

**BY-LAWS OF DEERWOOD/AVALON
HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME, PURPOSE AND LOCATION**

The name of the Corporation is Deerwood/Avalon Homeowners Association, Inc., hereinafter referred to as the "Association". The specific purposes for which the Association is formed are to provide for the acquisition, construction, maintenance, preservation and replacement of Common Area and Common Area Improvements, as defined in the Declaration of Covenants, Conditions, Restrictions and Easements of Deerwood/Avalon in Douglas County, Nebraska. The principal office of the corporation shall be as designated by the Board of Directors from time to time, and meetings of Members and Directors may be held at such places within Douglas County, Nebraska, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

All terms shall be defined in accordance with the definitions contained in the Declaration of Covenants, Conditions, Restrictions and Easements of Deerwood and Avalon North in Douglas County, Nebraska.

**ARTICLE III
MEMBERSHIP**

Section 1: Membership. The membership of the Association shall consist of the record owners of all lots now or hereafter encumbered by the Declaration of Covenants, Conditions, Restrictions and Easements of Deerwood and Avalon North recorded of record in the office of the Register of Deeds of Douglas County, Nebraska, including but not limited to Lots 3 thru 20, inclusive, 36 thru 333, inclusive; and, Outlot "A", Deerwood; Lots 1 thru 14, inclusive, Deerwood Replat 1; Lots 14 thru 33, inclusive, Lots 46 thru 67, inclusive, Lots 77 thru 188, inclusive, Lots 190 thru 224, inclusive; and, Outlot "A", Avalon North; Lots 1 thru 14, inclusive, Avalon North Replat 1; Lots 1 thru 25, inclusive, Avalon North Replat 2, all as surveyed, platted and recorded in Douglas County, Nebraska. Membership in the Association shall be mandatory and no Owner during his ownership of a Lot shall have the right to relinquish or terminate his membership in the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2: Succession. The membership of each Owner shall terminate when they cease to be an Owner of a Lot, and their membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest.

ARTICLE IV
MEMBERSHIP MEETINGS

Section 1: Annual Meeting. The annual meeting of the Association shall be held at the office of the Association during the month of January on the second Tuesday in each year, commencing at 4:00 p.m., or such other time or place as may be designated by the Association's Board of Directors. Each annual meeting shall be for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members. If the date set for the annual meeting of the Membership is a legal holiday, the meeting will be held at the same hour on the first day following such legal holiday.

Section 2: Special Meetings. Special meetings shall be held whenever called by the President or Vice-President or by a majority of the Association's Board of Directors, and must be called by such officers upon receipt of a written request from Members entitled to cast one-third of the votes of the entire membership.

Section 3: Notice of Meetings. Notice of all meetings, stating the time, date, place and purpose for which the meeting is called, shall be given by the President or Vice-President or Secretary, unless waived in writing. Such notice shall be in writing to each Member at the last known address shown on the records of the Association and shall be mailed at least ten (10) days but no more than sixty (60) days prior to the date of the meeting. Proof of such mailings shall be made by affidavit, duly executed by the Person giving the notice. Notice of meeting may be waived before or after any such meeting.

Section 4: Quorum. A Quorum at any meeting shall consist of twenty (20%) percent of the votes entitled to be cast by the Members. If any meeting of the Members cannot be organized because a quorum has not attended, the Members present either in Person or by proxy, may adjourn the meeting for at least ten (10) days, and adequate notice of the new date shall be given as described in Section 3 of this Article.

Section 5: Voting. The Association shall have two classes of voting members, Class A Members and Class B Members, defined as follows:

Class A: Class A Members shall be the Owners of all Lots other than that Lots owned by Declarant or Lots which are subject to a mortgage or deed of trust in favor of Declarant. Each Class A Member shall be entitled to one vote for each Lot Owned. When there shall be more than one person or entity holding an interest in any Lot, all such persons or entities or both, shall be Members; provided however that the vote for such Lot shall be exercised as such persons or entities or both, shall determine, but in no event shall more than one vote be cast with respect to any one Lot.

Class B: Class B Members shall be the Owners of all Lots owned by Declarant or Lots which are subject to a mortgage or deed of trust in favor of Declarant. Each Class B Member shall be entitled to twenty votes for each Lot

owned. Each Class B Member shall be entitled to one vote for each Lot owned upon the occurrence of the first of the following dates:

- (a) The date on which the total votes outstanding in the Class A membership shall equal the total votes outstanding in the Class B membership, or
- (b) January 1, 2015.

Except for the Declarant, no Owner shall be eligible to vote, either in person or by proxy, if that Owner is shown in the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 6: Proxies. Votes may be cast in Person or by proxy as provided in the Act.

ARTICLE V BOARD OF DIRECTORS

Section 1: Number. The business of the Association shall be managed by a Board of Directors of at least three (3) Directors nor more than five (5) Directors, who shall serve without compensation. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties as a Director. The Declarant shall have the right to appoint or remove any officer of the Association, or any member of the Board of Directors until the date on which the total votes outstanding in the Class A membership shall equal the total votes outstanding in the Class B membership, or January 1, 2013, whichever occurs first.

Section 2: Term of Office. Other than Directors appointed by Declarant, the Directors shall be elected as provided in this Declaration. Until termination of the Declarant's right to appoint officers and Directors, the term of each Director appointed by the Declarant shall be one (1) year. Thereafter, Directors not appointed by the Declarant shall be elected for terms staggered on a one (1), two (2) and three (3) year basis. One (1) Director shall be elected for one (1) year, one (1) Director shall be elected for two (2) years and one (1) Director shall be elected for three (3) year. After the initial term of each such Director, all thereafter, Directors shall be elected for three (3) year terms. In the event that there are more than three (3) Directors, each additional Director shall be for three (3) year terms. The initial term of each Director above three (3) Directors, shall initially be determined by the Declarant or, if Declarant no longer is empowered to appoint Directors, then the initial terms of such Directors greater than three (3) shall be determined by those directors then serving. Each Director shall serve for the term set forth hereinabove and until his or her successor is duly elected and qualified, or until removed from office as provided herein.

Section 3: Qualifications. Each Director shall be a member (or if a Member is an employee of the corporation, partnership, limited liability company or trust, a Director

may be an officer, partner, member, managing member, beneficiary or trustee of such Member). If a Director shall cease to meet such qualifications during their term, he will thereupon cease to be a Director, and his place on the Board shall be deemed vacant. The requirements of this Section shall not apply to Directors appointed by the Declarant.

Section 4: Removal. Other than the Directors appointed by the Declarant, any Director may be removed from the Board, with or without cause, by concurrence of a two thirds (2/3) majority of the votes cast by the quorum present at any regular or special meeting of the Association called for that purpose.

Section 5: Vacancies. In the event of the death, resignation or removal of a Director, their successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of their predecessor.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1: Nomination. Nomination for election to the Board may be made by a nominating committee. Nominations may also be made from the floor at the annual meeting by a Member in good standing. The nominating committee shall be appointed by the Board of Directors at least sixty (60) days prior to each annual meeting and shall serve until such annual meeting has been concluded. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine but not less than the number of vacancies that are to be filled.

Section 2: Election. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of votes cast. Each person entitled to vote may cast his vote for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

ARTICLE VII MEETING OF DIRECTORS

Section 1: Regular Meeting. Regular meetings of the Board of Directors may be held at such times and places which are determined, from time to time, by a majority of the Association's Board of Directors. Notice of Regular meetings shall be given to each Director, personally or by mail, telephone or equivalent service, at least three (3) days prior to the date of any Regular meeting. Notice of meeting may be waived before or after any such meeting.

Section 2: Special Meetings. Special meetings of the Board of Directors may be held at the request of the President, Vice-President or Secretary, and must be held at the written request of two-thirds (2/3) of the Directors. Notice of special meetings shall be given to each Director, personally or by mail, telephone or equivalent service, at least five (5) days prior to the date of any special meeting. Such Notice shall state the time,

date, place and purpose of the special meeting. Notice of meeting may be waived before or after any such meeting.

Section 3: Quorum. A quorum at Director's meetings shall consist of fifty (51%) percent of the votes of Directors entitled to be cast. The acts approved by a majority of those Directors present at any meeting at which a quorum is present shall constitute the acts of the Association, except where approval by a greater number of Directors is required by the Declaration or these By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those present may adjourn the meeting until a quorum is present. Upon reconvening an adjourned meeting, any business called may be transacted without the necessity of providing any further notice.

Section 4: Action Taken Without A Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Powers. The Board of Directors shall have the power to:

- (a) Elect and remove the officers of the Association;
- (b) Suspend the right of a Member to vote during any period when such Member shall be in default in the payment of any assessments levied by the Association. Such right may also be suspended after notice and hearing, for a period not to exceed ninety (90) days, for infraction of published rules and regulations promulgated by the Board;
- (c) Engage the services of an agent, independent contractors or employees as they deem necessary to maintain, repair and replace the Common Area and Common Area Improvements, and manage all other affairs and business of the Association for all of the Members, upon such terms and for such compensation as the Board may approve. Any agreement for the services of any such agent, independent contractor or employee shall provide for termination by the Association with or without cause, and without payment of a termination fee, upon thirty (30) days' written notice, and no such agreement shall be of a duration in excess of one (1) year, renewable by agreement of the parties for successive one (1) year periods;
- (d) Maintain, keep in good repair and upkeep, and replace, as a Common Expense assessed in accordance with this the Declaration, the Common Area and Common Area Improvements, as such repairs are required or necessary for the preservation of the same;

- (e) Declare the office of a Member of the Board to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board;
- (f) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these By-Laws, the Articles of Incorporation or the Declaration; and
- (g) To do everything necessary, proper, advisable and convenient for the accomplishment of the purposes hereinabove set forth, and to do all other things incidental thereto or connected therewith which are permitted under the Nonprofit Corporation Act and which are not forbidden by the laws of the State of Nebraska or by the Articles of Incorporation or these By-Laws only in furtherance of and subject to its corporate purposes.

Section 2: Duties. It shall be the duty of the Board of Directors:

- (a) To cause to be kept a record of all acts and corporate affairs;
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) As more fully provided herein and in the Declaration:
 - (i) To fix the annual amount of each assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and
 - (ii) To send written notice of any change in assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period;
- (d) To issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of the payment of any assessment therein stated to have been paid;
- (e) To procure and maintain adequate liability insurance on property owned by the Association;
- (f) To cause all officers or employees having fiscal responsibilities to be bonded;
- (g) To cause all other affairs and business of the Association to be properly conducted and administrated.

ARTICLE IX
OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Officers. The executive officers of the Association shall consist of a President, (who must also be a Director), a Vice-President, Treasurer, and Secretary.

Section 2: Election of Officers. The election of officers shall be made by a majority vote of the Board of Directors at the first meeting of the Board following each annual meeting of the Membership.

Section 3: Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or otherwise become disqualified to service.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6: Vacancies. A vacancy in any officer may be filled by a majority vote of the quorum present of the Directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer they replace.

Section 7: Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 8: Duties. The duties of the officers are as follows:

- (a) President. The President shall be the Chief Executive Officer of the Association, and shall supervise and control all of the business and affairs of the Association. The President shall, when present, preside at all meetings of the Members and all meetings of the Board. The President may sign, with or without any other officer of the Association as authorized by the Board, contracts or other instruments which the Board has authorized to be executed, except where the signing and the execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed. The President shall have the power to

appoint and remove one or more administrative Vice-Presidents of the Association and such other assistants to the various elected officers of the Association as is necessary of the accomplishment of their duties. In general, the President shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board.

(b) Vice-President. In the absence of the President, or in the event of the President's death, inability or refusal to act, the Vice-President, or if there is more than one Vice-President, the Senior Vice-President, shall perform the duties of the President, and when so acting shall have all the powers, of, and be subject to, all the restrictions upon the President. Otherwise, such Senior and other Vice-Presidents shall perform only such duties as may be assigned by the President or by the Board.

(c) Secretary. The Secretary shall keep the minutes of the meetings of the Members and the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws, or as required by law; be custodian of the records of the Association except those of the Treasurer, keep or cause to be kept under their general supervision by a registrar or transfer agent appointed by the Board, a register of the name and post office address of each Member as furnished by such Member; have general charge of the transfer books of the corporation; and in general perform all duties incidental to the office of the Secretary and such other duties as may be assigned to them by the President or by the Board.

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

Section 9: Committees. The Board shall appoint a nominating committee, as provided in the Declaration, and shall appoint other committees as the Board may deem appropriate to carry out the purposes of the Association.

ARTICLE X
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association; a copy shall be provided initially for the Owners of each Lot, and additional copies shall be made available for purchase by Members at reasonable costs.

ARTICLE XI
ANNUAL ASSESSMENTS

Section 1: Budget. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray Common Area Expenses.

Section 2: Assessments.

(a) All Owners shall be personally obligated to pay the estimated assessments imposed by the Board of Directors of the Association to meet the expenses to maintain the Common Area and Common Area Improvements of the Association. The expenses of the Association shall be assessed equally among all of the Lot Owners. Except for Lots owned by the Declarant as provided below, assessments for the estimated Common Area Expenses of the Association shall be due in advance of the first day of January of each year. Upon the sale of any Lot the current years' assessment shall be prorated between the parties. The method of assessment described herein may not be amended without the written approval of the Declarant, so long as there is a Class B Membership or thereafter, the consent of two-thirds (2/3) of vote entitled to be cast. Each member is obligated to pay to the Association annual assessments which are secured by a continuing lien on the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate of interest allowable by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot.

(b) Assessments shall be based upon the cash requirements deemed to be such aggregate sum of the Board of Directors of the Association shall from time to time determine is to be paid by all of the Lot Owners to provide for the payment of all estimated expenses growing out of or connected with the maintenance, repair, operation, alterations and improvements of and to the Common Area and

Common Area Improvements, which sum may include, but shall not be limited to, expenses of management, taxes and special assessments until separately assessed; premiums for insurance, landscaping and care of grounds, repairs, wages, legal and accounting fees, management fees, expenses and liabilities incurred by the Managing Agent, if any, on behalf of the Lot Owners under or by reason of the Declaration and By-Laws of the Association for the creation of a reasonable contingency and reserve.

(c) Pursuant to the provisions of the Declaration and By-Laws, the Board of Directors may levy such assessments for the purpose of defraying the cost of acquisition, construction, repair or reconstruction of the Common Area and Common Area Improvements in the event of their damage.

(d) The omission or failure to fix the assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of the owner's obligation to pay the same.

(e) Within thirty (30) days after adoption of any proposed Budget for the Association, the Board of Directors shall provide a summary of the Budget to all the Lot Owners, and shall set a date for a meeting of the Lot Owners to consider ratification of the Budget, which date shall not be less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless at that meeting a majority of all the Lot Owners, or any larger vote specified in the Declaration, reject the Budget, the Budget is ratified, whether or not a quorum is present. In the event the proposed Budget is rejected, the periodic Budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board of Directors.

Section 3: Association Lien for Non-Payment of Assessments of Common Area Expenses.

(a) All sums assessed by the Association but unpaid for the share of Common Area Expenses chargeable to any Lot shall constitute a lien on such Lot superior to all other liens and encumbrances, except only for tax and special assessment liens of the Lot in favor of any assessing entity, and all sums unpaid on any Mortgage filed of record prior to the filing of the Declaration, including all unpaid obligatory sums as may be provided by such encumbrances. In the event of default of payment of the assessment, the Owner shall be obligated to pay interest at the rate of ten (10%) per annum on the amount of the assessment from due date thereof together with all expenses, including attorney's fees incurred together with such late charges as provided by the Bylaws of the Association. To evidence such lien, the Board of Directors shall prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of accrued interest and late charges thereon, the name of the owner of the Lot and a description of the Lot. Such notice of lien shall be signed by one of the members of the Association's Board of Directors or by one of the officers of the

Association on behalf of the Association and shall be recorded in the Office of the Register of Deeds for Douglas County, Nebraska. Such lien shall attach and be effective from the due date of the assessment until all sums, with interest and other charges thereon, shall have been fully paid.

(b) Such lien may be enforced by the foreclosure of the defaulting owner's Lot by the Association in the manner of a deed of trust or mortgage on real property upon the recording of a notice of claim thereof or the Association may bring an action at law against the Owner personally obligated to pay the same. In any such proceedings, the Owner shall be required to pay the costs, expenses and attorney's fees incurred for filing the lien, and in the event of foreclosure, all additional costs, all expenses and reasonable attorney's fees incurred. The Owner of the Lot being foreclosure shall be required to pay the Association the monthly assessment for the Lot during the period of foreclosure, and the Association shall be entitled to a receiver during foreclosure. The Association shall have the power to bid on the Lot at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey and otherwise deal with the same.

(c) Any Mortgagee holding a lien on a Lot may pay, but shall not be required to pay, any unpaid Common Area Expenses payable with respect to such Lot, and upon such payment, such encumbrancer shall have a lien on such Lot for the amount paid of the same rank as the lien of this mortgage or encumbrance without the necessity of having to record a notice of claim of such lien. Upon request of a Mortgagee, the Association shall report to the Mortgagee of a Lot any unpaid assessments remaining unpaid for longer than thirty (30) days after the same is due; provided, however, that a Mortgagee shall have furnished to the Association notice of such encumbrance.

(d) The recorded lien may be released by recording a Release of Lien signed by one of the Members of the Association's Board of Directors or by one of the officers of the Association on behalf of the Association and shall be recorded in the Office of the Register of Deeds of Douglas County, Nebraska.

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

ARTICLE XII INDEMNIFICATION

Section 1: General. The Association shall indemnify and hold harmless each of its Directors and Officers, each member of any committee appointed by the Board, and Declarant, against any and all liability arising out of any acts or the Directors, Officers,

Committee Members, Board, or Declarant or arising out of their status as Directors, Officers, Committee Members, or Declarant, unless any such act is a result of gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses including, by way of illustration but not of limitation, attorney's fees and costs reasonably incurred in connection with the defense of any claim, action or proceeding, whether civil, criminal, administrative or other, in which any such Director, Officer, Committee Member, or Declarant may be involved by virtue of such person having the status of a Director, Officer, Committee Member, or Declarant, provided, however, that such indemnity shall not be operative with respect to any matters to which such person shall have been finally adjudged in such action or proceeding to be liable for gross negligence or criminal intent in the performance of his duties.

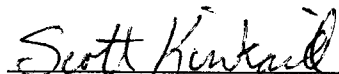
ARTICLE XIII
AMENDMENTS

These By-Laws may be changed, modified or amended, at a regular or special meeting of the Members, by seventy-five (75%) percent of the votes entitled to be cast by the Members at a regular or special meeting called for that purpose.

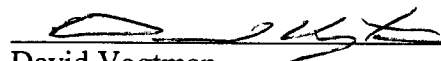
ARTICLE XIV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

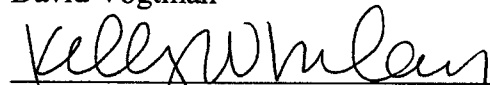
IN WITNESS WHEREOF, the undersigned, constituting all of the Directors of the Board, have approved these Bylaws this 15 day of NOVEMBER 2004.



Scott Kinkaid



David Vogtman



Kelly Whelan