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CONDOMINIUM DECLARATION

THE LOFTS AT SOMA 1 CONDOMINIUM

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Exhibit "A" – Legal Description of Land

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CONDOMINIUM DECLARATION

The Lofts at Soma 1 Condominium Omaha, Nebraska

This Condominium Declaration ("Declaration") is made this 9th day of June, 2006, pursuant to the provisions of the Nebraska Condominium Act ("Condominium Act"), by COURTLAND PLACE NO.1, LLC, a Nebraska limited liability company ("Declarant").

WHEREAS, the Declarant is the owner in fee simple of certain land and premises located in Omaha, Douglas County, Nebraska, legally described on Exhibit "A" attached hereto and by this reference incorporated herein (the "Property"); and

WHEREAS, this Declaration includes as Exhibit "B" certain survey plats showing the location and dimensions of the land described on Exhibit "A" and the location and dimensions of the improvements constructed or contemplated to be constructed thereon, together with other information required by the Condominium Act shown thereon.

NOW THEREFORE, the Declarant hereby declares that the Property, together with all improvements heretofore or hereafter constructed thereon, and all appurtenances thereto, shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and encumbered subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens set forth herein.

1. **Submission of Property.** The Declarant hereby submits the Property to the provisions of the Condominium Act to create a plan of condominium ownership of the Property.

2. **Name and Address of Condominium.** The name of the Condominium is The Lofts at Soma 1 Condominium.

3. **Definitions.** The following terms used in this Declaration and in the other documents constituting the Condominium Instruments are defined as follows:

"Allocated Interests" means the undivided interest in the Common Elements, the Common Expenses Liability, and votes in the Association allocated to each Unit.

"Association" means The Lofts at Soma 1 Condominium Association, Inc., a Nebraska not-for-profit corporation.

"Building" means the building designed for residential use, as shown on the Condominium Plat, and containing Units which comprise part of the Condominium.

"Bylaws" means the bylaws duly adopted by the Association as they may from time to time be amended.

"Common Elements" means all portions of the Property other than the Units.

"Common Expenses" means the expenses of administration (including management and professional services) of the Condominium; assessments levied under the Master Declaration (unless levied directly against the Units); except as other-

wise specifically provided herein, the cost of maintenance, repair and replacement of the Common Elements; except as specifically provided herein, the cost of additions, alterations or improvements to the Common Elements; the cost of insurance required or permitted to be obtained by the Executive Board; utility expenses for the Common Elements; any expenses designated as Common Expenses by the Condominium Act, this Declaration or the Bylaws; if not separately metered or charged to the Unit Owners, the cost of waste removal, water, sewer and other necessary utility services; and all other expenditures made or liabilities incurred by or on behalf of the Association, together with all assessments for the creation and maintenance of contingencies and replacement reserves.

"Common Expenses Liability" means the liability for Common Expenses allocated to each Unit pursuant to the terms of this Declaration and the Condominium Act.

"Community Rules" means those rules and regulations adopted from time to time by the Executive Board.

"Condominium" means the Property (and any interest therein) which is hereby submitted to the provisions of the Condominium Act by the recording of this Declaration.

"Condominium Act" means the Nebraska Condominium Act, Neb. Rev. Stat. ' ' 76-825 through 76-894.

"Condominium Instruments" means this Declaration, the Bylaws, the Condominium Plat, and any and all exhibits, schedules or certificates thereto, and all amendments thereto which are adopted or recorded pursuant to the provisions of the Condominium Act.

"Condominium Plat" means the survey plats attached hereto as "Exhibit "B".

"Condominium Unit" means a Unit, together with the Allocated Interests allocated to that Unit.

"Declarant" means Courtland Place No. 1, LLC and its successors and assigns.

"Declaration" means this instrument and such amendments thereof as may be recorded from time to time.

"Executive Board" means the group of Persons elected to act for the Association in governing the Condominium.

"First Mortgage" means any first priority mortgage, deed of trust or other instrument conveying a first priority interest and lien upon, or title for security purposes only in respect of, a Condominium Unit.

"Limited Common Elements" means a portion of the Common Elements designated by this Declaration and/or the Condominium Plat as being a limited

common element appurtenant to and for the exclusive use of Unit Owners of one or more, but less than all, of the Units.

"Master Association" means SoMa Development Homeowners Association, Inc., a Nebraska not-for-profit corporation.

"Master Declaration" means the Declaration of Easements, Covenants and Restrictions for SoMa Development recorded in the office of the Register of Deeds of Douglas County, Nebraska as Instrument No. 2005045292.

"Mortgagee" means the grantee or beneficiary of any First Mortgage.

"Percentage Interest" means the Allocated Interests (stated as a percentage) allocated to each Unit, as set forth on Exhibit "C" to this Declaration. The formula used to establish the Percentage Interest is, as respects each Unit, the number of square feet of the Unit divided by the number of square feet of all Units, as determined by Declarant.

"Person" means a natural person, corporation, limited liability company, partnership, association, trust or other entity capable of holding title to real property, or any combination of any of the foregoing.

"Property" means the real estate described on Exhibit "A" attached hereto.

"Residents" means the individual(s) who reside in a Unit.

"Special Declarant Rights" means rights reserved for the benefit of Declarant to construct or complete improvements indicated on the Condominium Plat; to maintain sales offices, management offices and advertising signs for the Condominium; to maintain not more than two (2) model Units; and to establish and utilize easements through the Common Elements for the purpose of making improvements within the Condominium.

"Unit" means a physical portion of the Condominium designed and intended for separate ownership or occupancy, the boundaries of which are described, and the Unit Number assigned to which is identified, on the Condominium Plat.

"Unit Number" means one or more letters or numbers, or both, that identify a Unit, as depicted on the Condominium Plat.

"Unit Owner" means one or more Persons who own a Condominium Unit in fee simple.

4. **Building.** The location and dimensions of the Building is shown on the Condominium Plat.

5. **Units.**

5.1 **Unit Number and Percentage Interest.** Declarant reserves the right to create fifteen (15) Units. The Unit Number and Percentage Interest of each Unit are set forth in

Exhibit "C" to this Declaration. The dimensions and the vertical boundaries of each Unit, together with its Unit Number and relative location, are set forth in the Condominium Plat.

5.2 Upper and Lower Boundaries. The lower boundary of any Unit in the Condominium is a horizontal plane, the elevation of which coincides with the elevation of the upper surface of the lowest unfinished subfloor within the Unit, extended to intersect the lateral or perimeter boundaries thereof. The upper boundary of any Unit in the Condominium is a horizontal plane, the elevation of which coincides with the lower surface of the highest unfinished ceiling within the Unit, to include the layer of ceiling material within the Unit, extended to intersect the lateral or perimeter boundaries thereof.

5.3 Lateral or Perimeter Boundaries. The lateral or perimeter boundaries of a Unit are vertical planes which coincide with the unfinished surfaces of the interior of the perimeter walls and the walls dividing the Units, including the inside surfaces of all windows, doors and vents, extended to intersect the upper and lower boundaries of the Unit and to intersect the other lateral or perimeter boundaries thereof.

5.4 Additional Items Included in Units. Each Unit contains:

(a) all nonstructural interior partition walls and floors (except those portions which contain, comprise or support part of the Common Elements) located within the boundaries of the Unit;

(b) the decorated inside surfaces of all boundary walls, ceilings and floors, including any wallpaper, paint, lath, wallboard, plastering, carpeting, floor and wall tiles and other floor coverings, and all other finishing materials; and

(c) all doors, windows and all immediately visible fixtures, appliances, mechanical, electrical and intercom systems and equipment, water, gas and sewage pipes located within the boundaries of the Unit which serve that Unit, heating and air conditioning units installed for the sole and exclusive use of the Unit, commencing at the point of disconnection from the structural body of the Building or from utility lines, pipes or systems serving any Unit.

5.5 Items Excluded from a Unit. Notwithstanding anything contained herein to the contrary, a Unit shall be deemed not to include pipes (except water and gas and sewage pipes located within the boundaries of a Unit and serving only that Unit), wires, conduits and other public utility lines, ventilation or other ducts, shafts, flues and chutes, bearing walls and structural portions of the Building running through a Unit which are utilized for or serve more than one Unit, and all other property and fixtures of any kind which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the Condominium.

6. Common Elements.

6.1 Common Elements. The Common Elements of the Condominium include the following, except to the extent that any portion is a Limited Common Element:

(a) the Property located outside the Building, including all trees, shrubbery, paved areas, trash containment area and the like, but excluding balconies, porches, patios

and roof decks which are Limited Common Elements assigned and allocated exclusively to a particular Unit;

(b) the foundations, beams, supports, girders, columns, bearing walls, non-bearing and bearing perimeter walls of the Building; all walls and partitions of the Building separating Units from corridors, stairs and other mechanical spaces, excepting the finished portions of such walls as are within the interior of any Unit; all floors and ceilings except finished floors and ceilings which are within a Unit;

(c) the roof, but excluding any roof decks which are Limited Common Elements assigned and allocated exclusively to a particular Unit;

(d) all of the walkways, corridors, halls, stairways, elevator(s), steps and the like which are incident thereto or which provide access to the Units;

(e) all utility installations, including water service, electrical service, natural gas service, water tank, reservoir pump and the like, and further including, but not limited to, all pipes, ducts, flues, chutes, conduits, cables, wires, telephone and data lines, coaxial cable, tubes and other utility lines and installations which serve one or more Units, except those installations and equipment that are exclusively within or for the benefit of a particular Unit and not used to serve any Unit other than that particular Unit;

(f) all other elements of the Condominium rationally of common use or necessary to its existence, upkeep and safety; and

(g) all of that part of the Condominium which is not part of any of the Units and which is not a Limited Common Element.

6.2 Limited Common Elements. The Limited Common Elements of the Condominium consist of the following:

(a) any garage parking spaces assigned to a single Unit;

(b) any storage space assigned to a single Unit;

(c) any balcony, porch, patio, roof deck or utility pad site assigned to a single Unit; and

(d) any shutters, awnings, window boxes, doorsteps, stoops and all exterior doors and windows or other fixtures designed to serve a single Unit but located outside the boundaries of that Unit.

7. Ownership and Use of the Common Elements.

7.1 Allocation of Percentage Interests. Each Unit is allocated an undivided Percentage Interest in the Common Elements, and each Unit Owner owns, as a tenant (or tenants) in common with all other Unit Owners, the Percentage Interest in the Common Elements allocated to such Unit Owner's Unit. The Percentage Interest in the Common Elements is appurtenant to and shall run with each Unit, shall not be separated from the Unit, and shall be deemed to be conveyed or encumbered with the Unit even though such undivided interest is not

expressly mentioned or described in the document of conveyance or encumbrance. The Percentage Interest allocated to each Unit is set forth in Exhibit "C" to this Declaration.

7.2 Use of Common Elements. The use of the Common Elements shall be limited to the Unit Owners and other Residents and to their respective guests and invitees, and shall be governed by the Condominium Instruments and Community Rules. Limited Common Elements are assigned and allocated exclusively to the Unit served thereby and use thereof is reserved to the Unit Owner or other Resident of the Unit to which the Limited Common Element is assigned and to their respective guests and invitees, subject, in all events, to the Condominium Instruments and Community Rules.

7.3 No Revocation, Abandonment, Partition or Severance. The Common Elements shall remain undivided and shall not be abandoned by act or omission, and no Unit Owner or other Person may bring any action for partition or division of the Common Elements unless the Condominium is terminated pursuant to the procedures set forth in the Condominium Act and this Declaration. The Allocated Interests are not severable and no Unit Owner may execute any deed, mortgage, lease or other instrument affecting title to or right of use of such Unit Owner's Unit which purports to separate an interest in a Unit from the Allocated Interests of such Unit.

7.4 Suspension and Limitation of Use. The Executive Board may suspend or limit the right of any Unit Owner or other Person to use any part of the Common Elements upon failure of such Unit Owner or other Person to observe the provisions of the Condominium Instruments or Community Rules governing the use of the Common Elements.

8. Easements.

8.1 Easements for Encroachments. If, and to the extent that, any Unit or Common Element encroaches on any other Unit or Common Element by reason of a deviation from the Condominium Plat in the construction thereof, or by reason of the settling or shifting of any land or improvement, a valid easement shall exist for the encroachment and for the maintenance of the same, so long as the encroaching Unit or Common Elements shall remain standing; provided, in no event shall an easement for any encroachment be granted in favor of any Unit Owner if such encroachment is caused by the intentional, willful conduct of such Unit Owner.

8.2 Easement of Support. Each Unit and the Common Elements shall have and are hereby granted an easement of lateral and subjacent support from every other Unit and the Common Elements.

8.3 Easements for Common Elements. Except as to the Limited Common Elements, perpetual easements are hereby granted and established in favor of and benefiting all Unit Owners and other Residents and their respective guests and invitees for the use and enjoyment of all Common Elements, subject to the Condominium Instruments and Community Rules governing the use of the Common Elements. Perpetual easements are hereby granted and established as to the Limited Common Elements in favor of and benefiting the Unit Owners and other Residents of the Unit to which such Limited Common Elements are assigned and allocated and their respective guests and invitees for the use and enjoyment of such Limited Common Elements, subject to the Condominium Instruments and the Community Rules governing the use of the Limited Common Elements.

8.4 Utility Easements. Easements as shown on the Condominium Plat, or as may hereafter be established by the Declarant or the Association, are hereby granted and dedicated for sewers, electricity, television, water, telephone, co-axial cable and data lines and all other utility purposes, including the right to install, lay, maintain, clean, repair and replace water mains and pipes, sewer lines, drainage pipes, conduits, telecommunications and television wire, cable, conduit and equipment, and electrical wires and conduits over, under, along and across any portion of the Common Elements. If and to the extent that any utility line, pipe, wire, conduit or related equipment serving any Unit shall be wholly or partially within the boundaries of another Unit, such other Unit shall be burdened with, and there is hereby reserved and established, an easement for the use, maintenance, repair and replacement of such utility line, pipe, wire, conduit and related equipment, such easement to run with the land for the benefit of the Unit served by the same. Declarant shall have and does hereby establish and reserve a transferable easement in favor of Declarant and its assignees on and over the Common Elements for the purpose of making improvements on the Property and for the purpose of doing all things reasonably necessary and appropriate in connection therewith.

8.5 Sales and Management Offices; Model Units Easement. Declarant and its assigns shall have, and there is hereby established and reserved, a transferable easement in favor of Declarant and its assigns for the maintenance of sales or management offices and/or not more than two (2) model Units on the Property, such easement to continue for so long as Declarant owns any Unit primarily for the purpose of sale. Such sales or management offices and/or model Units may be located or relocated on the Property as reasonably determined by Declarant. In addition thereto, Declarant shall have, and there is hereby established and reserved, a transferable easement in favor of Declarant and its assigns for use of the Common Elements for any purpose related to the development of the Property, which easement shall continue until a date which is one (1) year after the last Unit is sold.

8.6 Effect of Easements. All easements and rights herein established shall run with the land and inure to the benefit of and be binding upon the Declarant, its successors and assigns, and any Unit Owner, purchaser, mortgagee or other Person having an interest in any portion of the Property herein described, whether or not such easements are maintained or described in any deed of conveyance.

9. Use.

9.1 Master Declaration. All present and future Unit Owners, Residents and any Person who uses any part of the Condominium in any manner, are subject to, and shall comply with, the provisions of the Master Declaration, the Condominium Instruments and the Community Rules.

9.2 Maintenance.

(a) *By the Owner.* Each Unit Owner shall maintain, in good, clean and attractive condition and, when necessary, repair and replace, all portions of his, her or its Unit and any Limited Common Element appurtenant to the Unit, including but not limited to, all pipes, lines, ducts, conduits and other facilities and equipment serving only such Owner's Unit. Whenever the Executive Board shall determine, in its reasonable discretion, that any maintenance, repair or replacement of any Unit or Limited Common

Element appurtenant thereto is necessary to protect the Common Elements or any other portion of the Condominium:

(i) if such work is made necessary through the fault of the Unit Owner, the Executive Board may direct the Unit Owner to perform such maintenance, repair or replacement and pay the cost thereof to the extent not covered by insurance; or

(ii) if such work is made necessary through no fault of the Unit Owner, the Executive Board may cause the work to be done and may, in its reasonable discretion, assess the cost thereof directly to the Unit Owners of the Units or Limited Common Elements appurtenant thereto with respect to which the work is done on the basis of Allocated Interests, equal shares or such other reasonable basis as the Executive Board shall deem appropriate.

If a Unit Owner fails or refuses to perform any such maintenance, repair or replacement within a reasonable time after being so directed by the Executive Board, the Executive Board may cause such maintenance, repair or replacement to be performed at the expense of such Unit Owner. The determination of whether or not the work is made necessary through the fault of the Unit Owner shall be made by the Executive Board and its determination shall be final and binding.

(b) *By the Association.* The Association shall maintain, in good, clean and attractive condition and, when necessary, repair and replace (but only if and to the extent sufficient funds are available therefor), all of the Property, except the Units and the Limited Common Elements appurtenant to the Units.

10. **Administration.**

10.1 **Association.** Prior to the conveyance of the first Unit, Declarant shall cause a Nebraska not-for-profit corporation named "The Lofts at Soma 1 Condominium Association, Inc.", or a name similar thereto, to be incorporated pursuant to the Nebraska Nonprofit Corporation Act, which corporation shall be the governing body responsible for the maintenance, repair, replacement, administration and operation of the Condominium. The Board of Directors of the Association shall be the "Executive Board" referred to herein and in the Condominium Act. Upon formation of the Association, each Unit Owner shall be a member therein, which membership shall automatically terminate upon the sale, transfer or other disposition by such member of his, her or its Unit, at which time the new Unit Owner shall automatically become a member of the Association.

10.2 **Voting.** All Unit Owners shall be entitled to vote on all matters upon which members of the Association are entitled to vote; each such member of the Association is herein referred to as a "Voting Member". One Person with respect to each Unit shall be the Voting Member and entitled to vote in any meeting of the Unit Owners. Such Person may be the Unit Owner or one of the group composed of all of the owners of a Unit, or may be another Person designated by such Unit Owner or owners to act as proxy on behalf of such Unit Owner. All proxy designations must be made in writing and delivered to the Executive Board and shall be revocable at any time by actual notice to the Executive Board of the death or judicially declared incompetence of the proxy designator, or by written notice to the Executive Board by

the Unit Owner or owners. Any or all of such Unit Owners may be present at any meeting of the Voting Members. The total number of votes and the number of votes the Voting Member of each Unit Owner or group of owners shall be entitled to cast are set forth on Exhibit "C".

10.3 Executive Board. The initial Executive Board, consisting of three (3) natural Persons, and the officers thereof shall be appointed by Declarant. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Unit Owners other than Declarant, at least one member of the Executive Board shall be elected exclusively by Voting Members other than Declarant. Subject to the foregoing, Declarant shall continue to control the Association and have the right to appoint and remove officers and members of the Executive Board appointed by Declarant for a period ending on the earlier of (i) sixty (60) days after conveyance of ninety percent (90%) of the Units to Unit Owners other than Declarant, or (ii) two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business ("Period of Declarant Control"). Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board prior to the termination of the Period of Declarant Control and, in such event, Declarant may require, for the duration of the Period of Declarant Control, that the actions of the Association or the Executive Board be approved by Declarant before they become effective.

10.4 Executive Board and Officer Liability. Neither the members of the Executive Board nor officers of the Association, whether elected or designated by Declarant, shall be personally liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Executive Board members or officers, except for acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association hereby agrees to indemnify, defend and hold harmless each of the members of the Executive Board and each of the officers of the Association against all contractual and other liabilities to others arising out of contracts made by or other acts of the members of the Executive Board or the officers of the Association on behalf of the Unit Owners or the Association, or arising out of their status as members of the Executive Board or officers of the Association, unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. The foregoing undertaking of indemnity includes indemnification against and in respect of all costs and expenses, including attorney fees, actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, administrative or criminal, in which a member of the Executive Board or officer of the Association is involved by virtue of being or having been a member of the Executive Board or officer of the Association, and such indemnification includes all amounts necessary to discharge judgments and fines and amounts paid in settlement.

10.5 Special Declarant Rights. During the Period of Declarant Control, Declarant shall have the right to exercise any or all Special Declarant Rights.

10.6 Master Declaration. The Executive Board, on behalf of the Association, shall act on behalf of all Unit Owners in connection with the Master Declaration.

11. Operation, Maintenance and Extraordinary Expense Assessments. Prior to the conveyance of the first Unit, the Executive Board shall prepare an initial operating budget, estimate the Common Expenses, and establish the initial monthly assessment in respect of each Unit based on such operating budget and the Percentage Interest of each Unit ("Initial Assessment Amount"). Each Unit Owner's obligation to pay the Initial Assessment Amount in

respect of such Unit Owner's Unit shall begin on the first day of the month in which title to the Unit is conveyed to such Unit Owner and shall, together with an amount equal to two (2) months of the Initial Assessment Amount or Common Expense Liability assessment amount, as the case may be, be paid at the closing of the sale of such Unit. Each Unit Owner shall be liable for and shall pay the Initial Assessment Amount to the Association each month on or before the first day of each month. If title to a Unit is derived from Declarant, the Initial Assessment Amount for the month in which the closing occurs shall be prorated to the date of the closing. Thereafter, on or before December 1 of the calendar year in which the first Unit is conveyed, and on or before December 1 of each subsequent year, the Executive Board shall estimate the Common Expenses, including the total amount necessary to pay the expenses of maintaining, repairing and insuring the Condominium for the succeeding year, together with reasonable amounts for reserves for contingencies and replacements and, on before December 15 of such year, notify each Unit Owner in writing of the amount of such estimate, accompanied by a reasonable itemization thereof ("Annual Budget"). On December 31 of each year, each Unit Owner shall be assessed, and shall become personally liable for the payment of, an amount equal to the amount of the Annual Budget times the Percentage Interest allocated to such Unit Owner's Unit ("Common Expenses Liability"). On January 10 of the immediately succeeding year, and on the tenth day of each month of such year, 1/12th of the Common Expenses Liability in respect of each Unit shall become delinquent. Any failure or delay of the Executive Board in determining the Annual Budget or notifying Unit Owners of the amount payable in respect of a new year shall not constitute a waiver or release of Unit Owners' obligations to pay maintenance costs and necessary reserves when such amounts are determined and, in the absence of an Annual Budget or notice of the amount payable in respect a new year, each Unit Owner shall continue to pay the Common Expenses Liability amount established for the prior year and continue payment of such amount until the new Common Expenses Liability amount is determined. In the event an unanticipated or extraordinary expense or liability, or necessary capital expenditure, occurs or arises and such expense or liability is not included in the Annual Budget, the Executive Board may assess each Unit Owner an amount equal to the total amount of such expense or liability times the Percentage Interest allocated to such Unit Owner's Unit ("Extraordinary Expense Assessment"). The Executive Board shall notify each Unit Owner of the amount of the Extraordinary Expense Assessment payable by such Unit Owner and the date or dates the Extraordinary Expense Assessment is due and payable (which shall not be earlier than thirty (30) days after such notice). The amount of the Extraordinary Expense Assessment shall become delinquent if not paid within ten (10) days of the date or dates due and payable. Expenses incurred or to be incurred for the construction, maintenance, repair or replacement of Limited Common Elements shall be specially assessed against the Units to which the Limited Common Elements are allocated, as reasonably determined by the Executive Board, and the Executive Board shall notify affected Unit Owners of the amount of such assessments and the date or dates such assessments are due and payable (which shall not be earlier than thirty (30) days after such notice). Such Limited Common Element assessments shall become delinquent if not paid within ten (10) days of the date or dates due and payable. Any amount payable by a Unit Owner hereunder, including Common Expenses Liability amounts and Extraordinary Expense Assessment amounts, which have become delinquent shall bear interest, from the date of delinquency to the date paid in full, at an annual rate equal to the lesser of sixteen percent (16%), or the Prime Rate plus six percent (6%). "Prime Rate", as used herein, means the annual rate of interest quoted as the "Prime Rate" in the Money Rates Section of The Wall Street Journal, Midwest Edition. The Association shall have a lien on a Unit for any amount payable by a Unit Owner hereunder from the time the amount payable becomes due and a notice stating the dollar amount

of such lien is recorded in the office of the Register of Deeds of Douglas County, Nebraska. Such lien shall be subordinate to the lien of any First Mortgage recorded prior to the recording of the notice of such lien. The Association's lien may be foreclosed in like manner as a mortgage on real estate but the Association shall give reasonable notice of its action to all lienholders in respect of the Unit whose interest would be effected. In lieu of enforcing such lien, the Association may initiate an action at law to collect the amounts due and payable. Common Expenses Liability assessments, Extraordinary Expense Assessments, and all other amounts payable by a Unit Owner pursuant to this Declaration are the personal, individual debts of such Unit Owner and, if a Unit is owned by more than one Person, the liability of such Persons in respect thereof shall be joint and several. A Unit Owner's liability for such amounts is and shall not be affected by any waiver of the right to use or non-use of any of the Common Elements or by abandonment of such Unit Owner's Unit.

12. Insurance, Damage, Destruction and Reconstruction.

12.1 Scope of Coverage. Commencing not later than the date of the first conveyance of a Unit to a Person other than Declarant, the Association shall maintain:

(a) Property insurance on the Common Elements and Units, exclusive of improvements and betterments installed by Unit Owners, insuring against all risks of direct physical loss commonly insured against, in an amount equal to the full insurable replacement cost of the Common Elements and Units, as determined by the Executive Board.

(b) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Executive Board, but not less than One Million Dollars (\$1,000,000.00) per occurrence for all occurrences commonly insured against for death, bodily injury and property damage arising out or in connection with the use, ownership or maintenance of the Common Elements.

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

(d) The property insurance policies must provide that: (i) each Unit Owner is an insured Person under the policy with respect to damage to his, her or its Unit and interest in the Common Elements or membership in the Association; (ii) the insurer waives its right to subrogation under the policy against any Unit Owner or member of his or her household; (iii) no act or omission by any Unit Owner, unless acting within the scope of his or her authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (iv) if, at the time of a loss under the policy there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. The property insurance policies (i) shall contain standard mortgage clause endorsements in favor of Mortgagees as their respective interests appear, and (ii) shall provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement thereof, such option shall not be exercisable if the Unit Owners elect to sell the Condominium or terminate the Condominium.

12.2 Certificates of Insurance. An insurer that has issued an insurance policy to the Association shall issue certificates or memoranda to the Association and, upon written request, to any Unit Owner or Mortgagee. Insurance policies obtained pursuant to this paragraph shall provide that they may not be canceled or non-renewed until thirty (30) days after written notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

12.3 Payment of Premiums. Premiums for all insurance obtained by the Association pursuant to this paragraph shall be a Common Expense and shall be paid for by the Association.

12.4 Insurance Obtained by Owners. The issuance of insurance policies to the Association shall not prevent a Unit Owner from obtaining insurance for such Unit Owner's own benefit. THE ASSOCIATION DOES NOT MAINTAIN PERSONAL PROPERTY INSURANCE COVERAGE FOR ANY UNIT OWNER OR IMPROVEMENTS AND BETTERMENTS INSTALLED BY UNIT OWNER.

12.5 Payment of Insurance Proceeds. Any loss covered by property insurance obtained by the Association pursuant to this Section 12 must be adjusted with the Association and the insurance proceeds shall be payable to the Association or to an insurance trustee designated for that purpose, and not to any Mortgagee. The Association or the insurance trustee shall hold any insurance proceeds in trust for the Unit Owners, Mortgagees and other lienholders as their interests may appear. Subject to the provisions of Section 12.6 hereof, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners, Mortgagees and other lienholders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Condominium is terminated. The rights of Mortgagees under any standard mortgage clause endorsement shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions in the Act and this Declaration with respect to the application of insurance proceeds for the repair or reconstruction of the Units and/or Common Elements. Payment by an insurance company to the Association or to an insurance trustee designated by the Association of the proceeds of any policy, and the receipt of a release from the Association of the company's liability under such policy, shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsement inconsistent with the provisions hereof, or to see to the application of any payments of the proceeds of any policy by the Association or an insurance trustee designated by the Association.

12.6 Repair or Replacement. Any portion of the Condominium which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Condominium is terminated, (ii) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (iii) eighty percent (80%) of the Unit Owners, including every Unit Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expenses Liability. If the entire Condominium is not repaired or replaced (i) the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Condominium, (ii) the

insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt must be distributed to the owners of those Units and the owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear, and (iii) the remainder of the proceeds must be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the Allocated Interests of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interests shall be automatically reallocated as if the Unit had been condemned under ' 76-831(a) of the Condominium Act, and the Association shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this section, ' 76-855 of the Condominium Act governs the distribution of insurance proceeds if the Condominium is terminated.

12.7 Insurance Unavailability. If the insurance described in this Section 12 is not reasonably available, the Association shall promptly cause notice of that fact to be sent to all Unit Owners.

12.8 Other Insurance. The Association may obtain such other insurance as the Executive Board deems necessary or appropriate or which is required under the Condominium Act or under applicable requirements or guidelines of Fannie Mae and Freddie Mac, including, without limitation, worker's compensation insurance, employers' liability insurance, fidelity bonds and director and officer liability insurance.

13. Condemnation.

13.1 Total Taking. If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving Unit Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award shall compensate the Unit Owner for his, her or its Unit and interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, the Unit's Allocated Interests shall be automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Section 13.1 shall thereupon become a Common Element.

13.2 Partial Taking. If part of a Unit is acquired by eminent domain, the award shall compensate the Unit Owner for the reduction in value of the Unit and interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides (i) that Unit's Allocated Interests shall be reduced in proportion to the reduction in the size of the Unit, and (ii) the portion of Allocated Interests divested from the partially acquired Unit shall be automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the relocation on the basis of its reduced Allocated Interests.

13.3 Common Elements. If part of the Common Elements are acquired by eminent domain, the portion of the award attributable to the Common Elements shall be paid to the Association. Any proceeds or awards paid to the Association shall be applied first to the cost of any restoration, if possible, of the Common Elements, and any remaining portion of such

proceeds or awards shall be, in the discretion of the Executive Board, either (i) applied to pay Common Expenses, or (ii) distributed to the Unit Owners and their respective Mortgagees, as their interests may appear, based on their then current Allocated Interests.

14. **Amendment.**

14.1 **Amendment Procedure.** Except in those instances specifically identified in ' 76-854 of the Condominium Act, this Declaration may be amended only with the approval of at least sixty-seven percent (67%) of the Voting Members. Every amendment to this Declaration must be recorded in the office of the Register of Deeds of Douglas County, Nebraska, and such amendment shall be effective only upon its recordation. Amendments to this Declaration required to be recorded by the Association shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

14.2 **Challenge to Amendment.** No action to challenge the validity of an amendment adopted by the Association pursuant to ' 76-854 of the Condominium Act may be brought more than one (1) year after the amendment is recorded.

14.3 **Certain Amendments.** No amendment may create or increase Special Declarant Rights, increase the number of Units, or change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted or to make the Condominium part of a larger condominium or group of condominiums in the absence of the unanimous consent of all Unit Owners and all Mortgagees.

14.4 **Other Material Amendments.** Any amendments to this Declaration of a material adverse nature to Mortgagees, other than those specifically described in Section 14.3 above, must be approved by not less than fifty-one percent (51%) of the Mortgagees. If any such Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after it receives proper notice of the proposed amendment, such Mortgagee shall be automatically deemed to have approved such amendment if such notice was delivered to such Mortgagee by certified or registered mail, postage prepaid, return receipt requested.

15. **Termination.** The Condominium may be terminated only in accordance with and pursuant to ' 76-855 of the Condominium Act; provided however, in the event of substantial destruction or condemnation of the Condominium, the Condominium may be terminated only with the approval of Mortgagees representing not less than fifty-one percent (51%) of the votes allocated to Units that are subject to such First Mortgages.

16. **Mortgagee Protections.**

16.1 **Notice of Actions.** Upon written request to the Executive Board, any Mortgagee (and any guarantor of the First Mortgage of which it is aware) shall be provided a copy of any and all notices permitted or required by this Declaration to be given to the Unit Owner whose Unit is encumbered by such Mortgagee's First Mortgage. In addition, the Association shall give prompt written notice of the following to each Mortgagee (and any guarantor of the First Mortgage of which it is aware):

- (a) any condemnation loss or any casualty loss which affects a material portion of the Common Elements or any Unit in which an interest is held by the Mortgagee;
- (b) any delinquency in the payment of Common Expenses Liability assessments or Extraordinary Expense Assessments which remain uncured for sixty (60) day by a Unit Owner whose Unit is encumbered by a First Mortgage held by the Mortgagee;
- (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) any judgment rendered against the Association that is not covered (subject to reasonable deductible or retention limits) by insurance;
- (e) any default in the performance by a Unit Owner of any obligation under this Declaration not cured within sixty (60) days; and
- (f) any proposed action that requires the consent or vote of the Mortgagees hereunder.

16.2 Cure Rights. Any Mortgagee shall be entitled to cure any delinquency in the payment of Common Expense Liability assessments and Extraordinary Expense Assessments on the part of the Unit Owner of the Unit encumbered by the First Mortgage of such Mortgagee.

16.3 Casualty and Condemnation. Notwithstanding anything contained herein to the contrary, no Unit Owner or any other Person shall have priority over a Mortgagee with respect to insurance proceeds and condemnation awards for losses to or a taking of a Unit encumbered by the First Mortgage of such Mortgagee or associated Common Elements.

16.4 Common Expense Liability. Notwithstanding anything contained herein to the contrary, any Mortgagee who obtains title to a Unit pursuant to the remedies in the First Mortgage or through foreclosure shall not be liable for more than six (6) months of the unpaid Common Expense Liability assessments accrued before the acquisition of title to the Unit by such Mortgagee.

17. Miscellaneous Provisions.

17.1 Unit Owner Waiver of Subrogation. Each Unit Owner hereby waives and releases any and all claims which he, she or it may have against any other Unit Owner, the Association, the Executive Board, members of the Executive Board, Declarant, and their respective employees and agents, for damage to the Common Elements, the Units, or any personal property located in the Units or Common Elements, caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance.

17.2 Notices. Any notice required or permitted by this Declaration or the Condominium Act shall be in writing and shall be addressed to the Executive Board or the Association, or any Unit Owner at its last known address appearing on the records of the Association. Notices addressed in compliance herewith shall be deemed delivered three (3) business days after mailing when mailed by certified mail, return receipt requested or actual delivery to the intended recipient when delivered in person.

17.3 Effect of Declaration. Each grantee of Declarant and its successors and assigns, and each subsequent owner of a Unit, by acceptance of a deed of conveyance to the Unit, accepts the same subject to all restrictions, conditions, covenants and reservations of this Declaration, and the rights and powers granted or reserved by this Declaration to Declarant.

17.4 Waiver. No covenant, restriction, condition or provision of this Declaration shall be deemed to have been waived or abrogated by reason of any failure to enforce the same at any time, irrespective of the number of violations or breaches which may occur.

17.5 Captions. The captions (headings) contained herein are included solely as a matter of convenience and shall not define, limit or expand any term or provision of this Declaration.

17.6 Gender; Number. Whenever the context so requires, the use of the plural shall include the singular, the singular shall include the plural, and any gender shall be deemed to include all genders.

17.7 Severability. The invalidity or unenforceability of any covenant, restriction, condition, limitation or other provision of this Declaration shall not affect or render the remainder of the Declaration invalid or unenforceable, and to this end the provisions hereof are severable.

IN WITNESS WHEREOF, the Declarant has executed and acknowledged this Declaration on and as of the date first above written.

COURTLAND PLACE NO. 1, LLC,
a Nebraska limited liability company
BY: BLUESTONE DEVELOPMENT, LLC,
a Nebraska limited liability company, Manager

By _____
Title: _____

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this 9th day of June, 2006, by CHRISTIAN CHRISTENSEN, President of BLUESTONE DEVELOPMENT, LLC, a Nebraska limited liability company, Manager of COURTLAND PLACE NO.1, LLC, a Nebraska limited liability company, on behalf of the companies.

[SEAL]

Notary Public

Exhibit "A"

LOT 1, THE LOFTS AT SOMA 1, being a Replat of Outlot "C", the Rows at SoMa Replat 1, as surveyed, platted and recorded in Douglas County, Nebraska.