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**REVISED DECLARATION AND MASTER DEED  
OF OAK HILLS HIGHLANDS CONDOMINIUM  
PROPERTY REGIME NO. 2**

This Revised Declaration and Master Deed made and entered into this 15 day of May 1998, by OAK HILLS HIGHLANDS ASSOCIATION, INC., a Nebraska non-profit corporation, hereinafter referred to as the "Association."

**WITNESSETH:**

WHEREAS, the Unit Owners of Oak Hills Highlands Condominium Property Regime No. 2 desire to revise the original Master Deed filed of record in the office of the Douglas County Register of Deeds, Deed Book 1528, Page 693, as amended.

WHEREAS, more than seventy-five (75%) percent of the total basic value of the Unit Owners in the Condominium approved this Revised Declaration and Master Deed of Oak Hills Highlands Condominium Property Regime No. 2 (the "Declaration"). This Declaration shall supersede the original Master Deed, as amended, in its entirety, and neither the original Master Deed, nor any amendment thereto, shall have any further force or effect.

WHEREAS, this Declaration shall be filed of record against the following described real estate, to wit:

Units 1 through 18, inclusive, Oak Hills Highlands Condominium Property Regime No. 2, a condominium organized under the laws of the State of Nebraska, in the City of Omaha, in Douglas County, Nebraska, pursuant to Master Deed dated September 11, 1975, and filed on September 11, 1975, in Book 1528 at Page 693, of the Deed Records of Douglas County, Nebraska (hereinafter collectively referred to as the "Units").

WHEREAS, by virtue of the recording of this Declaration, the Units shall be owned, held, transferred, sold, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the provisions of this Declaration and the Act and every grantee of any interest in any Unit, by acceptance of a deed or other conveyance of such interest, and every Unit Owner, whether or not such deed or other conveyance of such interest shall be signed by such person and whether or not such person shall otherwise consent in writing, shall own and take subject to the provisions of the Act and this Declaration and shall be deemed to have consented to the terms hereof; and

WHEREAS, in furtherance of the plan of condominium ownership and the purposes and intents thereof, the Association and the Unit Owners hereby adopt this Declaration which shall apply to, govern, control and regulate the sale,

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resale, or other disposition, acquisition, ownership, use and enjoyment of the Condominium Regime and the improvements thereon located, and do hereby specify, agree, designate and direct that this Declaration and all of its provisions shall be and are covenants to run with the Condominium Property herein described and shall be binding on the present Unit Owners and any successors and assigns and all subsequent owners of the Units and improvements thereon, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

WHEREAS, the Association desires to adopt the provisions of the Nebraska Condominium Act, (hereinafter the "Act"), in its entirety.

NOW, THEREFORE, in furtherance thereof, the Association hereby adopts, declares, and provides as follows:

#### ARTICLE I - DEFINITIONS

The following terms, as used herein or elsewhere in any of the Condominium documents relating to the Oak Hills Highlands Condominium Property Regime No. 2, unless otherwise provided, are defined as follows:

- 1.1 Allocated Interests means the undivided interest in the Common Elements, the Common Expense Liability, and votes in the association allocated to each Unit as set forth in Exhibit "C."
- 1.2 Articles of Incorporation means the Articles of Incorporation of the Association as the same now exist or may be hereafter amended.
- 1.3 Association means Oak Hills Highlands Association, Inc., a Nebraska nonprofit corporation, which shall be comprised of Oak Hills Highlands Condominium Property Regime Nos. 1, 2 and 3.
- 1.4 Association's Board of Directors, Board of Directors or Board means the Board of Directors of the Association, the members of which shall be elected from time to time as provided in this Declaration and By-Laws and the Articles of Incorporation and shall be elected pursuant to the terms of the Act. The Board of Directors shall be the governing body of the Association and may sometimes herein be referred to as the Board or the Executive Board.
- 1.5 By-Laws means the By-laws of the Association and any amendments thereto as duly adopted by the Board of Directors of the Association and more than sixty-six and two-thirds (66 2/3%) percent of the Unit Owners in each of the Oak Hills Highlands Condominium Property Regime Nos. 1, 2 and 3. The By-laws are attached hereto marked Exhibit "D."
- 1.6 Common Elements means all portions of a Condominium other than the Units and Limited Common Elements.
- 1.7 Common Expenses means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.
- 1.8 Common Expense Liability means the liability for Common Expenses allocated to each Unit pursuant to the terms of this Declaration and the Act.
- 1.9 Condominium or Condominium Regime means all of the property located within the regime as legally described and shown on the Plat and legally described on Exhibit "A," portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions.

1.10 Declaration means this Revised Declaration and Master Deed of Oak Hills Highlands Condominium Property Regime No. 2, and as such may be amended from time to time.

1.11 Dispose or Disposition means a voluntary transfer to a Purchaser of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.

1.12 Identifying Number means a symbol or address which identifies only one Unit in the Condominium Regime.

1.13 Limited Common Element means a portion of the Common Elements allocated by the Declaration or by the Act for the exclusive use of one or more but fewer than all of the Units, including, all exterior doors and windows, shutters, awnings, window boxes, doorsteps, stoops, porches, patios, decks, glass windows, fences, driveways, air conditioners and any other fixture which benefits one or more, but fewer than all of the Units.

1.14 First Mortgage means any first priority deed of trust, mortgage, deed to secure debt, or other instrument conveying a lien upon or security title to a Unit. Mortgagee shall be the holder, beneficiary or grantee of any such Mortgage.

1.15 Managing Agent means the Person, company, or other legal entity who undertakes the duties, responsibilities and obligations of the management of the Association and the Condominium, which Managing Agent may be employed or terminated by a vote of the Board of Directors, subject to any outstanding contract as might exist.

1.16 Person means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity; provided, however, that for a land trust, "Person" means the beneficiary of the trust rather than the trustee of the trust.

1.17 Plat means a drawing prepared by a registered land surveyor or engineer which contains the information required by the provisions of the Act, which is attached hereto as Exhibit "B" and incorporated herein by this reference.

1.18 Purchaser means any Person or a Person in the business of selling Real Estate for his own account, who by a voluntary transfer acquires a legal or equitable interest in a Unit, other than as security for an obligation.

1.19 Qualified Lender means any bank, savings and loan association or insurance company qualified to transact business in the State of Nebraska, or any other lender approved by the Association.

1.20 Residential Purposes means use for dwelling or recreational purposes, or both.

1.21 Unit means a physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described pursuant to the Act.

1.22 Unit Owner or Owner means a Person who owns a Unit, but does not include a Person having an interest in a Unit solely as security for an obligation.

## ARTICLE II - CONDOMINIUM UNITS

2.1 The Units. All Condominium Units shall be legally described as shown on the Plat/Plan recorded simultaneously herewith. The Condominium Regime consists of eighteen (18) Units. Each Unit consists of the dwelling together with its Allocated Interests. The Units are further identified on the Plats recorded pursuant to the terms of this Declaration and the Act. Each Unit's appurtenant percentage of undivided interest in the Common Elements shall be

allocated based upon the value of each Unit divided by the total value of the entire Condominium Regime as set forth in Exhibit "C." The calculation of the Allocated Interests shall not be changed unless approved by a vote of seventy-five (75%) percent of the Unit Owners. Each Unit Owner shall have a vote in the Association equal to the Unit Owner's Allocated Interest. Each Unit may be described by its Identifying Number or symbol as shown on the Plat and as set forth in this Declaration and shall be deemed good and sufficient for all purposes and shall be deemed to convey, transfer, encumber or otherwise affect the Unit Owner's corresponding Allocated Interests even though the same is not expressly mentioned or described therein. Ownership of each Unit and the Unit Owner's corresponding share in the Common Elements shall not be separated, nor shall any Unit, by deed, Plat, court decree or otherwise, be subdivided or in any other manner separated into tracts or parcels or lots smaller than the whole Unit as shown on the said Plat and Plan.

2.2 The Units and their dimensions are depicted on the Plats referred to hereinabove which Plats are incorporated herein by this reference. Except as otherwise provided herein, and as otherwise set forth in Article III, which describes the Common Elements, each Unit includes that part of the structure which lies within the following boundaries:

a) The upper (horizontal) boundary includes the plane of the bottom surface of the ceiling, such that the roof, and all of its support systems, shall not be deemed to be included within the boundaries of the Unit.

b) The lower (horizontal) boundary includes the plane of the top surface of the undecorated floor, such that the sub-floor and framing thereunder shall not be a part of such Unit.

c) The vertical (parametric) boundaries of each Unit are the vertical planes which include the front surface of the wallboard or other finished surface of all walls boundary the Unit extended to intersections with each other and with the upper and lower boundaries.

2.3 Notwithstanding the foregoing, the Owner of each respective Unit shall not be deemed to own the undecorated and/or unfinished surfaces of the exterior perimeter walls, floors and ceilings surrounding each Owner's respective Condominium Unit nor the exterior wall of the Unit, walkways, paths, lawn, trees or shrubs, nor shall any such Person or Persons owning any Condominium Unit be deemed to own the pipes, wires, conduits or other utility lines in any Condominium Unit which are utilized for or serve more than one Condominium Unit, except as tenants in common in the Common Elements as is provided in this Declaration. A Unit Owner, however, shall be deemed to own the walls and partitions which are contained wholly within the Unit Owner's respective Condominium Unit, the inner decorated and/or finished surfaces of the perimeter walls, floors, ceilings and exterior doors, including the plaster, paint, wallpaper and other materials, thereon or thereto attached, the mechanical, electrical and chemical apparatus and equipment and any exterior air conditioning system attached or immediately adjacent to such Condominium Unit and connecting conduits of any exterior portion of the air conditioning system which serves only that particular Unit, the deck, patio, fences, driveway or any other improvement which benefits or serves only that particular Unit.

2.4 Subject to the terms of this Declaration, and in specific this paragraph, any Unit Owner may make any improvement or alteration within his/her Unit that does not materially impair the structural integrity of any structure or otherwise materially lessen the support of any portion of the Condominium; provided that prior to making any improvement

or alteration within a Unit, the Owner of that Unit shall submit plans for any such change or alteration to the Board and the Owner shall be required to submit as part of the notice of alteration, a written statement from a competent architectural authority, that the structural integrity will not be materially impaired, nor will the structural support be lessened. To the extent of any change made by any Owner within his/her Unit, such Owner shall be strictly liable for any impairment of the structural integrity of any structure, or the lessening of support of any portion of the condominium and, furthermore, shall be strictly liable for any damages to person, property, or otherwise, occasioned by the conduct of such Owner, or their successors or assigns in interest, making such change. Despite the foregoing, no Unit Owner shall do anything which would change the exterior appearance of his/her Unit or any other portion of the Condominium except to such extent and subject to such conditions as provided in this Declaration and By-Laws. Despite anything else contained herein to the contrary, or despite any other authority granted to Owners, no change in any Unit shall materially weaken, damage, destroy, endanger or remove any bearing wall or bearing column, or any other portion of the Common Elements, other than as may be expressly authorized by the terms of the Act.

### ARTICLE III - COMMON ELEMENTS

The Common Elements of the Condominium are as follows:

(a) The real estate upon which the structures containing the Units are located, and such structures themselves, including the foundations, exterior walls, roofs, gutters, downspouts, chutes, flues, ducts, wires, conduits, bearing walls, bearing columns, or any other fixtures which lie partially within and partially without the designated boundaries of a Unit.

(b) Each and every service, recreational, community or commercial area and facility now or hereafter erected, constructed or installed on or in the Condominium Regime, including without limiting the generality of the foregoing, and trees, grass, shrubbery, roadways, walks, paths, lawns, sidewalks, storm and water systems, sewage lines, and all utility installations, pipes, wires and conduits and connections for television, electricity, light, water and plumbing and other utilities, except those as are exclusively within or for the benefit of a particular Unit and not used to service any Unit other than that particular Condominium Unit.

(c) All other appurtenances not herein specifically designated which are not enclosed within the boundaries of a Condominium Unit as is hereinabove delineated in Article II of this Declaration.

3.2 The owner of each Unit shall own an undivided interest in the Common Elements as a tenant (or tenants) in common with all the other owners of the Property, and, except as otherwise limited in this Declaration, shall have the right to use the Common Elements for the purposes incidental to the use and occupancy of said Unit as a place of residence, and such other incidental use as permitted by this Declaration, which right shall be appurtenant to and run with such Person's or Persons' Unit. The extent and amount of percentage of such ownership shall be expressed by a percentage amount, the particular percentage amount, also sometimes referred to herein as "share", appertaining to each Unit being set forth in Exhibit "C" attached hereto and made a part hereof.

3.3 Each Owner, by acceptance of the deed to a Unit, expressly agrees to the allocation and reallocation of the percentage interest set forth hereinabove. Allocations and reallocations of the percentage interest may be subject to minor variations attributable to rounding off. The respective percentage interest shall be computed so the sum of the percentage interests of all Units equals one hundred (100%) percent.

#### ARTICLE IV - COVENANTS

4.1 No Partition of Common Elements. As long as the Condominium Regime is subject to the provisions of the Act, the Common Elements shall remain undivided, and no Unit Owner or Owners shall bring any action for participation or division of the Common Elements; and any agreement to the contrary shall be null and void. Provided, however, nothing herein contained shall prevent partition of a Condominium Unit as between any Persons who are Co-Owners thereof, if such right of partition shall otherwise be available, but such partition shall not be in kind.

4.2 No Severance of Ownership. No Owner shall execute any deed, mortgage or other instrument affecting title to his Unit Ownership without including therein both his interest in the Unit and his or her corresponding Allocated Interests, including his or her share in the Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect the one without including also the other, shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein.

#### ARTICLE V - EASEMENTS AND LIMITED COMMON ELEMENTS

5.1 Encroachments. In the event that, by reason of construction, settlement or shifting of any building or structure, any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or any part of any Condominium Unit encroaches or shall hereafter encroach upon any part of the Common Elements, or if by reason of the design or construction of any Condominium Unit it shall be necessary to a Unit Owner to use or occupy, for normal uses and purposes, any portion of the Common Elements, consisting of an unoccupied space within the common area adjoining his or her Unit, valid easements for the maintenance of such encroachment and for the use of such adjoining space are hereby established and shall exist for the benefit of such Condominium Unit and the Common Elements, as the case may be, so long as all or any part of the building containing such Unit shall remain standing; provided, however, that in no event shall a valid easement for an encroachment be created in favor of any Condominium Owner or in favor of the Owners of the Common Elements if such encroachment occurred by the willful conduct of said Condominium Unit Owner or the Owners of the Common Elements, as the case may be. In the event any structure is partially or totally destroyed and then rebuilt, minor encroachments of part of the Common Elements because of construction shall be permitted and valid easements for said encroachment and the maintenance thereof shall exist.

5.2 Limited Common Elements. Limited Common Elements shall be as provided in this Declaration or the Act, which Limited Common Elements are assigned and allocated exclusively to the Units so served. No Unit Owner shall light, decorate, landscape or adorn any such Limited Common Element in any manner contrary to such rules and regulations as may from time to time be established by the Association. Allocation of such Limited Common Elements shall be done

by establishing on the Plat or amendment thereto adopted by the Association, which shows the Units identifying number and the Limited Common Element. In furtherance of the foregoing, a valid exclusive easement is hereby declared and established for the benefit of each Unit Owner consisting of the exclusive right to use and enjoy the Limited Common Elements hereby established, including driveways, decks, patios and fences as may be shown on the Plats or any amendment thereto.

5.3 Easement to All Condominium Unit Owners. Except as to the use of the Limited Common Elements, perpetual easements are established for all Condominium Unit Owners, their families, guests, invitees and servants for the use and enjoyment of all Common Elements, subject to such rules and regulations as may from time to time be established by the Association herein provided.

5.4 Utility Easements. Easements as shown on the Plat and Plan or as may be hereafter established by the Association are established and dedicated for sewers, electricity, television, water, telephone and all other utility purposes, including the right to install, lay, maintain, clean, repair and replace water mains and pipes, sewer lines, drainage pipes and conduits, television wire and equipment, telephone wire and equipment, and electrical wires and conduits, over, under, along and across any portion of the Common Elements.

5.5 Granting of Easements. The Association, acting through the Board of Directors, shall have the power to grant rights and restrictions, in the Common Elements, such as the right to grant utility easements, licenses, or similar rights, including easements for cable television, under, through or over Common Elements as may be reasonably necessary to or desirable for the ongoing development or operation of the Condominium Regime.

5.6 Easements in Units. To the extent that any utility line, pipe, wire or conduit serving any Unit shall be wholly or partially within the boundaries of another Unit, such other Units shall be burdened with and there hereby is reserved and created an easement for the use, maintenance, repair and replacement of such utility line, pipe, wire or conduit, such easement to run to the benefit of the Unit or Units served by the same.

5.7 Easement for Improvements. The Association shall have an easement on and over the Common Elements for the purpose of making improvements contemplated by this Declaration in the Condominium Regime, and for the purpose of doing all things reasonably necessary and proper in connection therewith.

5.8 Effect of Easements. All easements and rights herein established shall run with the land and inure to the benefit of and be binding on any Condominium Unit Owner, Purchaser, mortgagee, or other Person having an interest in any portion of the Condominium Regime herein described, whether or not such easements are maintained or described in any deed of conveyance.

## ARTICLE VI - RESTRICTIONS

In addition to all restrictions now existing against said Property and all improvements now or hereafter constructed thereon, the use of Condominium Units and Common Elements (including Limited Common Elements) is hereby expressly restricted as follows:

6.1 Business Use. No business, trade, occupation or profession of any kind shall be conducted, maintained or permitted in any part of the Condominium Regime without the prior written authorization of the Association, nor shall

any "For Sale" or "For Rent" signs be displayed by any Person, firm or corporation, bank, savings and loan association, lending institution, or insurance company who as holder of a deed of trust against any Condominium Unit acquired ownership thereof through foreclosure (or by deed in lieu of foreclosure), or the agent of any of them. Nothing in this Section 6.1 is intended to restrict the right of any Condominium Unit Owner or prohibit an Owner from keeping his personal business or professional records or accounts therein, or handling his personal business calls or correspondence therefrom, but all the express restrictions herein contained about use of displays and signs shall nonetheless be and remain in full force and effect.

In accordance with the foregoing, the Units at the Condominium shall be and are restricted exclusively to residential use and no trade or business of any kind other than as set forth hereinabove may be conducted in or from a Unit or any part of the Condominium either as a primary or accessory use of either of the Unit or any portion of the Condominium.

6.2 Restriction on Leasehold Interests. No Unit Owner shall lease or rent all or any portion of such Unit to any person or entity for use, occupancy or any other purpose not so presently occupied or used.

6.3 Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any part of the Property, except that dogs, cats or other usual household pets may be kept by the respective owners in their respective Units, provided that they are not kept, bred, or maintained for any commercial purpose and do not endanger the health or unreasonably disturb the Owner of any Units or any resident thereof.

6.4 Separate Units. Each Condominium Unit shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions, and provisions hereof and of the Act.

6.5 Architectural Changes. No architectural changes or modifications to the Limited Common Elements shall be permitted without first submitting plans and specifications to the Board of Directors and/or Managing Agent and receiving prior written approval of the changes or modifications by the Board of Directors.

6.6 Use of Property. Except for the right of ingress and egress, the Owners of Units are hereby prohibited and restricted from using any of said property outside of their respective Units, except as may be allowed by the Association's Board of Directors or as expressly provided herein. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners in the Condominium Regime and is necessary for the protection of said Owners.

6.7 Antennas. No television antenna or radio receiver, satellite dish exceeding 18" in diameter, or other similar device shall be attached to or installed on any portion of the Condominium Regime, unless contained entirely within the interior of a Unit or other structure, nor shall radio or television signals, nor any other form of electromagnetic radiation, be permitted to originate from any Unit, which may unreasonably interfere with the reception of television or radio signals within the Condominium Regime.

6.8 Vehicles, Etc. Except with special advance authorization by the Board, no vehicles shall be parked on the Common Elements, and no vehicle repairs, other than emergency repairs or repairs of a minimal nature needed to be performed to move a vehicle off the property shall be allowed in the Condominium Regime. No vehicles shall be parked or stored on blocks or other such devices on the Common Elements or other portion of the Condominium Regime. No

vehicles shall be parked so as to obstruct the fire lanes or roadways as may exist within the Condominium Regime. The Association is expressly authorized to tow away, at an offending owner's expense, any vehicle referred to in this Section which is in violation hereof or which is placed on the Common Elements in violation of the rules and regulations governing parking as may be adopted by the Board of Directors. No boats, boat trailers, campers, canoes, recreational vehicles, vehicles used primarily for recreational purposes, vehicles primarily used for commercial purposes, or vehicles with commercial writings on their exterior shall be stored, allowed to remain, or parked on the Condominium subject to the Declaration, except in an area, if any, designated by the Board of Directors or except as otherwise permitted by the Association's Board of Directors. All garage doors shall be closed when not in use or occupied.

6.9 Signs. No signs, including, but not limited to "For Sale" or "Sold" signs, billboards, unsightly objects, or nuisances shall be erected, placed, or permitted to remain in the Condominium Regime, nor shall Owner use the Condominium in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or resident thereof.

6.10 Planting. No planting or gardening shall be done or maintained upon the property subjected hereto, except such as has been approved by the Association's Board of Directors.

6.11 Unightly Appearances. No offensive or unsightly appearance shall be maintained or allowed to exist on those portions of Unit visible from the exterior of the Condominium. All equipment and storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring Units and streets, unless otherwise authorized by the Association's Board of Directors; provided, however, exterior personal patio furnishings, such as chairs, grills and swings, located within a Unit's balcony, patio, porch, terrace, or deck shall be permissible, subject to the rules and regulations of the Association. Provided further, however, that nothing which in the opinion of the Association's Board of Directors jeopardizes the structural integrity of any deck, etc. or which presents risk of damage to adjacent property shall be permitted.

6.12 Acts Affecting Insurance. An Owner shall not permit or suffer anything done or kept in his or her Unit or in any Limited Common Element which will increase the rate of insurance acquired by the Association or which will otherwise obstruct or interfere with the rights of other Unit Owners.

6.13 Trash Containers. All garbage, trash and recycling containers shall be kept and maintained in each Unit Owner's garage. All rubbish, trash, and garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.

6.14 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained in the Condominium Regime except such machinery or equipment as is usual and customary in connection with the operation and maintenance of the Common Elements, Limited Common Elements and Units.

6.15 Clothes Drying Facilities. Outside clothes lines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained in the Condominium Regime.

6.16 Lawful Use. No improper, offensive, or unlawful use shall be made on any part of the Condominium Regime. All valid laws, zoning ordinances, and regulations of all government bodies having jurisdiction over the Condominium Regime shall be observed. Any violation of such laws, zoning ordinances or regulations shall be a violation of this Declaration.

6.17 Nuisances and Offensive Activity. No nuisance shall be permitted to exist or operate in the Condominium Regime and no activity shall be conducted upon the Condominium Regime which is offensive or detrimental to any portion of the Condominium Regime or any Owner or Occupants of the Condominium Regime. No exterior speakers, horns, whistles, bells or other sound devices except security or other emergency devices used exclusively for security or emergency purposes shall be located, used or placed on the Condominium.

6.18 Rules and Regulations. In addition to the restrictions above, the Association shall have the right to make and to enforce reasonable rules and regulations governing the use of the Units, Limited Common Elements, and Common Elements.

6.19 Enforcement. This Declaration, including all restrictions set forth herein, and rules and regulations may be enforced by the imposition of reasonable monetary fines as provided in the Act and suspension of use and voting privileges. These powers, however, shall not be construed as limiting any other legal means of enforcing the use restrictions or rules and regulations of the Association. Any fines so imposed shall be considered an assessment against the Unit and may be collected in the manner provided for collection of other assessments.

6.20 Maintenance of Condominium Units and Limited Common Elements.

a) By the Owner. Each Owner shall have the obligation to maintain, keep attractive, keep in good repair, and replace all portions of the Unit and Limited Common Elements appurtenant thereto, including, but not limited to, painting or staining decks, fences, exterior doors, etc. Any maintenance, repair, replacement or upkeep required to be performed by an Owner hereunder shall be in conformance with the architectural standards of the Association and as set forth by the Association's Board of Directors.

In explanation of the foregoing and not to be construed as a limitation, each owner shall maintain, repair, and keep in good condition (subject to the Association's obligations hereinafter set forth), all pipe, lines, ducts conduits, exterior doors and windows, patios, porches, decks, driveways, gas, electricity, water, sewer, furnaces, air conditioners or air conditioning pipes, lines, ducts, conduits, or other fixture or apparatus serving such Unit and only such Unit.

b) By the Association. The Association shall maintain, keep in good repair and upkeep, and replace, as a Common Expense assessed in accordance with this Declaration, all of the Condominium property not required to be maintained and kept in good order by an Owner and as otherwise set forth in this paragraph. The Association shall, by way of explanation and not limitation, be responsible to maintain, keep attractive, keep in good repair and replace all Common Elements (except, however, that the Owner shall maintain such Limited Common Elements, including, but not limited to, terraces, porches, balconies, patios, decks, driveways or any other fixtures or apparatuses as might be assigned as Limited Common Element to his or her Unit). The Association shall be responsible for painting and staining all Common

Elements. The Association shall, also, be responsible for the repair, upkeep and maintenance of all roofs as Limited Common Elements serving any Units and the Association shall be responsible for the maintenance, repair and upkeep of any foundations in respect to improvements containing Units or otherwise. In the event the need for maintenance, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his or her family, guests, lessees, or invitees, then, the Association shall give the Owner written notice of the repair, replacement or maintenance work needed and an estimated cost to accomplish such repair, replacement or maintenance work. The Owner shall have fifteen (15) days within which to pay the Association such estimated costs, and in the event of a failure to pay, such costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Unit.

c) Failure to Maintain. If the Board of Directors of the Association determines that any Owner has failed or refused to discharge properly his or her obligations with regard to the maintenance, repair, upkeep or replacement of items for which he or she is responsible hereunder, including a failure to maintain, repair or replace a condition which may increase the possibility of fire or other loss or damage to the Condominium, the Association, except in an emergency situation in which case the Association may immediately proceed without notice, shall give the owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement and the costs thereof and shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have fifteen (15) calendar days within which to pay the costs thereof to the Association in the event the repair is to the Common Elements and in the event the repair is to the Unit, shall have fifteen (15) calendar days within which to complete said maintenance, repair or replacement or if such maintenance, repair or replacement is not capable of completion within said fifteen (15) calendar days period, to commence said maintenance, repair or replacement within said fifteen (15) calendar days. If an owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair or replacement at the Owner's sole cost and expenses; said costs shall be added to and become a part of the assessment to which such owner is subject and shall become a lien against the Unit.

## **ARTICLE VII - ASSOCIATION AND BY-LAWS, ASSESSMENTS**

### **7.1 General Information.**

a) The Association will administer the Condominium pursuant to the terms and conditions set forth in the Declaration. The fiscal year of the Association shall be the calendar year. The Office of the Association shall be located at such location as the Board of Directors shall designate from time to time.

b) All Unit Owners, by virtue of their ownership of a Unit in the Condominium, are automatically mandatory Members of the Association and shall be entitled to vote on all matters upon which Members of the Association are entitled to vote, pursuant to the Declaration and in accordance with the By-Laws. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Subject to the provisions of the Condominium Documents, each Owner shall be entitled to cast a vote equal to the Allocated Interest designated for such Unit.

7.2 Meetings.

a) The annual meeting of the Association shall be held at the office of the Association during the month of May on the first Tuesday in each year, commencing at 7:00 p.m., or such other time or place as may be designated by the Association's Board of Directors. Each annual meeting shall be for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members. If the date set for the annual meeting of the Membership is a legal holiday, the meeting will be held at the same hour on the first day following such legal holiday.

b) Special meetings shall be held whenever called by the President or Vice-President or by a majority of the Association's Board of Directors, and must be called by such officers upon receipt of a written request from Members entitled to cast one-third (1/3) of the votes of the entire membership.

c) Notice of all meetings, stating the time, date, place and purpose for which the meeting is called, shall be given by the President or Vice-President or Secretary, unless waived in writing. Such notice shall be in writing to each Member at the last known address shown on the records of the Association and shall be mailed at least ten (10) days but no more than sixty (60) days prior to the date of the meeting. Proof of such mailings shall be made by affidavit, duly executed by the Person giving the notice. Notice of meeting may be waived before or after any such meeting.

d) A Quorum at any meeting shall consist of thirty (30%) percent of those Persons entitled to cast all votes of the Association. If any meeting of the Members cannot be organized because a quorum has not attended, the Members present either in Person or by Proxy, may adjourn the meeting for at least ten (10) days, and adequate notice of the new date shall be given as described in paragraph c) of this Section.

e) Each Member shall be entitled to cast a vote equal to the Allocated Interest assigned to such Unit owned by that Member. If a Unit is owned by one person, his/her right to vote shall be established by the record title to the Unit. If a Unit is owned by more than one Person, or if a Unit is owned by a corporation, partnership, trust or any other organization, the vote for such Unit shall be exercised as such multiple Owners or representative thereof, between or among themselves, determine; provided, in no event shall more than one (1) vote be cast with respect to any Unit. In the event of disagreement among such multiple Persons or representative of such corporation, partnership, trust or any other organization and an attempt by two (2) or more of them to cast such vote or votes, such Persons shall not be recognized, and such vote or votes shall not be counted. No Owner shall be eligible to vote, either in person or by proxy, if that Owner is shown in the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association or is under suspension for the infraction of any provision of the Declaration or any rule or other provision of the Condominium Documents.

f) Votes may be cast in Person or by proxy. A proxy terminates one (1) year after its date, unless it specifies a shorter term.

7.3 Directors. The business of the Association shall be managed by a Board of Directors of at least three (3) directors and no more than nine (9) directors, the exact number within such range to be determined by the Board of Directors, who shall serve without compensation; provided, however, any Director may be reimbursed for his/her actual

expense incurred in the performance of his/her duties as a Director. Each of the condominium property regimes that make up the Association shall have equal representation on the Board. Accordingly, the Directors of this Condominium Regime shall serve together with the other Directors elected by Oak Hills Highlands Condominium Property Regimes Nos. 1 and 3.

a) Each Director shall be a Member of the Association (or if a Member is an employee of a corporation, partnership or trust, a Director may be an officer, partner, beneficiary or trustee of such Member of the Association). If a Director shall cease to meet such qualifications during their term, he/she will thereupon cease to be a Director, and their place on the Board shall be deemed vacant.

b) Election of Directors shall be conducted at the annual meeting. Not less than thirty (30) days prior to each annual meeting, the Board of Directors shall appoint a Nominating Committee consisting of three (3) Members. The Nominating Committee shall nominate one (1) person for each director whose term of office is expiring. Additional nominations may be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of votes cast. Each person entitled to vote may cast their vote for each of and as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

c) The Directors shall be elected as provided in this Declaration. The Directors shall be elected for terms staggered on a one (1), two (2) and three (3) year basis. One (1) Director shall be elected for one (1) year, one (1) Director shall be elected for two (2) years and one (1) Director shall be elected for three (3) years. After the initial term of each such Director, all Directors shall be elected for three (3) year terms. Each Director shall serve for the term set forth hereinabove and until their successor is duly elected and qualified, or until removed from office as provided herein.

d) Any Director may be removed from the Board, with or without cause, by concurrence of a two-thirds (2/3) majority of the votes cast by the quorum present at any regular or special meeting of the Association called for that purpose.

e) In the event of the death, resignation or removal of a Director, their successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of their predecessor.

#### 7.4 Director's Meetings.

a) Regular meetings of the Board of Directors shall be held at such time and places which are determined, from time to time, by a majority of the Association's Board of Directors. Notice of regular meeting shall be given to each Director, personally or by mail, telephone or equivalent service, at least three (3) days prior to the date of any regular meeting. Notice of meeting may be waived before or after any such meeting.

b) Special meeting of the Board of Directors may be held at the request of the president, Vice-President or Secretary, and must be held at the written request of two-thirds (2/3) of the Directors. Notice of special meetings shall be given to each Director, personally or by mail, telephone or equivalent service, at least forty-eight (48) hours prior to the date of any special meeting. Notice of meeting may be waived before or after any such meeting.

c) A quorum at Director's meeting shall consist of fifty percent (50%) of the votes thus represented of the entire Association's Board of Directors present at the beginning of a meeting. The acts approved by a majority of

those Directors present at any meeting at which a quorum is present shall constitute the acts of the Association, except where approval by a greater number of Directors is required by the Declaration of Condominium or these By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those present may adjourn the meeting until a quorum is present. Upon reconvening an adjourned meeting, any business called may be transacted without the necessity of providing any further notice.

d) The presiding officer of the Director's meeting shall be the Chairman of the Board, if such an officer has been elected, or if not, the President shall preside. In the absence of the presiding officer, the Directors present shall designate one of the members to preside.

e) The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

7.5 Powers and Duties of the Board of Directors. All of the powers and duties of the Association existing under the Act, the Declaration of Condominium and By-Laws shall be exercised by the Board of Directors, its duly appointed agents, contractors or employees, subject only to approval by the Unit Owners where specifically required. Compensation of employees of the Association shall be fixed by the Directors.

7.6 Officers. The executive officers of the Association shall consist of a President, who must also be a Director, a Vice-President, Treasurer, and Secretary. The election of officers shall be made by a majority vote of the Board of Directors at the first meeting of the Board following each annual meeting of the Membership, and each Officer shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or otherwise become disqualified to serve. Any officer may be removed from office at any regular or special meeting of the Association's Board of Directors by a majority vote of the quorum present at such meeting. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office may be filled by a majority vote of the quorum present of the Directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer they replace. Any person may hold two or more offices, except that the President shall not be Secretary. The Association's Board of Directors may elect additional officers, from time to time, to exercise such powers and duties as the Board of Directors shall find required to manage the business of the Association. Officers of the Association shall serve without compensation.

a) The President shall be the Chief Executive Officer of the Association, shall have all powers and duties usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees to assist in the conduct of the business of the Association.

b) The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice-President shall assist the President and exercise such other powers and perform such other duties as prescribed by the Board of Directors.

c) The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all monies in the name of the Association in such banks, trust companies or other depositories as shall be directed by the Board; shall sign all checks and promissory notes of the Association except in those instances where the Board has delegated the authority to sign checks to a Managing Agent employed by the Association; shall keep proper books of account; may cause an annual audit of the books of the Association to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at the regular annual meeting of the Members, and shall deliver a copy of such to the Members. The duties of the Treasurer may be performed by the Managing Agent.

d) The Secretary shall keep the Minutes of all proceedings of the Association and the Board of Directors. The Secretary shall prepare and deliver all notices required by the By-Laws to be delivered to the members of the Association and the Board of Directors, as well as all other notices required by law. The Secretary shall keep all records of the Association, except those of the Treasurer and shall perform all other duties incident to the office of Secretary. The duties of the Secretary may be performed by the Managing Agent.

#### 7.7 Assessments

a) 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 Common Expenses of the Association shall be assessed among all of the Condominium Unit Owners in accordance with the Owner's share in the Common Elements as set forth in Article III of this Declaration. Assessments for the estimated Common Expenses of the Association shall be due in advance on the first day of each calendar month or less frequently as may be determined by the Board of Directors. The method of assessment described herein may not be amended without the written approval of two-thirds (2/3) of the Owners of the individual Units.

b) Each Unit Owner's obligation of payment of assessments shall be prorated to the closing date of the purchase of the Condominium Unit.

c) Assessment shall be based upon the cash requirements deemed to be such aggregate sum as the Board of Directors of the Association shall from time to time determine and is to be paid by all of the Condominium Unit Owners to provide for the payment of all estimated expenses growing out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the Common Elements which are the responsibility of the Association, and the real property and improvements owned thereby, which sum may include, but shall not be limited to, expenses of management, taxes and special assessments unless separately assessed; snow removal and road repair, premiums for insurance, landscaping and care of grounds, common lighting and heating, repairs and renovation, trash and garbage collections, wages, common water and sewer charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Managing Agent, if any, on behalf of the Unit Owners under or by reason of the Declaration and By-Laws

of the Association for the creation of a reasonable contingency, reserve, working capital and sinking funds as well as other costs and expenses relating to the Common Elements.

d) Pursuant to the provisions of the Declaration and By-Laws, the Board of Directors may levy such assessments for the purpose of defraying the cost of repair or reconstruction of the improvements in the event of their damage.

e) The Association by its Board of Directors may levy a special assessment against any individual Unit or any Unit Owner for the reasonable expense incurred in the reconstruction or repair to the Common Elements, Limited Common Elements, the individual Unit or any Unit Owner for damage or destruction caused by said individual Unit Owner's misconduct, negligence or infraction of the published rules and regulations of the Association.

f) The 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 the Owner's obligation to pay the same.

g) The Association shall have all of the powers of the Association enumerated in the Act.

h) Within thirty (30) days after adoption of any proposed Budget for the Condominium, the Board of Directors shall provide a summary of the Budget to all the Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the Budget, which date shall not be less than fourteen (14) no more than thirty (30) days after mailing of the summary. Unless at that meeting a majority of all the Unit Owners, or any larger vote specified in the Declaration, reject the Budget, the Budget is ratified, whether or not a quorum is present. In the event the proposed Budget is rejected, the periodic Budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Directors.

7.8 Owner's Personal Obligation for Payment of Expenses. The amount of the Common Expenses assessed by the Association against each Condominium Unit shall be the personal and individual debt of the Owner thereof. No Owner may exempt themselves from liability for this contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements, the real property and improvements owned by the Association or by abandonment of their Unit. The Board of Directors shall have the responsibility to take prompt action to collect any unpaid assessments which remain unpaid for more than ten (10) days from the 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 highest rate permitted by law, on the amount of the assessment from due date thereof, together with all expenses, including attorney's fees incurred together with such late charges as provided by the By-Laws or Rules and Regulations of the Association. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing the lien nor shall such suit be construed to be a waiver of the lien.

7.9 Association Lien for Non-Payment of Common Expenses.

a) All sums assessed by the Association but unpaid for the share of Common Expenses chargeable to any Condominium Unit shall constitute a lien on such Unit superior to all other liens and encumbrances, except only for tax and special assessment liens of the Condominium Unit in favor of any assessing entity, and all sums unpaid on a First

Mortgage of record, including all unpaid obligatory sums as may be provided by such encumbrances, and any junior mortgages or deeds of trust filed of record prior to the recordation of this Declaration. To evidence such lien, the Board of Directors shall prepare a written notice of lien assessment 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 Condominium Unit and a description of the Condominium Unit. Such notice of lien shall be signed by one of the members of the Association's Board of Directors, by one of the offices of the Association on behalf of the Association, or any Managing Agent employed by the Board of Directors, and shall be recorded in the Recorder's Office for Douglas County, Nebraska. Such lien shall attach and be effective from the due date of the assessment until all sums, with interest and other charges thereon, shall have been fully paid.

b) Such lien may be enforced by the foreclosure of the defaulting Owner's Condominium Unit by the Association in the manner of a deed of trust or mortgage on real property upon the recording of a notice of claim thereof. 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, all additional costs, all expenses and reasonable attorney's fees incurred. The Owner of the Condominium Unit being foreclosed shall be required to pay the Association the monthly assessment for the Condominium 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 in 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.

c) Any Mortgagee holding a lien on a Condominium Unit may pay, but shall not be required to pay, any unpaid Common Expenses payable with respect to such Unit, and upon such payment, such encumbrancer shall have a lien on such Unit for the amount paid of the same rank as the lien of this mortgage or encumbrance within the necessity of having to record a notice of claim of such lien. The Association shall report to the Mortgagee of a Condominium Unit any unpaid assessments remaining unpaid for longer than sixty (60) days after the same is due; provided, however, that a Mortgagee shall have furnished to the Association notice of such encumbrance.

d) The recorded lien may be released by recording a Release of Lien signed by one of the members of the Association's Board of Directors, by one of the officers of the Association on behalf of the Association, or any Managing Agent employed by the Board of Directors and shall be recorded in the Recorder's Office for Douglas County, Nebraska.

e) Notwithstanding any of the foregoing provisions, any First Mortgagee who obtains a title to a Condominium Unit pursuant to the remedies set forth in its mortgage or deed of trust shall take title to the Unit free and clear of all Common Expense assessments levied thereon prior to such transfer of title and free and clear of all liens created as a result of such assessments.

7.10 Ascertainability of Unpaid Common Expenses. The Unit Owners and their mortgagees, prospective mortgagees or prospective grantees, upon ten (10) days written notice to the Board of Directors and upon payment of a reasonable fee, shall be furnished a statement of their account. The statement of account shall include the amount of any

unpaid Common Expenses, the amount of the current assessments, the dates that assessments are due, the amount for any advanced payments made, prepaid items such as insurance policy premiums and reserves therefor and any deficiencies in reserve accounts which statement shall be conclusive upon the Association in favor of all persons who rely therein in good faith. Unless such request shall be complied with within ten (10) days after receipt of such written request, all unpaid Common Expenses which become due prior to the date of such request will be subordinate to the rights of the person requesting such statement.

7.11 Priorities of Association and Recreational and Maintenance Association Lien for Common Expenses.

The Owner of a Condominium Unit may create a junior deed of trust or mortgage (junior) to the lien of the First Mortgage or Deed of Trust, liens or encumbrances of the Condominium Unit; provided, however, that any such junior mortgage, deed of trust, liens or encumbrances, which is made after the recordation of this Declaration, will always be subordinate to the prior and paramount lien of the Association for Common Expenses and all of the terms, conditions, covenants, restrictions, uses, limitation and obligations under this Declaration and By-Laws and provided, further, that such junior encumbrances shall be released for purposes of restoration of any improvements upon the encumbered Condominium Unit, all of the Unit Owner(s) rights, title and interest in and to the proceeds under all insurance policies upon said premises by the Association. Such release shall be furnished forthwith by a junior mortgagee upon written request of the Association, and if such request is not granted, such release may be executed by the Association as attorney-in-fact for such junior mortgagee.

**ARTICLE VIII - INSURANCE - DAMAGE, DESTRUCTION AND RECONSTRUCTION**

8.1 Scope of Coverage. The Association shall maintain, to the extent reasonably available, the following insurance coverage:

a) Property insurance on the Common Elements and Units insuring against all risk of direct physical loss commonly insured against in an amount equal to the maximum insurable replacement value of the Common Elements and Units, as determined by the Board of Directors; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy. For insurance purposes only, all in laid carpet and wallpaper and all other fixtures permanently affixed to a Unit, shall be included in the master insurance policy held by the Association.

b) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board of Directors, but not less than One Million Dollars (\$1,000,000.00) per injury or injuries, including death, arising out of a single occurrence; Fifty Thousand Dollars (\$50,000.00) property damage, or in the alternative, a liability policy affording coverage for bodily injury and property damage with a combined single limit in an amount not less than One Million Fifty Thousand Dollars (\$1,050,000.00). The policy or policies shall cover the Association, the Association's Board of Directors and the officers of the Association, all agents and employees of the Association and all Owners and other Persons entitled to occupy any Unit or other portion of the Condominium Unit for occurrences commonly

insured against, arising out of or in connection with the use, ownership or maintenance of the Common Elements or other portion of the Condominium which the Association has the responsibility to maintain and shall also include hired automobile and non-owned automobile coverage with cost liability endorsements to cover liabilities of the Owner as a group to an Owner.

c) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners.

d) The insurance policies purchased by the Association, to the extent reasonably available, contain the following provision:

(i) Each Owner shall be an insured under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or their membership in the Association.

(ii) There shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to the Owners and members of their household.

(iii) No act or omission by any Owner, unless acting within the scope of their authority on behalf of the Association, shall void the policy or be a condition to recovery on the policy.

(iv) The coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deeds of trust.

(v) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners.

(vi) Statement of the name of the insured as Oak Hills Highlands Association, Inc. for the use and benefit of the individual Owners (designated by name if required by the insurer).

(vii) For policies of hazard insurance a standard mortgagee clause providing that the insurance carrier shall notify the First Mortgagee named in the policy at least ten (10) days in advance of the effective date of any reduction or cancellation of the policy.

e) "Agreed Amount" and "Inflation Guard" endorsements.

f) It shall be the duty of the Board of Directors at least annually to conduct an insurance review to determine if the policy enforced is adequate to meet the need of the Association and to satisfy the requirement of this Declaration and the Act. Such responsibility may be performed and shall be deemed reasonably performed, by the Board's Managing Agent requesting the Association's insurance agent to verify that the insurance policies in existence meet the needs of the Association as set forth herein and satisfies the requirements of this Declaration and the Act. In all events, each Owner shall have the right to obtain additional coverage for such improvements, or betterment's or personal property within the

Unit as its own expense. Each policy may contain reasonable deductibles and the amount thereof shall be added to the face amount of the policies in determining whether the insurance equals at least full replacement cost.

8.2 Certificate of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each First Mortgage who is listed as a scheduled holder of a First Mortgage in the insurance policy.

8.3 Payment of Premiums. Premiums for all insurance obtained by the Association pursuant to this Article shall be Common Elements and shall be paid for by the Association.

8.4 Insurance Obtained by Owners. The issuance of insurance policies to the Association pursuant to this Article shall not prevent an Owner from obtaining insurance for their own benefit and at their own expense covering their Unit, personal property and providing personal liability coverage.

8.5 Payment of Insurance Proceeds. Any loss covered by property insurance obtained by the Association in accordance with this Article shall be adjusted with the Association and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. The Association shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. Subject to the provisions of Section 8.6 and 8.7 of this Article, the proceeds shall be disbursed for the repair or restoration of the damage to Common Elements and Units, and Owners and lienholders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of records after the Common Elements and Units have been completely repaired or restored, or the Declaration terminated.

8.6 Use of Insurance Proceeds. In the case of fire or any disaster, the insurance proceeds, if sufficient to reconstruct any building so damaged or destroyed, shall be applied to such reconstruction. Reconstruction of the building, as used herein, means restoring the insured building to substantially the same condition in which it existed prior to the fire or other disaster, with each Unit and the Common Elements having the same vertical and horizontal boundaries as before.

8.7 Procedure where Insurance Proceeds are Insufficient. In case of fire or other disaster, if the insurance proceeds are insufficient to reconstruct the building and the Condominium Unit Owners and all other parties in interest do not voluntarily make provision for reconstruction of the building within 180 days from the date of damage or destruction, the Association may record a notice setting forth such facts; and upon the recording of such notice:

a) The property shall be deemed to be owned in Common by the Condominium Unit Owners;

b) The undivided interest in the property owned in Common which shall appertain to each Condominium Unit Owner shall be the percentage of undivided interest previously owned by such Unit Owner in the Common Elements.

c) Any liens affecting any of the Condominium Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Condominium Unit Owner in the property as provided herein; and