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Douglas County, NE Assessor/Register of Deeds Michael J. Goodwillie

WHEN RECORDED RETURN TO:
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11440 West Center Road, Suite C
Omaha, NE 68144

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MAGNOLIA TRAILS TOWNHOMES

This Declaration of Covenants, Conditions, and Restrictions for Magnolia Trails Townhomes (this "Declaration") is made this 8th day of July, 2025, by Falcone Land Development, LLC. ("Declarant").

WHEREAS, Declarant is the owner of certain land located in Douglas County, Nebraska and more particularly described in Exhibit "A" attached hereto as a part hereof, said land together with such additional lands as shall be subjected to this Declaration being referred to as the "Property"; and

WHEREAS, the Declarant wishes to establish and assure a uniform plan for the development of the Property and to enhance and protect the economic and aesthetic value and desirability of the Property and the health, safety and welfare of the residents of the Property;

NOW THEREFORE, the Declarant declares that the Property is hereby subjected to and shall be held, sold, occupied, and conveyed subject to this Declaration.

The Declarant further declares that this Declaration and all amendments and supplements thereto shall run with the Property and shall be binding upon the Declarant, the Association, each Owner, their heirs, successors, and assigns and all parties claiming under them or under this Declaration and shall inure to the benefit of and be enforceable by the Declarant, the Association, each Owner, and all succeeding each Owner.

Magnolia Trails Townhomes Homeowners Association, Inc., referred to herein as the "Association", has been or will be established as a homeowners association incorporated in the State of Nebraska for the mutual benefit of the Owners and Residents of the Property.

Article I: Definitions

The terms used above or hereafter in this Declaration which begin with capital letters (other than words which would be normally capitalized) shall have the meanings assigned to them in Article I of this Declaration.

1.01 "Annual Assessments" shall mean and refer to the Annual General Assessment and any Services Assessment which may be levied by the Association in each of its fiscal years pursuant to Article IV of this Declaration.

1.02 "Annual General Assessment" shall mean and refer to the annual charge shared by all Class "A" members established pursuant to Article IV of this Declaration.

1.03 "Assessable Property" shall mean and refer to all of the Property except such part or parts thereof as may from time to time constitute Exempt Property.

1.04 "Association" shall mean and refer to Magnolia Trails Townhomes Homeowners Association, Inc., a Nebraska non-stock corporation, its successors and assigns.

1.05 "Board of Directors" or "Board" or "Directors" shall mean and refer to the Board of Directors of the Association and any board, group or entity of the successor or assign to the Association serving in a comparable capacity to the Board of Directors of the Association.

1.06 "Class A Members" shall mean and refer to all Owners other than the Class B Member (during the Development Period).

1.07 "Class B Member" shall mean and refer to the Declarant.

1.08 "Class C Member(s)" shall mean and refer to any Designated Builder.

1.09 "Common Areas" shall mean and refer to all real property and the improvements thereon from time to time owned or leased by the Association for the common use and enjoyment of the Members. Such property may (but need not) include any common areas, outlots, recreational facilities, parks and other open space land, lakes and streams, storm water management and drainage facilities, private streets not dedicated to Douglas County, Nebraska or State of Nebraska, pathway and bikeway systems, and fencing on common areas. The Association is responsible for management and maintenance of all common areas.

1.10 "Declarant" shall mean and refer to Falcone Land Development, LLC, their successors and assigns, as long as such party owns at least one (1) Lot or during the Development Period whichever is later. No successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder unless such rights and obligations are specifically set forth in an instrument of succession or assignment designating a party as the Declarant hereunder or which pass by operation of law.

1.11 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions for Magnolia Trails Townhomes as it may be amended from time to time or supplemented in the manner provided herein.

1.12 "Designated Builder" shall mean any person granted permission by the Declarant, in writing, to construct a Dwelling Unit on any Lot or Lots, unless such permission is revoked by the Declarant.

1.13 "Development Guidelines or Guidelines" shall mean the design and development guidelines and standards and the review and approval procedures that may be prepared and issued from time to time by the Architectural Committee pursuant to Article V for the purpose of assisting the Owners and Residents in preparing building, landscaping, site and development plans for all of the real property and Improvements within the Magnolia Trails Townhomes Subdivision. Absent any formally stated Development Guidelines or Guidelines, Declarant's written approval shall be required for any building, landscaping, site or development plans for all of the real property and Improvements located within the Magnolia Trails Townhomes Subdivision

1.14 "Development Period" shall mean and refer to the period commencing on the date of this Declaration first set forth above and terminating on the earlier of: (a) the date the last Lot in each and every phase of the Property is conveyed to a third-party purchaser, or (b) any earlier date specified by the Declarant in a written notice to the Association that the Development Period is to terminate on that date.

1.15 "Dwelling Unit" shall mean any portion of the Property, as improved, intended for any type of independent ownership for use and occupancy as a residence by one household and shall, unless otherwise specified, include within its meaning (in way of illustration, but not limitation) patio, single family townhome detached, or zero lot line homes, as may be used and defined as herein provided or as provided in subsequent Declarations covering all or part of the Property.

1.16 "Exempt Property" shall mean and refer to all land and Improvements and Common Areas owned or controlled by the Association for so long as the Association shall be the owner or operator thereof.

1.17 "Improvement" shall mean and refer to:

(a) Any thing or object (other than trees, shrubbery, landscaping, and hedges less than two feet high) the placement of which upon any Lot may affect the appearance of such Lot, including, but not limited to, any building, single-family townhome residence, garage, porch, shed, greenhouse, outbuilding, covered or uncovered patio, permanent grills and outdoor kitchens, swimming pool, fence, retaining wall, awning, sunscreen, solar heating or cooling device, solar electrical panels, wind mills, exterior air conditioning equipment, antenna larger than 18 inches in diameter, gazebo, dog house or animal structure, play house, clothes-line, ponds, recreational facilities (including portable basketball goals (except for one free-standing basketball backboard and standard as long as it is not attached to any portion of the Dwelling Unit)), curbing, paving of any kind, wall, signboard, wishing well, bird bath, statues, synthetic or artificial flora or fauna, artwork of any type, or manufactured displays that are intended for long term affixing to the Lot, or any other temporary or permanent improvement on such Lot, and no partially completed dwelling or temporary building and no trailer, tent, storage shed, shack or garage/carport on any Lot or in Common Areas shall be used a temporary or permanent residence;

(b) Any excavation, fill, ditch, swale, retaining wall, dam, or other thing or device which affects or alters the natural flow of surface waters from, upon, or across any Lot, or which affects or alters the flow of any waters in any natural or artificial stream, wash, or drainage channel from, upon, or across any Lot, and any Lot; and

(c) Any change of more than six inches in the grade of any lot.

1.18 "Land Development Activity" shall mean and refer to any building, construction, reconstruction, or repair of a Dwelling Unit, roadways, curbing, sidewalks, utility services, or any other Improvement on a Lot or any other portion of the Property by the Declarant or by any Designated Builder.

1.19 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property, or any subdivided portion thereof, which has been subjected to this Declaration and upon which a Dwelling Unit or other Improvement could be constructed in accordance with applicable zoning ordinances and applicable laws of the State of Nebraska in effect from time to time. "Lot" shall not mean and refer to Common Areas.

1.20 "Member" shall mean the Class A Members, the Class B Member and Class C Members of the Association.

1.21 "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage," as used herein, shall include deeds of trust. "First Mortgagee" as used herein, shall mean a holder of a mortgage or deed of trust with priority over other mortgages. As used in this Declaration, the term "Mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, all corporations and any agency or department of the United States Government or of any state or municipal government. As used in this Declaration, the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

1.22 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Lots which is part of the Property but excluding in all cases any party holding an interest merely as security for the performance of an obligation, or any tenant of an Owner.

1.23 "Person" shall mean and refer to any individual, corporation, joint venture, partnership, limited liability company, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, or any other separate legal entity.

1.24 "Property" shall mean and refer to that certain real property located in Douglas County, Nebraska, more particularly described in Exhibit "A" attached hereto, together with such additional lands as may be subjected to this Declaration.

1.25 "Resident" shall mean and refer to:

(a) Each individual occupying any Dwelling Unit pursuant to a lease agreement with the Owner thereof who, if requested by the Board of Directors, has delivered proof of such lease agreement to the Board of Directors;

(b) Members of the immediate family of such individual Resident or of an Owner who actually resides within the Property and in the same household with each such individual or Owner; and

(c) Any person who has a fixed place of habitation at a Dwelling Unit of any such individual or Owner to which, whenever he is absent, he has the intention of returning.

1.26 "Services Assessment" shall mean and refer to the charge or charges imposed upon a section,

neighborhood, housing type, or subdivided parcel of the Property for certain services rendered pursuant to Article IV of this Declaration.

1.27 "Special Assessment" shall mean and refer to any special charge established pursuant to Article IV of this Declaration.

Article II: Property Rights of Common Areas

2.01 Rights of Enjoyment of Common Areas. Each Owner shall have a right and nonexclusive easement of enjoyment in and to Common Areas which shall be appurtenant to and shall pass with the title to his Lot. Each Owner is bound by the terms of the governing documents of the Association. Each Resident shall have a nontransferable right to use and enjoy Common Areas, which right shall terminate when such person ceases to have the status of a Resident. Such easements and rights shall be subject to the provisions below.

(a) The right of the Board of Directors to adopt, promulgate, enforce, and from time to time amend, reasonable rules and regulations pertaining to the use of Common Areas which shall enhance the preservation of such facilities and the safety and convenience of the users thereof. Such rules and regulations may include limitations on the number of guests of Owners and Residents who may use the Common Areas at any one time.

(b) The right of the Board of Directors to establish and charge reasonable admission and any other fees for certain types of extraordinary uses of the Common Areas.

(c) The right of the Board of Directors to suspend the voting rights and the right of any Owner or Resident to use all or any portion of Common Areas (with the exception of any streets or access ways) for a violation of this Declaration or for an infraction of the Board's rules and regulations for period(s) not to exceed 60 days or until such violation is cured.

(d) The right of the Board of Directors to suspend the voting rights and the right of any Owner or Resident to use the Common Areas (with the exception of any streets or access ways but including parking areas) for so long as any Annual General Assessment, Services Assessment, or Special Assessment for such Lot remains unpaid and overdue.

(e) The Association may at any time mortgage, dedicate, or transfer all or a part of the Common Areas to any public agency, authority, or other entity upon such terms and conditions as shall be agreed upon by such agency, authority, entity, or organization and the Board of Directors, including, without limitation, terms and conditions providing for the use of such Common Areas by the public in general and terms and conditions pertaining to the maintenance and repair of such Common Areas and the assessments of Owners and/or Residents for the costs of such maintenance and repair. No such dedication or transfer shall be effective, however, unless approved by 66 2/3 percent of the vote of the Class A Members at a meeting at which a quorum is present and, during the Development Period, by the Class B Member, except for the following which shall not require any Members' consent:

(i) Granting easements which do not interfere with the intended Common Area use;

(ii) Dedicating Common Areas to a public authority;

(iii) Conveying Common Areas as part of boundary line adjustments with Lots; or

(iv) Transferring Common Areas pursuant to a merger or consolidation with a non-profit entity.

(f) The right of the Board of Directors to regulate parking on Common Areas through the granting of easements, licenses, or promulgation of rules and regulations. In areas where parking is provided on private streets and parking bays owned by the Association, the right but not the obligation, of the Board to assign and reserve parking spaces for the exclusive use of individual Owners. All unassigned and/or visitor parking spaces shall be available on a first-come, first-served basis.

Article III: Association Membership, Voting Rights, Board of Directors

3.01 Organization of the Association. The Association has been organized as a nonprofit corporation under the laws of Nebraska to:

(a) Provide for the acquisition, construction, management, maintenance, and care of Common Areas;

(b) Provide for the construction, management, maintenance, and care of the exterior areas of each Lot (other than with respect to any Dwelling Unit located on a Lot), including but not limited to lawn mowing, subdivision landscaping, driveway and sidewalk snow removal, weekly trash removal, and a one-time per calendar year cleaning of the exterior portions of the windows of any Dwelling Unit located on a Lot;

(c) Obtain, manage and maintain services for the Property, or sections thereof including, as necessary, and deemed by the Board of Directors, refuse collection, grass mowing and maintenance of Common Areas;

(d) Adopt, amend and repeal rules and regulations as it deems reasonable;

(e) Take other acts or action which would promote the health, safety or welfare of the Owners and Residents.

The Association is charged with such further duties and invested with such powers as are prescribed by law and set forth in the Articles of Incorporation of the Association and herein as all of the same may be amended from time to time. The Articles of Incorporation and Bylaws of the Association shall not be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. No part of the net earnings of the Association shall inure (other than by acquiring, constructing, or providing management, maintenance, and care of Common Areas, and other than by a rebate of any excess Annual Assessment, Special Assessment or other dues, fees, or assessments) to the benefit of any Member or individual.

3.02 Membership in the Association. The Association shall have the following classes of membership:

(a) **Class A.** Class A Members shall be all Owners (with the exception of the Declarant as provided in Section 3.03(b) or any Designated Builder as provided in Section 3.03(c), below). A Person shall automatically become a Class A Member upon becoming an Owner and shall remain a Class A Member for so long as he or she is an Owner; and

(b) **Class B.** The Class B Member shall be the Declarant prior to the time a Lot is sold to a Des-

ignated Builder or such other third party. The Class B Member shall be exempt from paying any and all assessments which may be levied against a Lot within the Property pursuant to the terms of this Declaration.

(c) **Class C.** The Class C Member(s) shall be any Designated Builder(s). The Class C membership shall cease and be converted to Class A membership for the new Owner of the Lot at the time a Lot and Dwelling Unit is sold to an Owner or be converted to a Class A membership in the name of the Designated Builder at any time a Improvement on a Lot owned by the Designated Builder is occupied. The Class C Members shall be exempt from paying any and all assessments which may be levied against a Lot within the Property.

3.03 Voting Rights of Members. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

(a) Each Class A Member shall be entitled to one (1) vote on each matter submitted to the members for each Lot owned by such Class A Member which is not Exempt Property. If more than one Dwelling Unit is located on any Lot (which is not Exempt Property), the Class A Member owning such Lot shall be entitled to one (1) vote for each Dwelling Unit located on such Lot. Any Class A Member who is in violation of this Declaration, as determined by the Board of Directors in accordance with the provisions hereof and regulations established hereunder, shall not be entitled to vote during any period in which such violation continues. If a Lot shall be owned by more than one Owner, such Owners shall be deemed to constitute a single Class A Member as to such Lot and shall collectively be entitled to a single vote for such Lot (or for each Dwelling Unit located on such Lot) as to each matter properly submitted to the Members.

(b) The Class B Member shall be entitled initially to ten (10) votes for each Lot owned. The Class B membership shall terminate and become converted to either a Class C membership upon the sale of the last Lot to (i) any Designated Builder, or (ii) to any third-party purchaser that becomes a Class A member, or (iii) such earlier time as Declarant in its sole discretion determines.

(c) The Class C Member shall be entitled initially to four (4) votes for each Lot owned.

(d) Any vote of the Members shall be taken without regard to class of membership except in those instances requiring the affirmative vote or approval of each class of membership in accordance with this Declaration and the Articles of Incorporation or Bylaws of the Association.

3.04 Board of Directors. The business and affairs of the Association shall be managed by a Board of Directors elected by the Members without regard to class of membership. As long as the Declarant has the status of a Class B Member, it shall have the right to appoint three (3) Directors. Directors shall be elected by the Members in accordance with Article IV of the Bylaws of the Association. The number of Directors shall be determined in accordance with the provisions of the Bylaws of the Association; however, the number of Directors shall always be an odd number and shall in no instance be less than five (5) Directors and no more than seven (7) Directors.

3.05 Adoption of Further Rules and Regulations. The Board of Directors may make such rules and regulations consistent with the terms of this Declaration and the Association's Articles of Incorporation and Bylaws as it deems advisable with respect to any meeting of Members, proof of membership in the Association, evidence of right to vote, appointment and duties of inspectors of votes, registration of Members for voting purposes, voting by proxy, and other matters concerning the Association's operations. If the Board of Directors shall so determine and if permitted under applicable law, voting on elec-

tions and other matters, including any matters requiring the approval of Class A Members as provided in this Declaration, may be conducted by mail, ballot, or reliable electronic means. The rules and regulations may govern and restrict the use of any area within the Magnolia Trails Townhomes Subdivision; provided, however, that the same must be reasonable (both on their face and in the method of their enforcement) and also shall not discriminate among Members except to reflect their different rights as provided herein, shall not be inconsistent with this Declaration, the Articles or the Bylaws of the Association, and such rules and regulations shall not affect the use of any Lot that has been approved in accordance with the terms and conditions of this Declaration. Upon adoption, the rules and regulations shall have the same force and effect as if set forth herein. Such rules and regulations shall be uniformly enforced against all applicable Persons.

3.06 Limitation of Liability. Neither the Association, nor the Declarant nor the Board of Directors shall be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any Lot or portion of Common Areas or its facilities, or from any wire, pipe, drain, conduit, or the like. Neither the Association, the Directors nor the Declarant, or its members, employees or agents, shall be liable to any Members for loss or damage, by theft or otherwise, of articles which may be stored upon the Common Areas or its facilities. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or its facilities, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Article IV: Covenant for Assessments

4.01 Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association such Annual General Assessments, Services Assessments, and Special Assessments (the "Assessment" or collectively the "Assessments") as are established and are to be paid and collected as hereinafter provided. The Assessments, together with interest thereon, late fees, and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest thereon, late charges, and cost of collection thereof, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessments fall due. The personal obligation for delinquent Assessments shall pass to successors in title and both parties (seller and purchaser) shall be jointly liable therefore. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of Common Areas or abandonment of his Lot or any Dwelling Unit thereon.

4.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to carry out the business and responsibilities of the Association including, but not limited to:

(a) The acquisition, construction, management, maintenance, and care, repair, or replacement of Common Areas and services;

(b) Obtaining, managing, and maintaining services for the Property, or sections thereof including, as necessary, refuse collection;

(c) Promoting the recreation, health, safety, and welfare of the Members; and

(d) Providing for grass cutting, maintenance of shrubs and trees, and lawn maintenance of all Common Areas, maintenance of all recreational areas and facilities, snow removal, and maintenance of all private streets located on the Property.

(e) Providing for the construction, management, maintenance, and care of the exterior areas of each Lot (other than with respect to any Dwelling Unit located on a Lot), including but not limited to lawn mowing, driveway and sidewalk snow removal, weekly trash removal, and a one-time per calendar year cleaning of the exterior portions of the windows of any Dwelling Unit located on a Lot.

4.03 Establishment of Annual General Assessment and Services Assessment.

(a) The Association shall levy in each of its fiscal years an Annual General Assessment and a Services Assessment if applicable, (hereinafter collectively referred to as the "Annual Assessments") against each Lot owned by Class A Members, which is not Exempt Property. The amounts of such Annual Assessments shall be established by the Board of Directors, subject to the limitations imposed by Section 4.04, at least thirty (30) days in advance of each Annual Assessment Period. The first Annual Assessments on each Lot imposed pursuant to this section 4.03(a) shall be prorated from the date of conveyance to the end of the fiscal year of the Association.

(b) The amount of the Annual General Assessment shall be determined by the Board of Directors according to its estimate of the cost of providing services or rights of use which are common to all of the Lots subject to the provisions of Section 4.04.

(c) A Services Assessment may be levied by the Board of Directors against certain Lots owned by Class A Members in sections or neighborhoods of the Property or against any particular housing type (i.e., detached type Dwelling Units), for special services which the Association provides such areas. The amount of the Services Assessment shall be determined by the Board of Directors according to the estimated cost of providing services or rights of use to the Lots in such section, which services or rights are not enjoyed by all of the Members of the Association. The amount of a Services Assessment shall be the same to each Lot owned by Class A Members in any section but need not be uniform with the Services Assessment imposed upon Lots in other sections.

4.04 Special Assessments. In addition to the Annual General Assessment and Services Assessment authorized above, the Board of Directors may levy in any fiscal year of the Association, a Special Assessment against Lots owned by Class A Members for the purpose of defraying, in whole or in part, the cost of any construction, maintenance reconstruction, repair, or replacement of Common Areas including fixtures and personal property related thereto, or for any other purpose for which the Association is responsible. Such Special Assessment may be rescinded if, at a meeting called within 60 days of notice of the Special Assessment, the majority of the votes of each class of membership who are voting in person or proxy agrees. Special Assessments shall be imposed against Lots which are not Exempt Property in the same proportions as Annual General Assessments as provided in Sections 4.03(a), (b), and (c).

4.05 Date of Commencement of Assessments. The Annual General Assessment and Services Assessment, if any, provided for in this Article IV shall commence for each Lot owned by a Class A Member and subjected to this Declaration on the first day of the month following the date of conveyance of the Lot to a Class A Member. The Annual Assessments on each Lot imposed pursuant to this Section 4.03(a) shall be prorated from the date of conveyance to the end of the fiscal year of the Association.

4.06 Repair and Replacement Reserve. As a part of any Annual Assessment the Board of Directors shall obtain from Class A Members contributions to capital on a regular basis, which contributions will be used to establish a replacement and repair reserve. Such contributions shall be paid monthly or at such

time as regular assessments are due and shall be in an amount to be designated from time to time by the Board of Directors. All of the funds shall be deposited in an account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America or certificates of deposit in a federally insured lending institution. Such funds also may, in the discretion of the Board of Directors, be invested in money market funds which, although they themselves are not guaranteed by the United States Government, invest solely in United States Government securities (or in State bonds which are backed in principal by the State). The replacement reserve may be expended only for the purpose of the replacement and repair of the Common Area.

4.07 Initial Working Fund. The Board of Directors may collect a working capital contribution against the initial Owner of a Lot (other than the Declarant or any Designated Builder purchasing from Declarant) at the time of closing on the Lot. Such contribution, if collected, shall not exceed two (2) months of the Annual General Assessments and shall be utilized for commencing business of the Association and providing the necessary working fund for it.

4.08 Notice and Due Dates. Written notice specifying (a) the amount of each Annual General Assessment, Services Assessment and Special Assessment, and (b) the number and amounts of the installments by which each such Assessment is to be paid, shall be given to the Class A Members of each Lot subject thereto. Each installment of an Annual General Assessment, Services Assessment or Special Assessment shall be due on the first day of each assessment period as defined by the Board of Directors.

4.09 Effect on Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall be delinquent and the Association may exercise any or all of the following remedies:

(a) Upon notice to the Owner declare the entire balance of any Annual General Assessment or Special Assessment due and payable in full;

(b) Charge interest and a late fee (as determined by the Board) for assessments which are not received by the thirtieth (30th) day of the assessment period;

(c) Bring an action at law or in equity against the Owners of the Lot to collect the same; and

(d) Record a lien against the Lot in the Office of the Douglas County Register of Deeds. Such lien may be enforced by the Association in the same manner and to the same extent and subject to the same procedures as in the case of a foreclosure of a real property mortgage under the laws of Nebraska.

(e) Deny use of Common Areas and/or cease to provide any services furnished by the Association on behalf of the Owner for the benefit of the delinquent Owner's Lot.

The Owner personally obligated to pay the delinquent Assessment shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred by the Association in connection with the collection of such Assessment.

4.10 Certificate of Payment. The Association shall, upon written request by an Owner, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Annual General Assessments, Services Assessments and Special Assessments, if any, on a specified Lot have been paid. The Association shall furnish said certificate within ten (10) days of receipt of the written request. A properly executed certificate of the Association as to the status of Assessments on a Lot shall

be binding upon the Association as of the date of its issuance.

4.11 Subordination of the Lien to Mortgages. The lien of the Annual General Assessments, Services Assessments and Special Assessments provided for herein shall be subordinate only to the lien of any mortgage or deed of trust. The sale or transfer of any Lot shall not affect the lien of such Assessments. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof for the benefit of any Mortgagee shall extinguish the lien of such Assessments as to payments which became due before such sale or transfer. No sale or transfer shall relieve such Lot from liability as to any assessments thereafter becoming due or from the lien thereof. Notwithstanding the foregoing no sale or transfer of any Lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof for the benefit of any Mortgagee shall be deemed to extinguish any mortgage or lien which the Association has itself placed upon any property owned by the Association.

4.12 Declaration Violations. The Board of Directors shall be authorized to establish from time to time reasonable fines for violations of the terms of this Declaration. The Owner personally obligated to pay an assessed Declaration fine shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred by the Association in connection with the collection of such fine.

Article V: Architectural Review and Architectural Committee

5.01 Composition and Appointment. An Architectural Review and Covenants Committee (the "Architectural Committee") may be appointed and/or removed only by the Declarant during the Development Period and thereafter by the Board of Directors of the Association. The Architectural Committee shall initially consist of three (3) members but may thereafter be increased or decreased in size by the Declarant during the Development Period and by the Board of Directors thereafter, from time to time. Members of the Architectural Committee shall serve for a term of one (1) year, or until their successors are elected and qualified. Any vacancy in membership of the Architectural Committee shall be filled by the Declarant during the Development Period and by the Board of Directors to serve for the remaining portion of the term of the originally appointed member. If any vacancy occur, the remaining members of the Architectural Committee may continue to act until the vacancy has been filled. Except for members who have been designated by the Declarant during the Development Period, any member may be removed with or without cause by the Board of Directors. In the event that the Board of Directors shall fail to designate an Architectural Committee after the expiration of the Development Period, the Board of Directors shall serve as the Architectural Committee.

5.02 Powers and Duties.

(a) The Architectural Committee shall serve as an architectural review board and shall regulate and approve in writing the external design, appearance, and location of the Lots and Improvements thereon so as to enforce the architectural provisions of this Declaration, enforce the requirements of the recorded subdivision plats, deeds of subdivision, and to preserve and enhance values and to maintain a harmonious relationship among Improvements and the Property.

(b) The Architectural Committee shall serve in such other capacities as may be determined, from time to time, by the Board of Directors in enforcing the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association. Any decision or determination of the Architectural Committee may be appealed by a Member affected thereby to the Board of Directors.

5.03 Submission of Plans to Architectural Committee for Approval. Except for such Improvements as may be constructed by the Declarant or Improvements constructed by any Designated Builder, pursuant to plans which have first been approved by the Declarant, no Improvement of any kind whatso-

ever shall be commenced, erected, placed, moved onto, or permitted on any Lot, nor shall any existing Improvement upon any Lot be removed or altered in any way which materially changes the exterior appearance thereof (including change of exterior color) until plans and specifications therefore shall have been submitted to and approved in writing by the Architectural Committee. Such plans and specifications shall be in such form and shall contain such information as the Architectural Committee may reasonably require, but shall in all cases include:

(a) A site plan showing the location of all proposed and existing Improvements on the Lot;

(b) Exterior elevations for the proposed Improvements;

(c) Specifications of materials, color scheme and other details affecting the exterior appearance of the proposed buildings; and

(d) Description of the plans or provisions for landscaping or grading.

5.04 Approvals/Disapprovals. Any approval or disapproval of a requested action by the Architectural Committee shall be in writing. In denying any application, the Architectural Committee shall specify the reasons for such denial. The Architectural Committee may approve an application subject to such conditions and qualifications as the Board deems appropriate to enforce the architectural provisions of this Declaration.

5.05 Basis for Approvals/Disapprovals. The Architectural Committee shall have the right to disapprove of any application submitted to it, if any part of it is:

(a) Not in accordance with this Declaration or the Development Guidelines;

(b) Incomplete;

(c) Not in compliance with relevant approval requirements or regulations of local, state, federal or other governmental agencies;

(d) Deemed by the Architectural Committee to be contrary to the best interests of Magnolia Trails Townhomes, the Owners or the Residents; or

(e) Incompatible with the architectural style, quality or aesthetics of existing Improvements or development plans for proposed Improvements, based in part on the criteria set forth in subsections (i) through (vi) below in this Subsection 5.05.

During the Development Period, the Architectural Committee shall have the right to withhold its approval of an application submitted to the Architectural Committee in its reasonable discretion. Thereafter, the Architectural Committee shall have the right to withhold its approval of an application submitted to the Architectural Committee in its reasonable discretion. In this connection, the Architectural Committee may also base its approval or disapproval on criteria which may include, but are not limited to, the following: (i) the adequacy of the building locations and dimensions on the Lot; (ii) conformity and harmony of external design with neighboring Improvements; (iii) relation of topography, grade and finish ground elevation of the Lot being improved to that of neighboring Lots; (iv) proper facing of main elevations with respect to nearby streets; (v) adequacy of landscaping; and (vi) conformity of the application to the purpose and general plan and intent of this Declaration. Any decision of the Architectural Committee made after Declarant is no longer entitled to appoint the members of the Architectural Committee, may be appealed to the Board. The decision of the Board shall be final. As long as Declarant is appointing the

members of the Committee, any decision of the Committee shall be final.

5.06 No Liability for Approvals. Neither the Declarant, nor its employees, members, managers or agents thereof, the Architectural Committee, the Board or the Association shall be liable in any way for any damage, loss or prejudice suffered or claimed by an Owner or any other person who submits an application. Any person or entity who submits an application shall forever defend, indemnify and hold the Declarant and its employees, members, managers or agents, and the Architectural Committee, the Board and the Association and its members, officers, directors and agents, harmless from all damage, loss or liability (including reasonable attorneys' fees) suffered or claimed by any third party on account of: (i) any defects in any plans, drawings, specifications or other documentation submitted in any application, or revised or approved in accordance with the foregoing provisions, or for any structural or other defects in any work done according to such plans, drawings, specifications or other documentation; (ii) the approval or disapproval of any application, whether or not defective; (iii) the construction or performance of any work, whether or not pursuant to an approved application; or (iv) the development of any Lot within Magnolia Trails Townhomes. In addition thereto, neither the Architectural Committee, the Board or the Association shall be responsible or liable in any way for any damage, loss or prejudice suffered or claimed by an Owner as the result of any authority granted herein or as the result of any action or failure to act with respect to any Improvements proposed, rejected approved or constructed without the approval of the Architectural Committee.

In no event shall an approval by the Architectural Committee of any application, or any written or oral statements made by the Board or any officer, director or employee of the Association and/or the Declarant or any employee, member, manager or agent of Declarant, be deemed to constitute in any way any representations or warranties of any kind, express or implied, with regard to the application and any plans, drawings, specifications or other documentation constituting a part of the application, including without limitation representations or warranties regarding compliance with zoning, subdivision and land use laws, or compliance with any other applicable codes, regulations and laws, or with regard to fitness for a particular purpose.

5.07 Failure of the Architectural Committee to Act. If the Architectural Committee fails to act upon any request submitted to it within thirty (30) days after a complete submission thereof in a form acceptable to the Architectural Committee, such request shall be deemed to have been disapproved as submitted, and no further action shall be required. Submission of incomplete plans shall not be considered valid submissions triggering the deadlines stated above and shall not be recognized by the Architectural Committee or the Board of Directors. Additionally, if any additional information is requested by the Architectural Committee, the approval time may be extended so as to allow for additional information and documentation to be presented to the Architectural Committee.

5.08 Rules, Regulations, and Policy Statements. The Architectural Committee may recommend, from time to time, subject to the approval and adoption of the Board of Directors, reasonable rules and regulations pertaining to its authorized duties and activities under this Declaration and may from time to time issue statements of policy with respect to architectural standards and such other matters as it is authorized to act on. The Architectural Committee shall adopt rules of procedure, subject to the prior approval and adoption of the Board of Directors, which rules of procedure shall include provisions substantially to the following effect:

(a) The Architectural Committee shall hold regular meetings as necessary. Meetings of the Architectural Committee may be called by any one of the members of the Architectural Committee;

(b) A majority of the members of the Architectural Committee present at any meeting shall constitute a quorum;

(c) The Architectural Committee shall maintain minutes of its meetings and a record of the votes taken thereat;

(d) A copy of all minutes, rules, regulations, and policy statements of the Architectural Committee shall be filed with the records of the Association and shall be maintained by the Association. Except for copyrighted plans, documents, drawings, renderings, photographs and any other materials owned by a Designated Builder, architect, or the like, the Association shall make copies thereof available to any interested Member at a reasonable cost or shall make such minutes, rules, regulations, and policy statements available to any Member for copying; provided, however, unless otherwise required by law, the Association may dispose of any and all records that are no longer deemed reasonably necessary to be kept or maintained in the Board's sole discretion.

5.09 Expenses of the Architectural Committee. The Architectural Committee may charge reasonable fees for the processing of any requests, plans, and specifications including consultation with a professional. The Association shall pay all ordinary and necessary expenses of the Architectural Committee; provided, however no member of the Architectural Committee shall be paid any salary or receive any other form of compensation, at the expense of the Association except upon authorization by the Board and upon approval by: (a) 66 2/3% of the votes cast by the Class A Members who are voting in person or by proxy at a meeting duly called for such purpose at which a quorum of 15 percent is present; and (b) the Class B Member voting in person or by proxy at such meeting.

5.10 Right of Entry. The Association and the Architectural Committee through their authorized officers, employees, and agents shall have the right, but not the obligation, to enter upon any Lot at all reasonable times for the purpose of ascertaining whether such Lot or the construction, erection, placement, remodeling, or alteration of any Improvement thereon is in compliance with the provisions of this Article and Article VI without the Association or the Architectural Committee or such officer, employee, or agent being deemed to have committed a trespass or wrongful act solely by reason of such action or actions.

5.11 Land Development Activity. Notwithstanding any other provisions of this Declaration, any Land Development Activity (as defined in Section 1.15) shall not require the approval of or be subject to review by the Architectural Committee. This provision shall not be construed in any manner as a limitation upon the right of the Declarant to review and approve any plan or modification thereof of any home builder.

5.12 Driveway Requirements. Driveway approaches between the sidewalk and curb on each Lot shall be constructed of concrete. Maximum driveway slope at the sidewalk intersections shall be no more than two percent (2%) cross slope within public right-of-way to provide for a tabled driveway cross slope that is compliant with ADA/PROWAG guidelines and City of Omaha Standards. No removal of the street shall permitted with respect to replacement or repair of driveways, provided that, curb grinding is acceptable. Should repair or replacement of such approach be necessary, the repair or replacement shall also be of concrete. No asphalt overlay of driveway approaches will be permitted. The Lot Owner shall be responsible to provide adequate remedial measures to prevent street creep/driveway binding on any curved streets where the street abuts the driveway approach.

5.13 Drainage Easements. Each Lot Owner hereby grants to each and every other adjacent Lot Owner a mutual benefit drainage easement over each other's Lot and each Owner agrees that no Owner of a Lot shall construction any improvement, ditch, dam or other thing or device which affects or alters the natural flow of surface waters from, upon, or across any Lot, or which affects or alters the flow of any waters in any natural or artificial stream; wash, or drainage channel from, upon, or across any Lot, without the express written approval of the Association. In no event shall any Owner of a Lot divert, alter or diffuse surface waters across another Lot Owner's Lot in a negligent manner.

5.14. Roof Requirements. The roof of all Improvements shall be covered with "Heritage" style 300 lb. per square shingles or its equivalent, weathered wood or black in color.

Article VI: General Restrictions on the Use of Lots and Improvements to be Made Thereon

6.01 Zoning Regulations. The Property shall not be used for any purpose other than as permitted in the applicable zoning ordinances or the laws, rules, or regulations of any government authority in force and effect on the date of recording of this Declaration as the same may be hereafter from time to time amended. No building shall be erected, altered, placed, or permitted to remain on any such Lot other than one used as a single-family townhome dwelling. This restriction shall not apply to any use for which a special exception under local government zoning ordinances or other governing regulations, as the same may be hereafter from time to time amended, is finally granted provided such use is approved in writing by the Architectural Committee. The right, however, to further limit or restrict the use of a particular Lot is reserved under the provisions hereof. No business activities of any kind whatsoever shall be conducted on any Lot or within any Dwelling Unit (or any Improvement) constructed thereon, except for home office uses.

6.02 Improvements. The architectural character of all Improvements, or alterations, additions, or improvements thereof (other than interior alterations not affecting the external appearance of a Improvement) when visually related to each other and the surrounding natural environment shall be, in the opinion of the Architectural Committee, harmonious in terms of type, size, scale, form, color, and material. The repair, replacement, repainting, resurfacing, or restoration of any Improvement originally approved by the Architectural Committee or the Declarant shall not be subject to the review or approval of the Architectural Committee provided that, following any such repair, replacement, repainting, resurfacing, or restoration of any such Improvement, the external appearance of such Improvement shall be substantially identical with the appearance of said Improvement as originally approved. Except as otherwise herein provided, no Improvement shall be painted, surfaced, or resurfaced with any material unless and until approved in writing in accordance with objective Development Guidelines established by the Architectural Committee.

6.03 Screens and Fences. Except for any fence installed by the Declarant or the Association, no fence or screen shall be installed on a Lot except in accordance with the Development Guidelines established by the Architectural Committee and with the prior written approval of the Architectural Committee. Any fencing which may be installed by the Declarant or the Association in Common Areas shall be maintained by the Association. Except as otherwise provided in the Development Guidelines, all fences constructed and located on a Lot shall be constructed of wrought iron or aluminum and shall be black in color. Owners may be subject to additional dues or charges relating to the lawn service on the Lots, should they choose to install a fence in accordance with the above. All fence gates shall be a minimum of 50" wide.

6.04 Signs and Lighting. The location, color, nature, size, design, and construction of all private signs or private outdoor lights shall be approved in writing by the Architectural Committee before the installation thereof.

6.05 Vehicles and Parking. No commercial truck, construction equipment, commercial bus, taxicabs, or other commercial vehicle of any kind, boats, trailers, campers, recreational vehicles, motorcycles, or motor homes shall be parked in any visible location on the Property without the prior written approval of the Architectural Committee. Commercial vehicles shall be deemed to include cars and vans in styles

normally used for private purposes but painted with or carrying commercial advertising, logos, or business names exceeding five (5) square feet per side or containing visible commercial materials, cargo, tools, or equipment on the exterior of the vehicle or that extend beyond the length or width of the vehicle. No visually offensive vehicle as determined of the Architectural Committee or disabled vehicle or vehicle on which current registration plates or other required permits such as inspection stickers are not displayed shall be visibly parked on any Lot or Common Areas. The light repair or routine maintenance of vehicles, boats, motorcycles, campers, trailers, or similar vehicles, and all other motorized equipment shall not be carried out in a manner that is visible from any Lot for longer than twenty-four (24) hours and may never be carried out on Common Areas. The heavy repair or extraordinary maintenance of transportation vehicles, or such other motorized equipment, shall not be carried out in a manner that is visible from any Lot or from any Common Areas. The Association may enforce the provisions of this Section by towing any non-complying vehicle at the vehicle owner's sole risk and expense. This provision shall not preclude commercial vehicles located on the property temporarily (less than 24 hours) to provide services to the Association or a resident or to trucks, construction equipment, commercial vehicles which are necessary for the construction of Improvements during the period of construction.

6.06 Animals and Animal Shelters. The maintenance, keeping, boarding, or raising of animals, livestock, or poultry regardless of number, is prohibited on any Lot or upon Common Areas, except for the keeping of guide animals and reasonable number of orderly domestic pets (e.g. fish, nonpoisonous reptiles, dogs, cats, or caged birds), not to exceed four (4) properly licensed pets which can regularly leave the Lot, subject to the rules and regulations adopted by the Board of Directors. Such pets or animals shall be permitted subject to the condition that they are not allowed to reasonably annoy and/or disturb the normal residential occupancy of the neighborhood or constitute a hazard to public health or safety. Such pets or animals shall not be kept or maintained for commercial purposes or for breeding. Animals shall not be permitted upon Common Areas except for orderly domestic pets accompanied by someone who can control the animal unless carried, leashed, or under other positive control. Animal droppings shall be cleaned up by the Resident responsible for the animal being on the Property. If an animal's owner fails to clean up after his or her pet or fails to comply with leash laws or the requirements of the rules and regulations of the Association charges may be levied against the responsible party as allowed by law. Any Resident who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association and each Owner free and harmless from any loss, claim, or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Property. All animals shall be registered and inoculated as required by law. The appropriate governmental authorities shall have an easement and right of access across the Property to enforce local animal control laws and ordinances. No shelters for animals, or dog runs (of any kind) shall be erected on any Lot.

6.07 Garages. No garage shall be utilized for any purpose other than the parking and storage of vehicles and other types of items normally stored in garages in first-class residential neighborhoods. No garage may be converted into or used for living or commercial space.

6.08 Air, Water and Other Pollution. No use of any Lot will be permitted which emits pollutants into the atmosphere, or discharges liquid or solid wastes or other harmful matter into any waterway in excess of environmental standards, which standards shall at a minimum meet the requirements of federal and state law and any regulations thereunder applicable to the Property, to be established by the Architectural Committee, and approved by the Board of Directors. No waste or any substance or materials of any kind shall be discharged into any private or public sewer serving the Property, or any part thereof, in violation of any regulations of any private or public body having jurisdiction. No person shall dump garbage, trash, yard waste or other refuse, or any polluting and/or harmful gaseous, liquid or solid waste into any waterway or onto any Common Areas or Lot owned by Owner, another Owner, the Declarant or any Designated Builder within the Property.

6.09 Leases. Unless expressly approved in writing by Declarant to the contrary, no Owner of a Lot or Dwelling Unit shall lease to another any such Lot or part thereof or any such Dwelling Unit unless such lease shall be in writing for an initial term of not less than six (6) months and shall expressly provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation, Bylaws, and rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under such lease. The Board of the Association shall be provided with copies of leases on request. Notwithstanding, no Lot or Dwelling Unit shall be subject to a sublease, and only one (1) operative lease shall encumber any single Lot or Dwelling Unit.

6.10 Landscaping. The land area not occupied by Improvements, hard-surfacing, vehicular driveways, or pedestrian paths, shall be kept planted with grass, trees, or shrubs or other ground covering or landscaping in conformance with the standards set by the Architectural Committee and approved by the Board of Directors. Such standards will take into consideration the need for providing effective site development to:

(a) Enhance the site and building;

(b) Screen undesirable areas or views;

(c) Establish acceptable relationships between buildings and adjacent properties; and

(d) Control drainage and erosion.

As required by the Architectural Committee, existing trees shall be retained, buffer areas maintained, and the natural contour of the land respected. Class A Owners shall be responsible for maintenance and replacement of any front and side yard trees. In the event an Owner fails, neglects or refuses to replace and/or maintain any front and side yard trees within such Owner's Lot, the Association shall have the right but not the obligation to replace and/or maintain the subject tree and levy a Special Assessment against such Lot and Owner for the cost of replacing or maintaining any such tree. The Architectural Committee reserves the right to require special treatment of slopes, and construction of retaining walls. Notwithstanding the foregoing, any clearing, grading, or other development work performed pursuant to any site development plan by the Declarant and approved by all appropriate governmental authorities for Declarant or for any Designated Builder shall not be subject to the review or approval of the Architectural Committee.

6.11 Sidewalks. Other than the Declarant, each Lot Owner and Designated Builder does hereby assume any and all responsibility for the construction, installation and maintenance, at Owner's or Designated Builder's expense, of public sidewalks parallel to each street which abuts the Lot or Lots owned by such Lot Owner or Designated Builder. All sidewalks shall be constructed, installed, maintained and replaced in accordance with the Development Guidelines and the rules and regulations of the Architectural Committee. Such sidewalks shall be constructed within thirty (30) days of substantial completion of the Dwelling Unit on the Lot, weather permitting.

6.12 Maintenance and Use of Premises and Improvements. Each Owner or Resident shall at all times keep his premises, buildings, improvements, and appurtenances in a safe, clean, neat, and sanitary condition. Appropriate maintenance shall include, but not be limited to, the seeding, watering, and mowing of all lawns, the pruning and cutting of all trees and shrubbery, and the painting (or other appropriate external care) of all buildings and other improvements all in a manner and with such frequency as is consistent with good property management, with the exception of those Lots on which the Association may provide maintenance of landscaping. All Owners of Lots on which stormwater management or storm drainage easements exist must keep such area free of debris, landscaping, or fences so as not to impede

drainage. The Owner or Resident shall comply with all laws, ordinances, and regulations pertaining to health, safety, and pollution, and shall provide for storage and removal of trash and rubbish from his premises in a manner to be approved by the Architectural Committee or as provided for in the Rules and Regulations of the Association. No noxious or offensive activity shall be carried on or upon any Lot, nor shall anything be done on any Lot which may be or may become an annoyance or nuisance to the neighborhood or which endangers the health or unreasonably disturbs the quiet enjoyment of other Owners or Residents of the Lots.

6.13 Trash and Garbage. No garbage or trash cans or containers, including recycling bins or containers, yard waste containers or bags, shall be permitted, unless they are completely screened from view, except on the designated days each week for pickup purposes and as further authorized by the City of Omaha. No garden, lawn or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any Dwelling Unit except when in actual use.

6.14 Gardens. Produce or vegetable gardens may only be maintained in rear yards in an area no larger than eight (8') by ten (10') feet.

6.15 Above-Ground Swimming Pools. No swimming pools of any kind shall be placed upon any Lot within the Subdivision.

6.16 Outbuildings. There shall be no "outbuildings" or "sheds" constructed upon any Lot within the Magnolia Trails Townhomes Subdivision.

6.17 Solar Panels: Solar panels will be permitted as long as they are not visible from the front of the home. Solar panels must be approved by the Architectural Committee.

6.18 Front and Side Yard Trees. A minimum of one 2.0"-3.0" caliper tree must be installed in each front yard within one year of completion of construction. A minimum of two 2.0"-3.0" caliper trees must be installed in the street side yard of a corner lot within one year of completion of construction.

6.19 Nuisance. No obnoxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, including but not limited to, odors, dust, glare, sound, lighting, smoke, vibration and radiation. Exterior lighting installed on any Lot shall either be indirect or of such a controlled focus and intensity as not to disturb the Residents of adjacent Lots.

6.20 Enforcement of Maintenance. The Architectural Committee, or its agent, during normal business hours, shall have the right (after 10 days' notice, by regular or certified mail or posted on door with a witness, to the Owner or Resident of any Lot involved, setting forth the maintenance action to be taken, and if at the end of such time reasonable steps to accomplish such action have not been taken by the Owner or Resident) to either impose a fine or to do any and all maintenance work reasonably necessary in the written opinion of the Architectural Committee, to keep such Lot, whether unimproved, improved or vacant, in neat and good order, such cost and expense to be paid to the Association upon demand and collected in accordance with Article IV of this Declaration. The Architectural Committee, or its agent, shall further have the right (upon like notice and conditions) to trim or prune, at the expense of the Owner or Resident, any hedge, tree or any other planting that, in the written opinion of the Architectural Committee, by reasons of its location on the Lot, or the height to or the manner in which it is permitted to grow, is detrimental to the adjoining Lots contrary to the rules and regulations of the Architectural Committee, or is unattractive in appearance. The Association shall have the right to record a lien against any Lot for any expense incurred in maintaining any such Lot in accordance with this Section. Any lien recorded pursuant to this Section shall not be valid against a bona fide purchaser for value (or bona fide mortgagee) of the

Lot in question unless a suit to enforce such lien shall have been filed in the court of record and notice thereof shall have been filed in the appropriate records of Douglas County, Nebraska before the recordation among the records of Douglas County, Nebraska of the deed (or mortgage or deed of trust) conveying the Lot in question to such purchaser (or subjecting the same to such mortgage or deed of trust).

6.21 Maintenance During Construction. During construction of any improvement on a Lot, it shall be the responsibility of each Owner and Designated Builder to ensure that construction sites are kept free of unsightly accumulation of rubbish and scrap materials, and that construction materials, trailers, shacks, and the like are kept in a neat and orderly manner. No burning of any trash and no accumulation or storage of litter or trash of any kind shall be permitted on any Lot. All Owners and Designated Builders shall install adequate silt fencing and/or erosion control measures and shall use his, her or its best efforts to keep trash, refuse, and yard waste. debris and pollutants of any and every type from being transferred to other Lots, Common Areas or water way within the Property. No Designated Builder shall deposit or dump construction materials or debris on any vacant Lot. Any Designated Builder that violates this provision shall be responsible for all costs and expenses incurred by the Association or Sanitary and Improvement District No. 598 of Douglas County in removing such construction debris or materials.

6.22 Land Development Activity. The foregoing provisions of Article VI shall not be applicable to Land Development Activity. Without limiting the generality of the foregoing exclusion, the Declarant and all Designated Builders shall have the right to carry on the following activities in connection with Land Development and construction and sale of Dwelling Units:

(a) To construct, install, operate, and/or maintain on the Property one or more construction or management control offices in Dwelling Units, field office trailers, or other temporary facilities; and

(b) To construct, install, operate and/or maintain one or more model homes (or Dwelling Units) and sales offices on the Property. Such models and offices may be owned or leased by the Declarant, by a Designated Builder or by any Person designated by the Declarant. Land Development and sales activity shall in all events be subject to the local zoning ordinances, building codes and all other applicable laws, rules, and regulations of governmental authorities.

6.23 Flags. The Board of Directors of the Association is authorized and reserves the right to regulate the size and type of flags which may be displayed on the Property or Lot, including the right to prohibit the display of flags on the Property or the right to require the removal of flags, banners or the like that the Board of Directors deems controversial or inappropriate in its sole discretion. The Board of Directors is also authorized to regulate, restrict or prohibit the erection and placement of flag poles on the Property and reserves the right to do so in its sole discretion.

6.24 Party Wall (Shared Wall) Maintenance and Damage Responsibility. Each Dwelling Unit may share one or more Party Walls (a common wall between adjoining Lots). Each Owner shall maintain, repair, and replace the surface and interior of the Party Wall on the side of the wall within their Lot. In the event of damage or destruction of a Party Wall from any cause other than the act or negligence of one Owner, the cost of repair shall be shared equally by the Owners. If the damage is due to the act or negligence of one Owner or their guest, invitee, or occupant, that Owner shall bear the full cost of repair.

The Association may mediate disputes between Owners over Party Walls but shall not be obligated to do so unless the integrity of the structure or safety is at risk.

Article VII: Withdrawable and Annexation of Real Estate

During the Development Period, the Declarant shall have the unilateral right, without the consent of the Association or any Owner, Designated Builder or Mortgagee, to execute and record an amendment to the Declaration (i) withdrawing any portion of the Property which the Declarant owns from the operation of this Declaration; or (ii) to include additional real property into the development, or (iii) annexing any portion of the Property that becomes a buildable Lot, including any outlot. Any such annexation may be affected from time to time by Declarant or Declarant's assignee by recordation with the Register of Deeds of Douglas County, Nebraska of a Declaration of Covenants, Conditions, Restrictions and Easements, executed and acknowledged by Declarant or Declarant's assignee, setting forth the identity of the additional residential lots (hereinafter the "Subsequent Phase Declaration").

Upon the recording of any Subsequent Phase Declaration which includes additional property or expands the number of residential lots included in the Association, the additional property and/or lots identified in the Subsequent Phase Declaration shall be considered to be and shall be included in the "Lots" for purposes of this Declaration, and the Owners of the additional residential lots shall be Members of the Association with all rights, privileges and obligations accorded or accruing to Members of the Association.

Article VIII: Easements

8.01 Blanket Easement. An easement is hereby retained in favor of the Declarant, Association, its agents or contractors, over the Lots and any Common Areas for the installation and continual maintenance of lawn and landscaping located thereon, construction of any subdivision signage, a common cable television system, a common sprinkler, any other item installed for the common enjoyment and/or benefit of the Owners (including, without limitation, electricity, gas, and telephone equipment), and the right to enter any Lot or Common Areas to conduct any ongoing maintenance work, including but not limited to mowing, snow removal, window cleaning and landscaping. An easement is further granted for the purpose of the repair and maintenance of any of the foregoing items so constructed. Any entry upon any Common Areas, Lot, or any area owned, controlled, or to be owned or controlled by the Association to effectuate the foregoing purposes shall not be deemed trespass. Each Owner and Resident covenants not to damage or destroy any portion of an item so constructed and shall hold the Association harmless from the cost of repairing or replacing any portion damaged or destroyed by such Owner or Resident, and such Person's family, guests or invitees.

8.02 Association Easement. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses, and similar interests over any part of Common Areas for any lawful purpose which the Board determines, in its sole discretion, to be in the best interests of the Association. The Association, the managing agent, and any other Persons authorized by the Board of Directors, are hereby granted the right of access over and through any portion of the Property (excluding any dwelling), in the exercise and discharge of their respective powers and responsibilities, including, without limitation, the right but not the obligation, to make inspections, correct any condition originating in a Lot or in the Common Areas threatening another Lot or Common Areas, correct drainage, perform installations or upkeep of utilities, landscaping or other improvements located on the Property for which the Association is responsible for upkeep, or correct any condition which violates the Association's governing documents. Each Owner and Resident shall be liable to the Association for the cost of all upkeep performed by the Association and rendered necessary by any act, neglect, carelessness, or failure to comply with the Association's governing documents for which such Owner is responsible.

8.03 Declarant Easement. An exclusive perpetual easement, and reasonable access thereto, is hereby reserved in favor of the Declarant, and its successors and/or assigns, to erect, install, construct, operate, maintain, repair and remove poles, wires, cables, conduit, and other related facilities and appurtenances thereof, above and below ground, and to extend thereto or therein wires and/or cables for the carrying or transmission of electric current for light, heat and power, and for the transmission of signals and sounds of all kinds, including signals provided by a cable television system, internet access system, telephone system, and/or any other communication system, and the reception related thereto, on, over, under, through and across a ten foot (10') strip of land abutting all interior and perimeter boundary lines of the Lot or any Lot-line easements set forth in the final plat of Magnolia Trails.

Article IX: Magnolia Trails Homeowners Association, Inc.

9.01. Additional Homeowners Association. Magnolia Trails, a Subdivision in Douglas County, Nebraska, of which Magnolia Trails Townhomes are a part, has nonetheless created a homeowner's association known as Magnolia Trails Homeowners Association, Inc. The provisions providing for the creation of Magnolia Trails Homeowners Association, Inc., a statement of its purpose, powers and responsibility, and its authority to assess, levy and collect dues and assessments from the owners of the Lots held within Magnolia Trails Townhomes are set forth herein, as further contained within The Declaration of Covenants, Conditions, Restrictions and Easements of Magnolia Trails, a Subdivision in Sarpy County, Nebraska, as recorded in the office of the Douglas County Register of Deeds (the "Covenants of Magnolia Trails").

9.02. Voting Rights. That by reason of express language within the Covenants of Magnolia Trails, it is provided that an owner of each subdivision Lot within Magnolia Trails shall be a Member of the Magnolia Trails Homeowners Association. By reason of each Lot, in Magnolia Trails Townhomes, nonetheless being a subdivision lot as described and set forth within those Covenants of Magnolia Trails, each of the townhome Lots shall be a voting member of the Magnolia Trails Homeowners Association, Inc.

9.03. Additional Assessment. That each owner of townhome Lot within Magnolia Trails Townhomes, understands and acknowledges by his/her/its purchase of a townhome Lot, that the Magnolia Trails Homeowners Association, Inc. shall have the authority to assess, levy and charge the owner of each subdivision Lot, under the various provisions of the Covenants of Magnolia Trails. Each owner of a townhome Lot within Magnolia Trails Townhomes acknowledges by purchase of a townhome Lot, agrees that the assessment and collect of dues or assessments by the Magnolia Trails Homeowners Association, Inc. shall be in addition to, yet separate from, those dues or assessments made and collected by the Association.

9.04. Applicability. That as further identification and clarification of the content, purpose and applicability of those provisions relative to the Magnolia Trails Homeowners Association, which hereby shall bind and affect each townhome Lot within Magnolia Trails Townhomes.

Article X: Insurance

10.01 Insurance. The Association's Board of Directors or its duly authorized agent shall obtain a public liability policy covering Common Areas, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and if reasonably available, directors' and officers' liability insurance, fidelity bond coverage and such other insurance as may be deemed reasonable and necessary by the Board of Directors of the Association. The cost of insurance coverage obtained for Common Areas shall be included in the Annual General Assessment, as defined in Article IV, Section 4.01. All such insurance coverage obtained by the Board of Directors shall be written

in the name of the Association as Trustee for the respective benefited parties.

Each Owner shall maintain an HO-6 insurance policy covering the Dwelling Unit from the drywall in, including personal property, improvements, and personal liability. The Board of Directors may request proof of such policy annually. Failure to provide such proof may result in a fine and the Board securing coverage on behalf of the Owner, the cost of which shall be assessed to the Lot.

Article XI: Condemnation

11.01 Notice. Whenever all or any part of any Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on its behalf or on the written direction of all Owners subject to the taking, if any,) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed in accordance with the direction of the Board of Directors or retained as working capital of the Association.

11.02 Replacement Improvements. If the taking involves a portion of any Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five percent (75%) of the Class A Members shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in Common Areas to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association.

Article XII: Amendment

12.01 General Amendments. Subject to the other limitations set forth in this Declaration, this Declaration may be amended by an instrument approved by not less than seventy-five percent (75%) of the vote of the Owners at a duly convened meeting. The amendment instrument shall be recorded with the Douglas County, Nebraska Register of Deeds. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

12.02 Declarant Amendments. Notwithstanding anything to the contrary herein contained, the Declarant reserves the right to amend this Declaration during the Development Period without the consent of any Owners, or any other persons claiming an interest in the Property or the Association if such amendment is necessary to: (a) bring this Declaration into compliance with any rule, regulation, or requirement of the Federal Housing Administration, The Federal National Mortgage Association, The Federal Home Loan Mortgage Corporation, or local governments; (b) make non-substantive, corrective changes; and/or (c) subdivide or create a lot line adjustment to reflect the relocation of boundary lines between Common Areas and any Lots or among any Lots, provided, however, that an approved resubdivision of the affected property is properly recorded.

Article XIII: General Provisions

13.01 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless amended or terminated as provided in this Article.

13.02 Enforcement. The Association, or any Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The provisions of this Section shall be in addition to and not in limitation of any rights or remedies provided in other Sections of this Declaration.

13.03 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions hereof, which provisions shall remain in full force and effect.

13.04 Construction. The Board of Directors shall have the right to construe the provisions of this Declaration, and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, such construction shall be final and binding on all persons and entities benefited or bound by the provisions of this Declaration.

13.05 Declarant's Disclaimer. Declarant makes no warranties or representations that any plans regarding any future phases will be carried out, or that any Lot within any such phase or future phase will be committed to or developed for any particular use. In addition, while Declarant has no reason to believe that any of the provisions of this Declaration are or may be unenforceable, Declarant makes no representations as to enforceability. Declarant shall have no liability for the development of the Property or the enforcement of this Declaration.

13.06 Dispute Resolution. Except in cases of emergency or irreparable harm, any dispute between the Association and an Owner shall first be submitted to non-binding mediation. If the dispute is not resolved within 60 days, either party may initiate binding arbitration under the rules of the American Arbitration Association.

This section shall not limit the Association's right to record liens, pursue delinquent assessments, or seek injunctive relief for covenant violations.

13.07 Headings. The headings of the Articles and Sections of this Declaration are for convenience only and shall not affect the meaning or construction of the contents of this Declaration.

13.08 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular the plural, and vice versa.

13.09 Termination of the Association. Termination of the Association shall be according to the provisions of the Articles of Incorporation.

13.10 Termination of Declaration. This Declaration may only be terminated by an instrument approved by not less than eighty percent (80%) of the vote of the Owners at a duly convened meeting.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument on the 7 day of July 2025.

DECLARANT:

FALCONE LAND DEVELOPMENT, LLC

By: _____
Name: Christian Kloster
Title: Managing Member

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this 7 day of July 2025, by Christian Kloster, the Managing Member of Falcone Land Development, LLC, on behalf of said limited liability company.

{Seal}

GENERAL NOTARY-State of Nebraska
ANDREA N NOLAN
My Comm. Exp. January 15, 2029

_____
Notary Public

Exhibit "A"

Lots 157 through 206, inclusive, Magnolia Trails Subdivision, a Subdivision as surveyed, platted and recorded in Douglas County, Nebraska.