declaration except as provided in Section 6;
- (c) Allow partition or subdivision of any Unit without the prior written approval of the first mortgagee of such Unit;
- (d) Change the interest of any Unit in the allocation or distributions of hazard insurance proceeds or condemnation awards;
- (e) Permit the use of hazard insurance proceeds for losses or damages to any portion of the Project to be used for other than the repair, replacement or reconstruction thereof, except as provided by law, or to be deposited to the general funds of the Association;
- (f) Change the provisions of the Declaration and By-laws so as to give any Owner or other party priority over any rights of mortgagees pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of the Units or the Property;
- (g) Materially change the Declaration or By-laws or permit termination of professional management of the Project if professional management is required by Section 4.4 hereof.

In the event of eminent domain proceedings involving any Unit or any part of the common elements or substantial damage to or destruction of any Unit or any part of the common elements, first mortgagees of affected Units which are institutions shall be timely notified of such proceedings, damage or destruction. Notwithstanding any language contained in this Declaration to the contrary, no Owner and no other party shall have priority over any rights of mortgagees pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of the Units or any part of the Property.

Institutional lenders who are first mortgagees shall have the right: (a) to examine the books and records of the Association during normal business hours; (b) upon written request to receive an annual financial statement of the Association within 90 days following the end of any fiscal year thereof; and (c) upon written request to receive written notice of meetings of the Association and be permitted to designate a representative to attend such meetings.





EXHIBIT "A"  
TO  
Declaration Establishing  
Capitol Townhomes  
A Condominium

STATEMENT OF SHARE INTERESTS

The share interest of each Condominium Unit in the condominium, the approximate area of each Unit, the share interest in the common elements which is appurtenant to each Unit, and the votes which the Owner of each Unit is entitled to exercise are as follows:

<u>Unit</u>	<u>Approximate Area (Sq. Ft.)</u>	<u>Share Interest</u>	<u>Votes</u>
203	2,176	16.86%	1686
201	2,185	16.92%	1692
4756	1,714	13.28%	1328
4754	1,692	13.11%	1311
4752	1,730	13.40%	1340
4750	1,708	13.23%	1323
4748	1,705	13.21%	1321
Totals	<u>12,910</u>	<u>100.01%</u>	<u>10,001</u>

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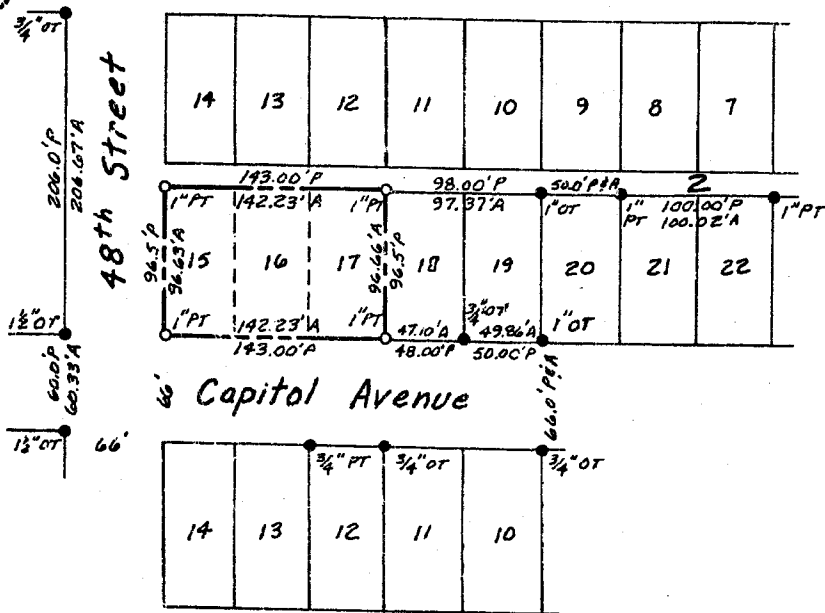
OF

I hereby certify that this plat, map, survey or report was made by me or under my direct personal supervision and that I am a duly Registered Land Surveyor under the laws of the State of Nebraska.

Legal Description Lots 15, 16 and 17, Block 2, BRIGGS PLACE, an addition to the City of Omaha, Douglas County, Nebraska.

Plat to scale showing tract surveyed with all pertinent points.

BRIGGS



Capitol Avenue

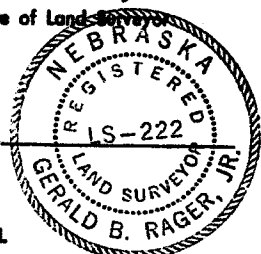
PLACE



- O - CORNERS SET
- - CORNERS FOUND
- A - ACTUAL DIMENSIONS
- P - PLAT DIMENSIONS
- PT - Pinch Top
- OT - Open Top

*Gerald B. Rager, Jr.*

Signature of Land Surveyor



DATE RECEIVED: \_\_\_\_\_

Date: 2-23-84

Reg. No. \_\_\_\_\_

OFFICIAL ADDRESS: \_\_\_\_\_

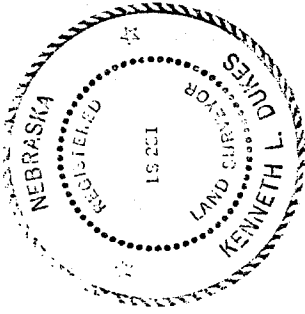
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Book 83-C Page 11

SEAL

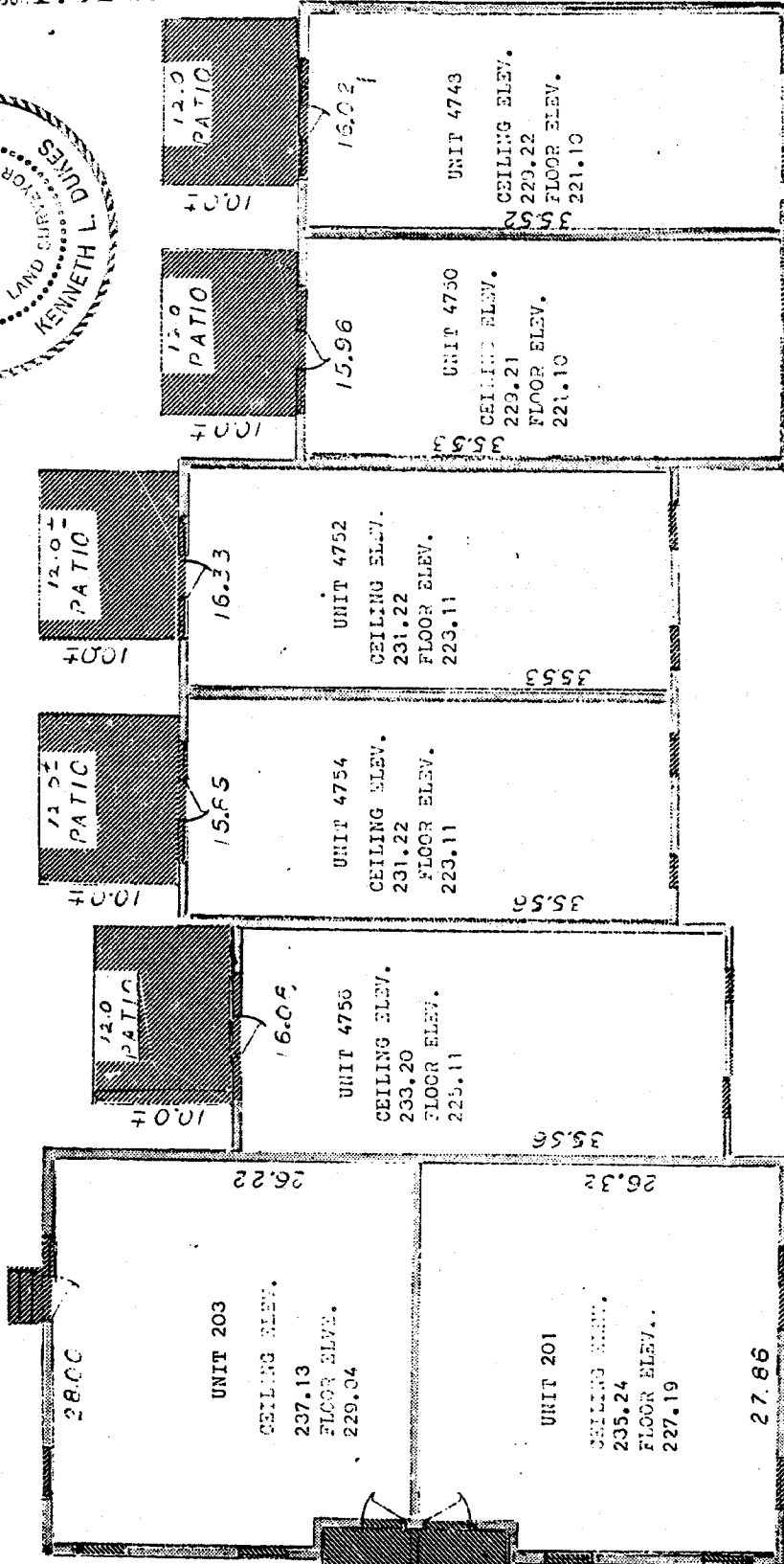






I hereby certify that this plat, map, survey or report was made by me or under my direct control, supervision and that I am a duly Licensed Land Surveyor under the laws of the state of Nebraska.

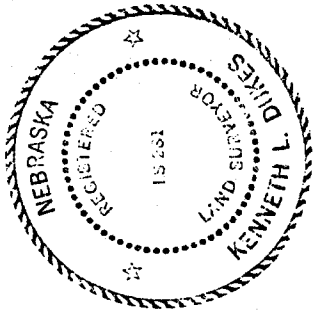
Signed *Kenneth L. Dukes* Date *3/11/19*  
 KENNETH L. DUKES, L.S., Nebr. Reg. No. 281



FLOOR-PLAN-MAIN-LEVEL

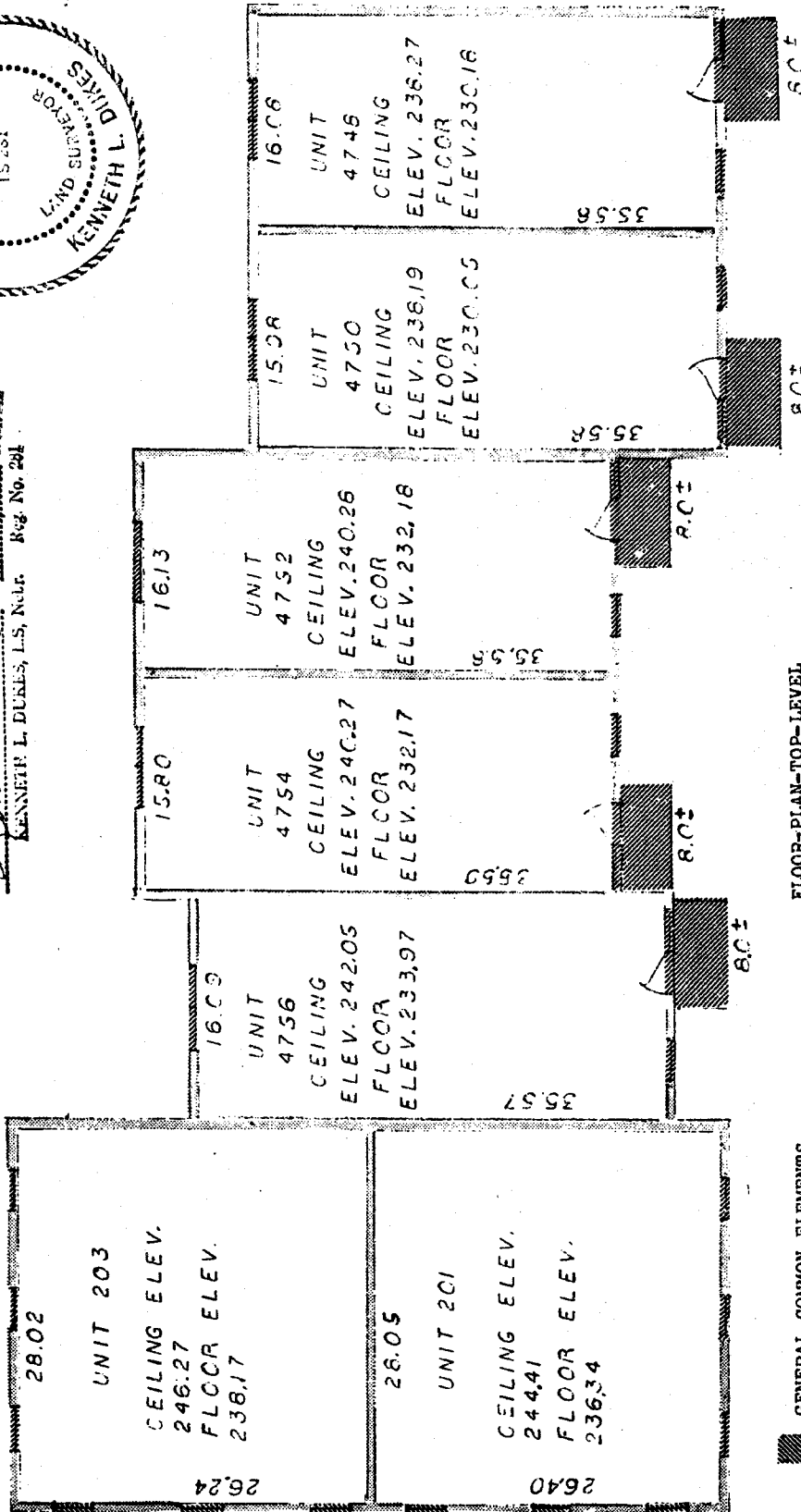
GENERAL COMMON ELEMENTS  
 SHEET #4 SCALE 3/32" = 1'

LIMITED COMMON ELEMENTS



I hereby certify that this plat, map, survey or report was made by me or under my direct personal supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Nebraska.

Signed *Kenneth L. Dines* Date *3/11/1985*  
 KENNETH L. DINES, L.S., Nebr. Reg. No. 294



GENERAL COMMON ELEMENTS  
 LIMITED COMMON ELEMENTS

FLOOR-PLAN-TOP-LEVEL  
 SHEET #5 SCALE 3/32" = 1'

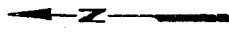


EXHIBIT "D"  
To  
Declaration Establishing  
Capitol Townhomes  
A Condominium

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ARTICLES OF INCORPORATION  
OF  
CAPITOL TOWNHOMES ASSOCIATION, INC.

In compliance with the provisions of Sections 21-1901 through 21-1991, Reissued Revised Statutes of Nebraska, 1943, as amended, the undersigned persons, each of whom is a resident of the State of Nebraska and of full legal age, acting as incorporators for the purpose of forming a not for profit corporation under the laws of the State of Nebraska, do hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of the corporation is: CAPITOL TOWNHOMES ASSOCIATION, INC. (hereinafter the corporation will be called the "Association").

ARTICLE II

DURATION

The period of duration of the Association shall be perpetual.

ARTICLE III

PURPOSES

The purpose or purposes for which the Association is organized are as follows:

A. To be and constitute the Association to which reference is made in the Declaration Establishing Capitol Townhomes, (herein sometimes called the "Declaration"), a condominium of record, or which will be of record in the office of the Register of Deeds of Douglas County, Nebraska, relating to a residential community project (herein called the "Project") in the City of Omaha, Douglas County, Nebraska, and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, specified therein as well as those more fully set forth herein. Terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined.

B. To provide an entity for the furtherance of the interests of the Owners of Condominium Units, as defined in the Declaration, in the Project.

ARTICLE IV

POWERS

In furtherance of its purposes, but not otherwise, the Association shall have the following powers:

A. All Common Law and Statutory Powers. All of the powers conferred upon not for profit corporations by the common law and statutes of the State of Nebraska in effect from time to time, including, without limitation, those powers enumerated in Section 76-860, R.S. Nebraska, as amended from time to time.

B. Powers Needed to Effectuate the Declaration. All of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers of the Association under the above-referenced Declaration including, without limita-





or transferred in any manner except as an appurtenance to transfer of title to the Unit to which the membership appertains; provided, however, that the rights of membership may be assigned to the holder of a mortgage, deed of trust, or other security instrument as further security for a loan secured by a lien on a Unit.

D. Transfer. A transfer of membership shall occur automatically upon the transfer of title to the Unit to which the membership appertains, provided, however, that the By-laws of the Association may contain reasonable provisions and requirements with respect to recording such transfers on the books and records of the Association.

E. Suspension of Voting Rights. The Association may suspend the voting rights of a member for failure to comply with rules, regulations, or By-laws of the corporation or for failure to comply with other obligations of the Owners of a Unit under the Declaration, or any agreement created pursuant thereto.

F. By-laws Applicable to Members' Rights. The By-laws may contain provisions, not inconsistent with the foregoing, setting forth the rights, privileges, duties and responsibilities of the members.

#### ARTICLE VI

##### BOARD OF DIRECTORS

The business and affairs of this Association shall be conducted, managed and controlled by its Board of Directors.

A. Number; Terms. The Board of Directors (hereinafter sometimes called the "Board") shall consist of not less than three members, the specified number to be set forth from time to time in the By-laws of the Association. In the absence of any provisions in the By-laws, the Board shall consist of three members. In all events, however, the terms of at least one-third of the members of the Board shall expire annually.

B. Elected Directors to be Owners. Members of the Board of Directors shall be elected in the manner determined by the By-laws. The persons comprising the Board of Directors shall be natural persons and Owners of Units, except as provided herein. The initial Directors (named below) need not be Owners either during their initial term or any subsequent term of office.

C. Vacancies. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided in the By-laws. Any vacancies in the Board of Directors occurring before the first election of Directors by members shall be filled by vote of the remaining Directors.

D. Initial Board. The names and address of the following three natural persons over the age of twenty-one years shall comprise the initial Board of Directors and shall serve until the first election of Directors by the members and until their successors are duly elected and qualified:

<u>Name</u>	<u>Address</u>
Donald M. Beals	3510 Dodge Street Omaha, Nebraska 68131
D. Marc Beals	3510 Dodge Street Omaha, Nebraska 68131
Thomas C. Dovel	3510 Dodge Street Omaha, Nebraska 68131

#### ARTICLE VII

##### REGISTERED OFFICE AND REGISTERED AGENT

The initial registered office of the Association is located at 10007 N. 151st

ARTICLE VIII

OFFICERS

The Board of Directors shall at each Annual Meeting of the Directors elect a President of the Association, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board, in accordance with the provisions of the By-laws, believes will be in the best interest of the Association. The officers shall have such duties as may be prescribed in the By-laws of the Association and shall serve one year terms from the Annual Meeting of the Directors at the pleasure of the Board of Directors.

ARTICLE IX

CONVEYANCES AND ENCUMBRANCES

Association property may be conveyed or encumbered by authority of the Association and its Board of Directors. Conveyances or encumbrances shall be by instrument executed by the President or Vice President and by the Secretary or the Treasurer or an Assistant Secretary or Assistant Treasurer or executed by such other person or persons to whom such authority may be specifically delegated by the Board.

ARTICLE X

DISSOLUTION

In the event of the dissolution of the Association, either voluntarily by the members, by operation of law or otherwise, the assets of the Association shall be deemed to be owned by the members at the date of dissolution in proportion to each member's ownership of share interest in the Project.

ARTICLE XI

AMENDMENTS

Amendments to these Articles of Incorporation may be adopted in the manner provided in the Nebraska Nonprofit Corporation Act, provided however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

IN WITNESS WHEREOF, the undersigned incorporators have executed these Articles of Incorporation this 8th day of March, 1985.

\_\_\_\_\_  
Margaret N. Reese, Incorporator

\_\_\_\_\_  
Reuline N. Hermanson, Incorporator

\_\_\_\_\_  
Thomas E. Whitmore, Incorporator

EXHIBIT "E"  
To  
Declaration Establishing  
Capitol Townhomes  
A Condominium

BY-LAWS

OF

CAPITOL TOWNHOMES ASSOCIATION, INC.

Section 1. CORPORATION.

1.1 Association; Principal Office. The name of the corporation is Capitol Manor Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 3510 Dodge Street, Omaha, Nebraska 68131. The Association is a not for profit corporation organized under the provisions of Sections 21-1901 through 21-1991, Reissue Revised Statutes of Nebraska, 1943, as amended.

1.2 Purposes. The Association is the "Association" to which reference is made in the Declaration (herein sometimes called the "Declaration") establishing Capitol Townhomes, a condominium of record, or which will be of record in the office of the Register of Deeds of Douglas County, Nebraska, relating to a residential community project (herein called the "Project") in the City of Omaha, Douglas County, Nebraska. The Association is organized to perform all obligations and duties of such Association and to exercise all rights and powers of such Association, specified therein as well as more fully set forth in the Articles of Incorporation of the Association and herein.

1.3 Application. All present and future Owners, mortgagees, lessees and occupants of Units and their employees and contractors, and each other person who may use in any manner the facilities of the Project or any property of the Association are subject to these By-laws, the Declaration and the Rules and Regulations hereinafter referred to. The acceptance of a deed or conveyance or the entering into of a lease or the active occupancy of a Unit shall constitute an agreement by such persons with the Association that these By-laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

1.4 Definitions. Terms which are defined in the Declaration or the Articles of Incorporation shall have the same meanings herein unless otherwise defined.

Section 2. MEMBERSHIP, ADMINISTRATION AND MEETINGS OF MEMBERS.

2.1 Membership Appurtenant to Units. Membership in the Association and the share of a member in the assets of the Association are appurtenant to the Units, and the Declarant and the Owners of Units shall be members of the Association having the rights, privileges, duties and responsibilities set forth in the Declaration, the Articles of Incorporation and these By-laws.

2.2 Transfer of Membership. A membership in the Association and the share of a member in the assets of the Association shall not be assigned, encumbered or transferred in any manner except as an appurtenance to transfer of title to the Unit to which the membership pertains; provided, however, that the rights of membership may be assigned to a mortgagee of a Unit as further security for a loan secured by a lien on such Unit. A transfer of membership shall occur automatically upon the transfer of title to the Unit to which the membership pertains, but the Association shall be entitled to treat the person or persons in whose name or names the membership is recorded on the books and records of the Association as a member for all purposes until such time as evidence of a transfer of title, satisfactory to the Association, has been submitted to the Secretary. A transfer of membership shall not release the transferor from liability for obligations accrued incident to such membership prior to such notification of transfer. In the event of dispute as to membership appurtenant to any Unit, title to the Unit, as shown in the records of the Register of

Section 3. ADMINISTRATION AND MEETINGS OF MEMBERS.

3.1 General. The members of the Association are responsible to administer the affairs of the Association through a Board of Directors as herein provided. Notwithstanding any other provision herein, in the Articles of Incorporation or in the Declaration, however, Beals-Arch Management Corp. (the "Declarant") shall have the right to exercise the rights, duties and functions of the Board of Directors until sale by it of the fifth Unit owned by it in the Project, or until January 1, 1987, whichever is earlier.

3.2 Place of Meetings. Meetings of the Association shall be held at such place as the Board of Directors may determine.

3.3 Annual Meetings. The first annual meeting of the members of the Association shall be held within 120 days after the Declarant has given notice that all Units have been sold, or on the third Monday in January, 1987, whichever shall first occur. Subsequent annual meetings shall be held annually thereafter. At such meeting there shall be elected a Board of Directors in accordance with the requirements of these By-laws. The members may also transact such other business of the Association as may properly come before them.

3.4 Special Meetings. Special meetings of the members for any proper corporate purpose may be called by the President, by resolution of the Board of Directors or upon petition signed by Owners holding 20 percent of the votes in the Association entitled to be cast by members. Such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of two-thirds of the votes entitled to be cast by members present, either in person or by proxy.

3.5 Notice of Meeting. The President or Secretary shall give or cause to be given written notice of each meeting by mailing or hand delivering such notice at least ten days and not more than 60 days prior to such meeting, unless a different period is required by statute or the Declaration, to each member at the respective addresses of said members as they appear on the records of the Association. The notice shall specify the place, day and hour of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these By-laws, any budget changes, and any proposal to remove a Director or officer.

3.6 Quorum. The presence, either in person or by proxy, of 20 percent of the votes entitled to be cast by members shall constitute a quorum for all purposes unless the representation of a larger number of votes shall be required by statute, by the Declaration, by the Articles of Incorporation or by these By-laws, and in that event representation of the number so required shall constitute a quorum.

3.7 Adjournment of Meeting. If the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting until the necessary number of members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

3.8 Proxies. At all meetings of members, each member may vote in person or by proxy. A member may appoint any natural person as proxy, but no proxy may cast a vote for more than one Unit Owner besides himself. Should the terms of a mortgage so provide, the mortgagee may be appointed as proxy without regard to the limitations of this paragraph. All proxies shall be in writing and filed with the Secretary before the time of each meeting or upon the calling of the meeting to order. Every proxy shall be revocable and shall cease automatically upon conveyance of his Unit by a member.

3.9 Waiver of Notice. Any member at any time may waive any notice required to be given under these By-laws, or by statute or otherwise. The presence of a member in person at any meeting of the members shall be deemed such a waiver.

sisting of three members until the conveyance of the second Unit to an Owner other than the Declarant, which time the Board of Directors shall be enlarged to four members. Upon the conveyance of the fourth Unit to an Owner other than the Declarant, The Board of Directors shall be enlarged to five members. The number of Directors may be increased to not more than five by amendment of this paragraph. Only members of the Association shall serve on the Board of Directors after the first annual meeting of members.

4.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or by these By-laws directed to be exercised and done by the members. The Board of Directors may delegate to the Manager, in the manner provided in the Declaration, all powers and duties of the Association except such as are specifically required by these By-laws, the Articles of Incorporation or the Declaration to be done by the members or the Board of Directors. The holders of all first mortgages on Units shall be given thirty days written notice prior to any change of Manager.

4.3 Nomination of Directors. Nominations for election to the Board of Directors to be elected at the first annual membership meeting following the relinquishment of control by the Declarant shall be made from the floor at said meeting. Thereafter, nominations shall be made by a Nominating Committee and may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman who shall be a member of the Board of Directors, and two or more members of the Association who shall be appointed by the Board of Directors prior to each annual membership meeting. The Nominating Committee so constituted shall serve from the close of such annual meeting until the close of the next annual meeting, and the appointment of the members thereof shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies to be filled.

4.4 Election and Term of Office. During the period of Declarant control specified in paragraph 9.2 of the Declaration, the Board of Directors shall be comprised of the persons named in Article VI of the Articles of Incorporation. Not later than 60 days after the conveyance of the second Unit to an Owner other than the Declarant, the Owners shall elect an additional member of the Board of Directors; and not later than 60 days after conveyance of the fourth Unit to an Owner other than the Declarant, the Owners shall elect a second additional member of the Board of Directors. Such additional Directors shall be nominated from among the Owners other than the Declarant at a special meeting of the members called for the purpose, and shall be elected by a majority vote of the share interests of members other than the Declarant present at the meeting. At the expiration of any term, any Director may be re-elected.

4.5 Vacancies. Vacancies of the Board of Directors caused by any reason shall be filled by vote of a majority of the remaining directors even though they may consist of less than a quorum and each person so elected shall be Director until his successor is elected by the members at the next annual meeting.

4.6 Removal of Directors. After the Declarant has relinquished control of the Association, at any regular or special meeting of the members, any one or more of the Directors may be removed with or without cause at any time by the affirmative vote of a majority of all votes entitled to be cast by the entire membership of record, and a successor may then be elected by the members to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

4.7 Compensation. No compensation shall be paid to Directors for their services as Directors, and after relinquishment of control of the Association by the Declarant no compensation shall be paid to a Director for services performed by him for the Association in any other capacity, unless a resolution authorizing such compensation shall have been unanimously adopted by the Board of Directors.

4.8 Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten days of its election at such time and place as

4.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three days prior to the day named for the meeting.

4.10 Special Meetings. Special meetings of the Board of Directors may be called by the President or by one of the Directors on three days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

4.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof, unless such attendance is for the express reason of objecting to the transaction of any business thereat because the meeting was not legally convened. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4.12 Quorum. Fifty percent of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board of Directors.

4.13 Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interest of the Association, provided that no meeting may be adjourned for a period longer than thirty days.

4.14 Fidelity Bonds. The Board of Directors may request that all officers and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums for such bonds shall be paid by the Association as a common expense.

4.15 Executive Committee of Board of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee of the Board. The number of members of the Executive Committee and the persons who shall be members thereof shall be determined by the Board. Unless limited by resolution of the Board, the Executive Committee shall have and exercise all the authority of the Board of Directors except that such Committee shall not have the authority of the Board of Directors with reference to amending, altering or repealing the By-laws; electing, appointing or removing any member of such Committee or any officer or Director of the Association; amending the Articles of Incorporation; restating the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any resolution of the Board of Directors. All of the provisions in these By-laws with respect to notice of meetings of Directors, quorum at such meetings, voting at such meetings and waivers of notice of such meetings shall be applicable to the meetings of the Executive Committee.

## Section 5. OFFICERS.

5.1 Designation and Qualifications. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. Any person may hold two offices, except that the President shall not also hold the office of Secretary. The Directors may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary.

5.2 Election and Term of Office. The officers of the Association shall be

5.3 Resignation and Removal. Any officer may resign at any time by giving written notice of said resignation to the Board, the Secretary or the President. Any officer may be removed from office, with or without cause, upon an affirmative vote of a majority of the members of the Board of Directors, and his successor elected at any regular meeting of the Board or at any special meeting called for that purpose.

5.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer so appointed shall serve for the remainder of the term of the officer he replaces.

5.5 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the president of a not for profit corporation, including, but not limited to, the power to appoint such committees from among the members from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

5.6 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors.

5.7 Secretary. The Secretary shall keep the minutes of all meetings of the members, shall have custody of the seal of the Association, shall have charge of the membership books and such other books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of Secretary of a corporation.

5.8 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association, shall deposit all such funds as provided in Section 8 hereof, shall keep correct and complete books and records of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time, require, and in general shall perform all the duties incident to the office of Treasurer and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence, inability or failure to act.

5.9 Compensation. No compensation shall be paid to officers for their services as officers. After relinquishment of control of the Association by the Declarant, no compensation shall be paid to any officer for services performed by him for the Association in any capacity, unless a resolution authorizing such compensation shall have been unanimously adopted by the Board of Directors.

#### Section 6. ASSOCIATION SEAL.

The Board of Directors shall provide a suitable Association seal containing the name of the Association, which seal shall be in the custody and control of the Secretary. The Association seal shall be in circular form, shall have inscribed thereon the name of the Association and the word "Nebraska" in the circle and the word "Seal" in the middle. A duplicate seal may be kept and used by such officer or other person as the Board of Directors shall determine.

#### Section 7. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

The Association shall indemnify every Director and officer, his heirs and personal representatives against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been Director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful mis-

Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason of, arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Section 7 shall be deemed to obligate the Association to indemnify any member or Owner of a Unit, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a member of the Association or Owner of a Unit.

Section 8. MISCELLANEOUS.

8.1 Contracts. The Board of Directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument, including without limitation any amendment to the Declaration which has been legally ratified by the Owners as therein provided, in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

8.2 Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

8.3 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, or agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.4 Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

8.5 Inspection of Books. Financial reports, such as are required to be furnished, and the membership records of the Association shall be available at the principal offices of the Association for inspection at reasonable times by any members, or by any individual or entity holding a first mortgage on a Unit. Upon written request by an Owner or his agent, by a prospective buyer or by a mortgagee of a Unit, the Association shall furnish a written statement of the amount of any unpaid assessments, the amount of the current assessments, the date that assessments are due, the amount of any advance payments made, prepaid items such as insurance premiums and reserves therefor and deficiencies in reserve accounts. Such statements shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request is complied with within 10 days after receipt of written request therefor, all unpaid assessments which became due prior to the date of such request shall be subordinate to the rights of the person requesting such statement. A reasonable service fee may be charged for furnishing the statement of account.

8.6 Fiscal Year. The fiscal year of the Association shall be determined from time to time by resolution of the Board of Directors.

8.7 Annual Assessments. The Board of Directors shall fix, levy and collect assessments in the manner and for the purposes specified in the Declaration, and the members shall pay assessments as therein provided.

8.8 Budget. At each annual meeting of the members of the Association the Board of Directors or the Managing Agent shall present a proposed budget for the operation of the Association during the forthcoming year. Said budget shall include such items of expense and any reserves as shall be determined from time to time by the Board of Directors in accordance with the provisions of the Declaration.

8.9 Records and Audit. The Board of Directors or the Manager shall keep detailed records of the actions of the Board of Directors and the Manager, minutes of the meetings of the Board of Directors, minutes of the meetings of members, and financial records and books of account of the Association, including a chronological



expenses against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Directors to all members at least semi-annually. In addition, an annual report of the receipts and expenditures of the corporation compiled by an independent certified public accountant, shall be rendered by the Board of Directors to all Unit Owners and to all mortgagees of Units who have requested the same, promptly after the end of each calendar year.

8.10 Notices. All notices or demands intended to be served upon the Association, its Board of Directors or Manager, whether pursuant to the Declaration or not, shall be sent by registered or certified mail, postage prepaid, to the following address: c/o Beals-Arch Management Corp., 3510 Dodge Street, Omaha, Nebraska 68131, unless and until this By-law is amended.

8.11 Rules and Regulations. Restrictions and requirements upon the use and maintenance of the Units and use of the general and limited common elements, which are intended to prevent unreasonable interference with the use and enjoyment of the Units and the common elements by the Unit Owners are set forth in the Rules and Regulations attached hereto as Exhibit "1". The Rules and Regulations may be amended from time to time by the Board of Directors with approval of a majority of the votes entitled to be cast by members present or represented by proxy at any regular or special meeting thereof.

8.12 No Restrictions on Resale. There are no restrictions or requirements concerning the sale of a Unit, nor are there any rights of first refusal on sale or other restraints on the free alienability of any Unit.

8.13 Notice to First Mortgagee. The holder of a first mortgage on any Unit shall be given notice of any change in the By-laws, Articles of Incorporation or Declaration at least 30 days prior to the effective date of such change.

8.14 Parliamentary Authority. In all meetings of the Association, whether of the members or the Directors, "Roberts Rules of Order, Newly Revised" shall be the authority of parliamentary law, except when in conflict with the express provisions of the Declaration, the Articles of Incorporation or these By-laws.

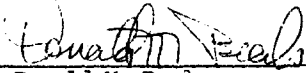
#### Section 9. AMENDMENT OF BY-LAWS.


9.1 Amendment by the Members. These By-laws may be amended by the affirmative vote of a majority of the votes entitled to be cast by members present or represented by proxy at any regular or special meeting. Amendments may be proposed by the Board of Directors or by petition signed by members holding 20 percent of the votes entitled to be cast at any meeting. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

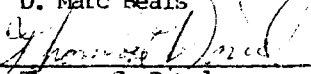
9.2 Amendment by Directors. The Board of Directors may at any time propose an amendment to these By-laws and shall notify all members thereof in writing, together with a statement of the purposes of the amendment and such other matters as the Board deems material to the consideration of the amendment. Such amendment shall be deemed adopted and these By-laws thereby amended unless members representing 25 percent of the votes of the Association have notified the Board of Directors of their objection thereto in writing within 30 days after the date of such notice. In the event of such objection, the Board of Directors may either abandon the proposed amendment or call a special meeting of the members for consideration thereof pursuant to paragraph 9.1 of these By-laws.

9.3 Limitations. These By-laws may not be amended insofar as such amendment would be inconsistent with any statute, the Declaration or the Articles of Incorporation. In the event of any conflict between the Declaration and these By-laws, the Declaration shall control; and in the event of any conflict between the Articles of Incorporation and these By-laws, the Articles of Incorporation shall control.

IN WITNESS WHEREOF, the undersigned, constituting all of the Directors of the Association, have hereunto set their hands this \_\_\_ day of August, 1984.

  
\_\_\_\_\_  
Donald M. Beals

  
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D. Marc Beals

  
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Thomas C. Dovel

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EXHIBIT 1 TO BY-LAWS  
RULES AND REGULATIONS  
OF  
CAPITOL TOWNHOMES  
A Condominium

I. GENERAL RULES AND REGULATIONS.

A. Exterior walkways, entryways, halls, stairs, drives and other parts of the common elements used for ingress and egress shall be kept unobstructed and shall not be used for any purpose other than for ingress to and egress from the Units, nor shall the same be utilized (except for furnishing and decorations provided by the Association) for the storage or placement of furniture, decorations, articles, pets, plants, boxes, bicycles, baby carriages, or other property.

B. No owner or occupant shall make or permit any disturbing noises to be made in the building or on the premises by himself, his family, friends, tenants, servants or invitees; nor shall any Owner or occupant do or permit anything to be done by such persons that would interfere with the rights, comforts or convenience of other Owners or occupants.

C. The garbage disposals, water closets and other plumbing apparatus shall not be used for any purpose other than that for which they were constructed and intended, and no grease, sweepings, rubbish, rags, papers, ashes, or other substances shall be thrown therein. Any damage to the property of others, including the common elements, resulting from misuse of such facilities, of any nature or character whatever, shall be paid for by the Owner responsible for causing or permitting the damage.

D. Any damage to the Building or common elements caused by the moving or carrying of articles therein, shall be paid by the Owner or person in charge of such articles.

E. Small pets, not exceeding two per Unit, may be kept within the Units, provided that the same shall not disturb or annoy other occupants of the Building. Any inconvenience, damage or unpleasantness caused by pets shall be the responsibility of the owner. Pets must be under voice command and attended when in the exterior condominium common areas such as the stairwells, stairs, decks, walkways and landscaped areas.

F. Water shall not be left running for any unreasonable or unnecessary length of time in any of the Units or in any of the common elements.

G. No awnings, external window treatments, shutters, or canopies shall be used except as shall be placed or approved by the Association, and no signs of any kind shall be placed in windows or upon doors or other exterior surfaces or common elements without the prior written consent of the Association.

H. No antenna or aerial or similar connection shall be installed by the owners or occupants outside of their respective Units. Any antenna or aerial erected on the roof or exterior walls of the building without the consent of the Association may be removed without notice.

I. Owners are responsible for the maintenance and general upkeep of all limited common elements pertaining to their specific Unit including patios and decks in accordance with the provisions of the Declaration.

J. Disposition of garbage and trash shall be only by the use of garbage disposal units or by use of common trash and disposal facilities provided by the Association.

K. Balconies, terraces, decks and patios shall be used only for the purposes intended and shall not be used for hanging garments or other articles. Nothing shall be swept or thrown or permitted to fall from any balcony or deck.

L. Neither the Association nor the Declarant assumes any liability or responsibility for loss or damage to articles stored in any common or other storage area.

*See*

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