

**Home Owners Association
Articles from Declaration and
Covenants**

ARTICLE III
THE ASSOCIATION

1. The Association shall be a nonprofit corporation formed under the laws of the State of Nebraska, charged with the duties and empowered with the rights prescribed by law and set forth herein and in the Bylaws and in the Articles. The Association has as its purpose the promotion of the health, safety, recreation, welfare and enjoyment of the Medelmans Lake Subdivision for the benefit of the Lot Owners, residents, and their family. Upon the incorporation of the Association by Declarant, the Association shall be charged with the duties and vested with the powers set forth in the Articles, the Bylaws and this Declaration.
2. The affairs of the Association shall be conducted by the Board of Directors, hereinafter “the Board”, and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. The Board shall adopt Bylaws to govern the affairs of the Board and the Association. Except as otherwise provided herein or in the Articles or Bylaws, all acts of the Association shall be made by a majority of the members of the Board. The Board may also appoint various committees at its discretion and may contract with a Person to serve as a manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the manager and any employees of the Association.
3. The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Nebraska concerning nonprofit corporations, subject only to such limitations on the exercise of such powers as are set forth in the Articles, Bylaws, and this Declaration. It shall have the power to do any lawful acts that may be authorized, required, or permitted to be done by the Association under this Declaration (including any rights, duties and responsibilities assigned by Declarant from time to time pursuant to this Declaration, the Articles and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association. The Association shall have all lawful authority, including, but not limited to, to acquire, construct, landscape, water, mow, improve, equip, maintain, operate, repair, keep up, and replace the Lake and Common Areas for the general use, benefit, and enjoyment of the Members. The Lake and Common Areas may include but are not limited to the Lake, parks, pathways, trails, entry areas, green areas, and signs and entrances for the Subdivision. The Lake and Common Areas may be situated on property owned or leased by the Association, on private property subject to an easement in favor of the Association, on public property.
4. The Association, Board, and upon authorization of the Board by Officers has the power of expenditure, commitment, and payment of Association funds to accomplish the purposes of the Association.

5. The Board may adopt, amend and repeal Rules and Regulations concerning all aspects of the Association's rights, activities and duties. Any such adoption, amendment and/or repealing of any Rules and Regulations, for the same to be effective as to and against any portion of the Property, must be agreed to by a vote made in accordance with Article VIII herein. The Rules and Regulations may govern and restrict the use of any area in the Property; 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, 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.
6. The Association, Board, and upon authorization the Officers shall fix, levy, collect, abate, and enforce all charges, dues or assessments.
7. To enforce this Declaration and Rules and Regulations, the Association has the authority to bring the appropriate court action, including, but not limited to, an action for temporary restraining order, preliminary injunction, or permanent injunction enjoining such violations. In addition, in order to enforce this Declaration and Rules and Regulations, the Association has, but is not limited to, the authority to restrict the use of all Common Areas, including but not limited to the Lake which shall include, but is not limited to, boating, use of dock, and swimming.
8. No member of the Board, or of any committee of the Board or Association, nor any member of the Architectural Committee nor any officer or employee of the Association or any manager, or the Declarant, or any agent employee or officer of Declarant, shall be personally liable to any Owner, or to any Lessee, contract purchaser, or other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by such person, acted in good faith without willful or intentional misconduct. All Owners, Lessees, contract purchasers, or other person, including the Association will hold members of the Board, or of any committee of the Board or Association harmless from and against any and all claims, actions, damages, liability and expense in connection with any suit brought or claimed on account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by such person, acted in good faith without willful or intentional misconduct.
9. Neither the Articles nor the Bylaws shall be amended or interpreted in a manner that is inconsistent with this Declaration.

ARTICLE IV
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

1. With the exception of the Class B and Class C membership, as set forth below, each Owner shall have one membership for each lot owned, other than the Association.
2. An Owner shall, upon becoming the record Owner of a Lot, automatically become a member of the Association and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Such membership shall be appurtenant to and pass with the ownership of such Lot. The membership shall not be transferred, pledged or alienated in any way, except as appurtenant to a transfer of ownership of a Lot. Any attempt to transfer a membership except as appurtenant to the transfer of ownership of a Lot shall be void and shall not be reflected upon the Association's books and records.
3. With the exception of the Class B and Class C membership, as set forth below, each Owner shall have one vote for each membership owned as provided above. All voting pursuant to the terms of this Declaration shall be made in accordance with this paragraph. Each vote must be cast as a single unit. If an Owner consists of more than one Person, then all persons constituting an Owner of such Lot shall, simultaneously with or immediately after their acquisition of such Lot, deliver to the Association a written instrument appointing one Person as the agent for all Persons constituting the Owner of such Lot, which agent shall thereupon receive notices of Assessment and other notices, demands, cast votes hereunder, and take any and all actions required or permitted to be taken by an Owner under the terms of this Declaration. An Owner may change its designated agent by written notice to the Association as set forth above, which change shall be effective only upon actual receipt of such notice by the Association. No change in the ownership of a lot shall be effective for voting purposes until the Board receives written notice of such change together with satisfactory evidence thereof. An Owner may assign all, but not less than all, of its voting rights attributable to a particular Lot to a Lessee which shall be effective only upon actual receipt of such notice by the Association. If more than one Person casts or attempts to cast a vote for a particular Lot, all such votes shall be deemed void.
4. The Association shall have three classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B member shall be the Declarant and shall be entitled to fifty (50) votes for each Lot owned. The Class B membership shall terminate and become converted to a Class A membership upon the sale of the last Lot including any Lots in subsequent plats to any third-party purchaser. In addition, the Class B membership shall cease and shall be converted to Class A membership when the

total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

Class C. Class C membership shall be (a) CNW and any of its successors in interest, and (b) Declarant and any of its successors in interest for the real property owned by CNW and Declarant within the Property but not yet platted. The C members shall be entitled to two hundred fifty (250) votes provided; however, that if a Class C member's property is included in subsequent phases of the development, each Lot subsequently platted shall automatically become Class B. A third-party Owner of each Lot in Subsequent Plats shall automatically become a Class A member.

5. No Owner shall be entitled to vote if all dues and assessments levied against the Owner are not fully paid. Furthermore, the Board may suspend a Member's voting privileges for violations of the Association's Rules and Regulations.
6. The initial Board shall consist of not less than three (3) Directors and shall be appointed by the Declarant upon the incorporation of the Association. During the Period of Declarant Control, the Declarant shall have the sole right, in its absolute discretion, to appoint and remove the Directors of the Board; however, the Declarant may temporarily or permanently relinquish its right to appoint or remove some or all of the Directors at any time as provided in Article XVI. If the Declarant relinquishes its appointment rights, the Members (including Declarant) shall then elect all Directors as provided in the Bylaws.
7. After the expiration of the Period of Declarant Control, the Members (including Declarant) shall elect the Directors as provided in the Bylaws, and the Bylaws may provide for staggered terms and lengths of terms for Directors chosen by Members which are different than those initially set forth in this Declaration and may provide for a greater number of Directors to be chosen by the members than is set forth herein; provided, however, that in no event shall there be fewer than three Directors. The Board shall undertake all duties and responsibilities of the Association and the management and conduct of the affairs thereof, except as expressly reserved herein to a vote of the Members.
8. If the Articles or Bylaws are in any way inconsistent with the Declaration, then this Declaration shall prevail and control.
9. Each Owner and Lessee of a Lot shall comply with, and shall cause their respective invitees to comply with the provisions of this Declaration, the Articles and Bylaws, Development Guidelines, and Rules and Regulations of the Association, as amended from time to time, and failure to so comply shall be grounds for (a) action for damages and/or injunctive relief, (b) such remedies, by legal proceedings or otherwise, as are available by reason of this Declaration or by law, and (c) denying access to Common Areas including Lake access, each of which remedies shall be cumulative and in additions to any other available remedy.

must comply with applicable laws, regulations and ordinances, including but not limited to the Nebraska Boating Guide, the City of Norfolk and Madison County, Nebraska. Use of any "All Terrain Vehicles" with headlights and taillights must comply with the Association's Rules and Regulations and all applicable laws, regulations and ordinances governing use of the same. Golf carts with headlights and taillights will be allowed, provided they are operated in compliance with all state and local laws, as well the Association's Rules and Regulations. All watercraft, ATVs, golf carts must be registered with the Association, carry liability insurance and must display an Association sticker and Lot number.

32. A boat launch area will be available and once a boat launch area has been established, it will be maintained regularly and governed by the Association. The boat ramp into the lake shall be kept locked at all times to prevent the unauthorized use of the Lake by any Person.
33. All boats, ATVs, including any similar motorized type vehicle, and golf carts, must be owned and operated by Owners or Lessees of the Lot. There will be no unauthorized use of the lake or Common Areas by nonresidents or guests of Owners, occupants or Lessees at any time.
34. Boats and other personal watercraft, ATVs, and golf carts that are not owned or leased by the Owners or Lessees of a Lot shall be not be permitted in the Lake or within any of the Common Areas. In order to preserve the health of the Lake and eliminate the threat of Zebra Mussels and other invasive species, the following conditions must be adhered to: (i) a boat launched in spring must stay at the Lake until fall, unless otherwise permitted by the Association, and (ii) if an Owner desires to remove his or her boat or watercraft during the boating season as determined by the Association, they will not be permitted to launch their boat or watercraft in the lake until the beginning of the next boating season (excluding removal of any such boat or watercraft for service or repair provided the boat or watercraft has been thoroughly washed-out by an authorized dealer or repair service and has sat on dry land for a period of fourteen (14) days.
35. Any agreement for the lease of all or any portion of a Lot must be in writing and must provide by its terms that it is subject to the Declaration, the rules of the Association, the Articles and the Bylaws, and that any violation of the Declaration or other documents listed above shall be a default under the lease. Notwithstanding the foregoing, the Owner of the Lot shall remain liable for any violations of this Declaration, the rules of the Association, the Article and Bylaws. All notices hereunder shall be sent to the Owner.

ARTICLE IX

FUNDS AND ASSESSMENTS

1. Declarant, for each Lot owned within Medelmans Lake Subdivision, hereby covenants, and each successive Owner, by acceptance of a deed therefor, whether or not expressed in such deed, is deemed to covenant and agree to pay to the Association the Assessments which

the Board is authorized to levy pursuant to the provisions of this Declaration. All Assessments, which shall include all the charges, interest, costs and reasonable attorneys' fees due with respect thereto, shall be a charge on the land and shall be secured by a continuing lien upon the Lot against which each Assessment is levied. Each Assessment, including interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the Assessment became due and owing. The personal obligation for delinquent Assessments shall not pass to said Person's successors in title, unless expressly assumed by them. If more than one Person was the Owner of a Lot, the personal obligation to pay such Assessment respecting such Lot shall be both joint and several. All past due Assessments shall be paid in full either at the time of transfer of title or before and be part of closing if applicable. It is the responsibility of the Association to file all liens.

2. The Assessments shall be used to enhance, maintain and protect the desirability, attractiveness and safety of Medelmans Lake Subdivision; for the improvement and maintenance of the Common areas; to reimburse the Association for the costs incurred in bringing an Owner into compliance with this Declaration, the Articles, Bylaws, and/or Rules adopted by the Board; and for the common good and benefit of Medelmans Lake Subdivision, the Association and the members, as determined by the Board.
3. Within sixty (60) days after the end of each fiscal year of the Association, the board shall prepare, or cause to be prepared, and distribute to all members of the Association an operating budget for the next fiscal year setting forth the estimated revenues and expenses for said fiscal year and the total cash reserves of the Association currently available for expenditures.
4. After the close of the Association's fiscal year, the Board shall prepare, or cause to be prepared, and distribute to each member a balance sheet and a statement of actual expenses and income for the preceding fiscal year.
5. The Association may establish and maintain a reserve account into which the Board shall deposit all funds collected as reserves for contingencies and the repair and replacement of Common Area and Improvements. The Association shall also maintain one or more operating accounts into which the Board shall deposit all other funds paid to the Association as Assessments or otherwise received by the Association as provided in this Declaration. All funds shall be held in trust by the Association for the use and benefit of its members.
6. Regular assessments shall be used for all expenses incurred by the Association for (i) the administration, operation, maintenance, repair and replacement of the Common Areas and any Improvements therein, including all taxes and insurance; (ii) maintaining the landscaping on all of the Common Areas; (iii) carrying out the duties, rights and obligations

of the Association, including the Board and the Committee, as provided for in this Declaration.

7. The regular assessments provided for in this Article shall commence as to all Lots on the first day of the month following the later of (i) the incorporation of the Association, or (ii) the conveyance of the first Lot to an Owner; provided, however, that Declarant may, at its option, delay the start of regular assessments so long as Declarant elects to perform all maintenance and other obligations of the Association at its sole cost and expense. The first regular assessment shall be adjusted according to the number of months remaining in the fiscal year.
8. Within sixty (60) days after the end of each fiscal year of the Association, beginning with the first full fiscal year after the regular assessments commence, the Board shall meet for the purpose of establishing the regular assessment for the forthcoming fiscal year. At such meeting, the Board shall review an operating statement showing income and expenses for the preceding fiscal year and a preliminary budget, any written comments received from any member, and any other information available to it and, after making any adjustments that the Board deems appropriate, without a vote of the members of the Association, shall establish an operating budget and the regular assessment for the forthcoming year.
9. Regular assessments shall be due and payable by the owners to the Association annually on or before the first of April each successive calendar year, or in such other manner as the Board shall designate.
10. Failure by the Board to fix regular assessments hereunder before the expiration of any fiscal year shall not be deemed either a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owner from the obligation to pay the Assessments, or any installment thereof, for that or any subsequent year, but the Assessment fixed for the preceding year shall continue until a new Assessment is fixed.
11. Special assessments may be levied by the Board from time to time during any fiscal year if the Board determines that the estimated total amount of funds necessary to defray the expenses of the Association for a given fiscal year is or will become inadequate to meet expenses due to unanticipated delinquencies or cost and fees incurred to enforce this Declaration, costs of construction or unexpected repairs, replacements or reconstruction of Improvements in the Common Areas or if funds are otherwise required for any activity or purpose of the Association permitted under this Declaration.
12. The Board shall determine the approximate amount necessary to defray the expenses set forth in the special assessment described above, and, if the amount is approved by a majority of the Board, it shall become a special assessment.

13. The Board may, in its discretion, prorate a special assessment over the remaining months of the fiscal year or levy the assessment immediately against each Lot. Special assessments shall be due and payable within ten (10) days after a member receives written notice from the Board specifying the amount of the special assessment, unless the Board specifies in such notice a later date of payment.
14. The Board may levy a reimbursement assessment against any Owner who fails to comply in any respect with this Declaration, the Articles, Bylaws, the Rules promulgated by the Board or as otherwise permitted elsewhere in this Declaration, in an amount equal to any monies expended by the Association in remedying an Owner's failure to comply under this Declaration or in the amount of a fine or penalty imposed pursuant to this Declaration. All such reimbursement assessments shall be paid to the Association within five (5) days after demand.
15. Capital improvement assessments may be levied by the Association for the purpose of defraying, in whole or in part, the cost of construction of any Improvements deemed reasonably necessary by the Board for the benefit of Medelmans Lake Subdivision.
16. Capital improvement assessments shall be due and payable by all Owners in such installments and during such period or periods as the Board shall designate for the payments thereof.
17. All Assessments (other than a reimbursement assessment levied against an Owner pursuant to this Article) shall be fixed at a uniform rate and levied based upon the annual budget, needs, and expenditures of the Association, as determined by the Board of the Association.
18. The Board, on not less than twenty (20) days prior written request and for a reasonable fee to be established from time to time by the Board, shall execute, acknowledge and deliver to the party making such request a written statement certifying whether or not, to the knowledge of the Association with no duty to investigate or make further inquiry, a particular Owner is in default as to its Lot under the provisions of this Declaration, and further stating the dates to which installments of Assessments have been paid as to such Lot. Any such certificate may be relied on by a prospective purchaser of the Lot or a prospective Mortgagee, but reliance on such certificate shall not extend to any default (except one involving the payments of Assessments) of which the signer had no actual knowledge.
19. The foregoing notwithstanding, all Exempt Property shall be exempted from paying Assessments and the Assessment liens provided for in Article IX, and the Owner of Exempt Property shall not be a Member and shall have no voting rights.
20. The Declarant and CNW shall be exempt from the payment of all Assessments on any and all Undeveloped Lots, Outlots, or unplatted property within the Property owned by

Declarant or CNW; provided, however, the Declarant and CNW agree to maintain the Undeveloped Lots, Outlots, or unplatted property within the Property owned by the Declarant and CNW in a neat and orderly condition at its own expense.

ARTICLE X
COLLECTION OF ASSESSMENTS AND ASSESSMENT LIENS

1. The right to collect and enforce Assessments, including all related interest, late charges, costs and fees, is vested in the Board acting for and on behalf of the Association. The Board, or its authorized representative, can enforce the obligations of the Owners to pay Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity, or the Board may enforce the continuing lien against the Owner's Lot by judicial foreclosure proceedings. Any suit to recover a money judgment for unpaid Assessments, together with all other amounts described in this Article, may be maintainable with or without foreclosing or waiving the lien rights.
2. Failure to make payment of any Assessment or installment thereof related to any Lot on or before the due date shall constitute a default and all amounts that are delinquent shall bear interest at a rate per annum equal to five percent (5%) more than the Prime Rate on the date of default (and shall fluctuate thereafter as the Prime Rate changes from time to time) and, if not paid within ten (10) days, a late charge of five percent (5%) (or such lower interest and late charges as the Board shall determine in its discretion) shall also be due on the outstanding balance, and all costs and expenses incurred by the Board or its authorized representative in the collection of the amounts, including reasonable attorneys' fees and costs, shall be part of the Assessment past due and the full Assessment shall be a lien against such Lot. The lien created pursuant to this Article shall not be foreclosed until the Board or its authorized representative has delivered written notice to the delinquent Owner or Owners and any first Mortgagee that filed a request for notice with the Declarant or Board not less than fifteen (15) days before commencement of any proceedings to enforce such lien, which shall set forth notice of default and a demand for payment, and unless such delinquency has not been cured in full within said 15-day period, including payment in full of all interest and late charges.
3. Upon the giving of notice and failure to cure as provided in this Article, the Association may record a notice assessment lien against the Lot of the defaulting Owner. In addition, the Association may proceed to foreclose the Recorded Assessment Lien provided for in this Article in any manner provided or permitted for the foreclosure of reality mortgages in the State of Nebraska (including the right to recover any delinquency). The Association shall not be obligated to release any Recorded Assessment Lien until all delinquent Assessments, including interest, late charges, attorneys' fees and collections costs, have been paid in full, whether or not all such amounts are set forth in the recorded notice. On becoming delinquent in the payment of any Assessments or installments thereof, each delinquent Owner shall be deemed to have absolutely assigned all rents, issues and profits of his Lot to the Association and shall further be deemed to have consented to the

appointment of a receiver (which appointment may, at the election of the Association, be enforced by the Association through specific performance). The Association, acting on behalf of the Owners, shall have the power to bid upon the Lot at foreclosure sale to acquire, hold, lease, mortgage and convey the Lot.

4. All Assessments shall be payable in the amounts covered by the particular Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, nonuse or abandonment of a Lot or a claim that the Association is not properly exercising its duties of maintenance, operation or enforcement.
5. The Assessment lien herein shall be superior to all charges, liens and encumbrances, including without limitation all mortgages, and deeds of trust (except as provided below), federal and state tax liens, judgment liens, and liens for labor or materials, which may be hereafter imposed against any portion of the Property.
6. Notwithstanding the foregoing, the Assessment liens provided for herein shall be subordinate and subject to the lien for governmental taxes and assessments which is deemed superior hereto by applicable law and the lien any first Mortgage encumbering a Lot which is recorded prior to the Recorded Assessment Lien referred to above, but only as to advances or payments made pursuant to said Mortgage prior to the time the Recorded Assessment Lien is placed of record, and provided further that each such first Mortgage must have been made in good faith and for value and duly recorded in the office of the Madison County Register of Deeds prior to the recording of the Recorded Assessment Lien. The sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such Assessments only as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from any obligation to pay any Assessments thereafter becoming due nor from the lien securing any subsequent Assessments. Where the holder of a first Mortgage or other purchaser of a Lot obtains title to the same as a result of foreclosure, such title holder, its successors and assigns, shall not be liable for Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such lot by such acquirer, except for the share of Assessments resulting from a reallocation of Assessments which are made against all Lots. The Assessment lien herein shall not be subordinate to the lien of any Mortgage which is junior to a first Mortgage.
7. After the sale of any Lot within Medelmans Lake Subdivision, the selling Owner or Owners shall not be personally liable for any Assessment levied on its Lot after the date of such transfer of ownership and written notice of such transfer is delivered to the Association. However, except as provided above with respect to a transfer of a Lot pursuant to foreclosure proceedings, the transferred Lot shall remain subject to the lien securing payment of all Assessments, including Assessments levied prior to the date of transfer. The selling Owner(s) shall also remain personally responsible for all Assessments and charges levied on his Lot prior to any such transfer. Upon the transfer of ownership of any

Lot or Lot (excluding the initial sale by Declarant), the Board in its discretion, may charge a reasonable transfer assessment to cover administrative costs associated with said transfer of ownership.

8. In addition to the other remedies set forth in this Article, the Board shall have the right to suspend the right of any Owner who is in default on any Assessments to vote, and/or use the Lake and Common Areas pursuant to this Declaration, or the Articles and the Bylaws during the period of any default.
9. If the Association elects to enter into contracts with Owners for the performance of special maintenance or other services to that Owner's Lot, any fees charged to that Owner for such services shall be due within ten (10) days after billing, shall be an Assessment, shall be secured by the Assessment lien, shall be the Owner's personal responsibility, and shall be enforceable as provided herein with respect to the Assessments.