

## BY-LAWS

1. These are the By-Laws of Pickard School Square Townhomes Association, Inc., a Nebraska nonprofit corporation.

2. Definitions. All capitalized undefined terms used herein shall have the meanings assigned to such terms in the Declaration (as defined below).

3. Members. This corporation has been organized to provide a means of management for the Pickard School Square Townhomes, created by filing of a Declaration on June 20, 1984 and recorded in the Register of Deeds for Douglas County, Nebraska in Book 712 at Page 395 of Miscellaneous as amended and supplemented (the "Declaration"). Membership in the Association is automatically granted and restricted to record owners of Lots described in the Declaration. Each Lot shall be entitled to one (1) vote.

4. Annual Meeting. An annual meeting of the Members of the Association will be held for the purpose of electing a Board of Directors and transacting any other business that may come before the meeting. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary or other officer specified in the By-Laws shall cause notice to be hand-delivered or sent postage prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or By-Laws, any budget changes and any proposal to remove a director or officer.

5. Special Meetings. Special meetings of the Members may be called by the President, a majority of the Board of Directors or by Owners having twenty percent (20%) of the votes in the Association. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary or other officer specified in the By-Laws shall cause notice to be hand-delivered or sent postage prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by an Owner of such Lot. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or By-Laws, any budget changes and any proposal to remove a director or officer.

6. Quorum. A quorum for a Members' meeting shall consist of Members representing twenty percent (20%) of the Lots. The affirmative vote of Members representing twenty percent (20%) of the Lots shall be required to adopt a decision on the part of the Members.

7. Voting, Proxies.

(a) If only one of the multiple Owners of a Lot is present at a meeting of the Association, he or she is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners of a Lot are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners of such Lot. There is majority agreement if any one or the multiple Owners of such Lot casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of that Lot.

(b) Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one Owner, each Owner of the Lot may vote or register protest to the casting of votes by other Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term.

8. Board of Directors. The affairs of the Association shall be managed by a Board of three (3) Directors. All Directors must be Members.

Any Director may be removed with or without cause by the vote of two-thirds of the Owners present at any meeting at which a quorum is present. In the event that a Director is so removed, a substitute Director shall be elected, by a vote of Owners present at any meeting at which a quorum is present, to serve the unexpired portion of the term of the Director who was removed. In the event that a Director dies or resigns during his or her term as Director, a substitute Director may be elected by a unanimous vote of the remaining Directors to serve the balance of the term of the deceased or resigning Director.

A majority of the Directors shall constitute a quorum, and a majority vote of Directors present at a meeting comprising a quorum shall constitute the act of the Board of

Directors of the Association. The Board of Directors shall have authority for the care and upkeep of the Properties and their general and limited common elements or services and also the designation and dismissal of personnel necessary for the workings and the general and limited common services of the Properties. Compensation of Directors and employees of the Association shall be fixed by the Board of Directors, and a contract for management of the Properties may be entered into with a Director.

The Board of Directors shall not be liable to the Association or any Member for any mistake or error in judgment or for any act or omission made or done in good faith. The Board of Directors shall be liable for any acts or omissions resulting from an intentional wrongdoing. The Association shall indemnify any Director for his actions in executing his duties as a Director; provided, however, that such indemnification shall not extend to acts of gross negligence or dishonesty.

The Board of Directors is invested with complete authority to make decisions pertaining to the maintenance, construction and/or installation of all fences, trees, gardens, shrubs, exterior lighting and any and all other matters which may affect the external appearance of the Properties.

The Board of Directors is also invested with the authority to resolve any and all disputes of any nature whatsoever as to matters which are not specifically addressed by these By-Laws or the Declaration.

9. Annual Meeting of Board of Directors. An annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Members. No additional notice of such annual meeting of the Board of Directors shall be required. Special meetings of the Board of Directors may be called by the President or by a majority of the Directors upon forty-eight (48) hours' prior notice of such meeting, which notice shall be given either personally, by mail, telephone or telegraph.

10. Officers. Officers of the Association shall be elected by the Directors. Compensation of the officers of Association, if any, shall be fixed by the Directors of the Association. Any person may hold two or more offices, but no one person shall hold the offices of President and Secretary. The officers of the Association shall consist of a President, Vice President, Secretary and Treasurer and such additional officers as the Directors shall, from time to time, deem necessary.

(a) President. The President, or the Vice President in the absence or disability of the President, shall be the chief executive officer of the Association; shall preside at the meetings of the Members and of the Directors; shall execute all contracts and instruments on behalf of the Association; shall have general management of the corporate affairs of the Association; and may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

(b) Secretary. The Secretary shall record the minutes of the meetings of the Directors and of the Members. The Secretary shall keep the Minute Book of the Association in his or her possession.

(c) Treasurer. The Treasurer shall have custody of the funds and securities of the Association and shall also account for all corporate receipts and disbursements.

11. Budget. The Directors shall adopt a budget for each calendar year which shall include the estimate of funds required to defray Common Expenses anticipated during the calendar year and to provide funds for anticipated current expenses, reserves for deferred maintenance, reserves for replacement and reserves to provide a working fund or to satisfy anticipated losses. The budget shall be adopted in the eleventh month of each calendar year for the succeeding calendar year, and copies of the budget and proposed assessments shall be sent to each Owner on or before the last day of the calendar year preceding the year for which the budget is adopted. The Board of Directors shall set a date for a meeting of Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing copies of the budget to Owners. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. Budgets may be amended during a current year if necessary, and in the event that the budget is amended, copies of the amended budget and proposed increases or decreases in assessments shall be mailed to each Owner as promptly as possible. There shall be no expenditure exceeding \$3,000.00 unless and until such proposed expenditure is approved in writing by a majority of the Owners.

12. Assessments. Assessments against each Lot for Common Expenses shall be made annually on or before the last day of the calendar year preceding the calendar year for which assessments are made, and shall be based on a budget adopted by the Association. The Annual assessments shall be

due in twelve (12) equal monthly installments, payable on the first day of each and every month. The amount of the assessment which is to be levied against each Lot shall be 1/14 (one-fourteenth) of that budget. In the event that an annual budget is amended, the amended assessment shall be payable at the time specified in the notice of the amended assessment sent to each Owner. If any Owner shall fail or refuse to make any payment of an assessment when due, the amount of such payment shall constitute a lien on the interest of the Owner in his or her Lot and Living Unit, and the Directors may record such lien in the office of the Register of Deeds. Interest shall accrue on any assessments which are more than ten (10) days delinquent at the lower of (a) the highest contract rate of interest then permitted by the Statutes of the State of Nebraska, or (b) eighteen percent (18%) per annum, from the date that the same was due until the date that the same is paid. If any installment of an assessment is delinquent for more than ten (10) days, the balance of the assessment due and owing for that calendar year shall become immediately due and payable. Notwithstanding the foregoing, any Common Expense caused by the misconduct of any Owner may be assessed by the Association exclusively against that Owner's Lot.

13. Insurance. The Association shall furnish and maintain in full force and effect a policy or policies of insurance as required by Article VIII of the Declaration.

14. Access. The Board of Directors shall have the right of access to each Living Unit at all reasonable hours to inspect and to perform any necessary or emergency work upon all pipes, wires, conduits, ducts, cables, utility lines and any common elements accessible from within any Living Unit, and to insure compliance by each Owner of all of his duties under the provisions of the Declaration, By-Laws and any additional rules and regulations which may be promulgated by the Board of Directors.

15. Amendment. These By-Laws may be amended by the vote of a majority of the Directors or Owners representing ownership of at least 66 2/3% of the Lots.

16. Severability. In the event that any provision of the Declaration or By-Laws is declared invalid by any court of competent jurisdiction or by any statute or rule of law, such invalidity shall not impair or affect in any manner the validity, enforceability or effect of the remaining provisions of the Declaration or By-Laws and, in such event, all of the remaining provisions of said documents shall remain in full force and effect as if such invalid provision had not been included therein.

I, Kathleen D. Selme, the duly-elected and acting Secretary of the Association hereby certify that the foregoing By-Laws are a true and correct copy of the By-Laws adopted by the Members of the Association at a meeting held upon the 19th day of March, 1989.

Kathleen D. Selme  
Secretary