

HILLSBOROUGH VILLAS ASSOCIATION - BYLAWS

BYLAWS
of
HILLSBOROUGH VILLAS ASSOCIATION
A Nebraska Nonprofit Corporation

ARTICLE I.

The name of this corporation is Hillsborough Villas Association, hereinafter referred to as the "Association". The principal office of the Association shall be located at PO Box 6700 Omaha, NE 68106, but meetings of Members and of directors may be held at such places within or without the State of Nebraska as may be designated by the Board of Directors. The purpose of these Bylaws is to administer the Declaration for the Properties defined below.

ARTICLE II.
DEFINITIONS

Section 1. "Association" shall mean and refer to Hillsborough Villas Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to:

- (a) The record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation or as an encumbrance upon the interest of the beneficial owner, and
- (b) The purchaser, whether one or more persons or entities, under a recorded contract for the sale and purchase of a Lot, under which the Seller retains title solely as security for the performance of the purchaser's obligation under the contract.

Section 3. "Properties" shall mean and refer to all of Lots 12 through 96 inclusive, of Hillsborough Estates, a Subdivision located in Douglas County, Nebraska, as surveyed, platted and recorded, and such additional lots as may become subject to the Declaration pursuant to the terms thereof.

Section 4. "Lot" shall mean and refer to any platted lot (other than for roadways) shown upon any recorded subdivision map of the Properties.

Section 5. "Declarant" shall mean and refer to the Declarant as defined in the Declaration, its successors and assigns.

Section 6. "Declaration" shall mean and refer to the "Declaration of Covenants, Conditions and Restrictions" applicable to the Properties, as amended and restated from time to time, as

recorded in the office of the Register of Deeds of Douglas County, Nebraska.

Section 7. "Member" shall mean and refer to those persons and/or entities entitled to membership as provided in the Declaration.

ARTICLE III.
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting shall be held within one year after the real estate closing date of the first villa sold. Each subsequent annual meeting of the Members shall be held each year, approximately one year from the previous annual meeting, on a date to be determined by the Board of Directors. Normally that date will be sometime in the month of May.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or the Vice President, or by the Board of Directors, and shall be called by the Secretary of the Association or other authorized person upon receipt by any officer of the Association of a written request signed by Members of the Association holding at least five percent (5%) of the voting power of the Association.

Section 3. Notice of Meetings. Written notice of any meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing either a copy of such notice, postage prepaid, or by e-mail, at least ten (10) days, but not more than sixty (60) days, in advance of any such meeting to each Member entitled to vote thereat, addressed to such Member's postal or e-mail address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of such notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. Notice of any meeting may be waived either before or after the meeting.

Section 4. Quorum and Proxies. In order to ensure that a quorum is present for all meetings of the Members, and to allow for orderly management of the Association's affairs, each Lot Owner, upon purchase of a Lot, shall execute and deliver to the Association a continuing proxy prepared by the Association. This continuing proxy shall operate in lieu of the actual attendance at the meeting by the specific Member and shall be void if the Member personally attends that meeting to exercise the Member's right to vote. A Lot Owner may provide a superseding proxy to be voted by his duly authorized attorney in fact for one specific meeting only. The continuing proxy shall be voted by the President, or Vice President of the Association in the absence of the President, in his or her discretion at any meeting. It is noted that Nebraska law requires that Members holding 1/10th of the votes entitled to be cast represented in person or by proxy shall constitute a quorum.

The continuing proxy shall provide on its face that it is valid on a continuous basis for an indefinite period of time until revoked in writing by the specific Lot Owner. All proxies shall be in writing and filed with the Secretary or Manager of the Association. Each proxy shall be revocable and shall automatically cease when the Member giving such proxy shall cease to be an

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Owner of a Lot or at such earlier time as shall be specified in the proxy. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy that it operates as a continuing proxy designed to ensure a quorum at all meetings.

Section 5. Informal Action by Members. Any action required to ~~the~~ be taken or which may be taken at a meeting of the Members may be taken without a meeting by obtaining the written consents of Members holding at least eighty percent (80%) of the voting power of the Association, which written consents shall describe the action taken and shall be signed by the consenting Members. Such consents shall have the same force and effect as a meeting vote of the Members and may be described as such in any articles or documents filed with the Secretary of State.

ARTICLE IV.
BOARD OF DIRECTORS

Section 1. Number of Directors. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) directors, with the number of directors to be set initially by the Articles of Incorporation of this Association, and from and after the time of the first meeting of Members, by vote of the Members at the annual meeting of the Members.

Section 2. Term of Office. Directors shall be elected for a term of two (2) years, and shall hold office until their successors shall be elected and qualified. At each annual meeting the Members shall elect new directors for those directors whose two year term has expired or vacated. The two year terms of directors should be staggered as much as possible in order that the Board will always have experienced directors serving along side of new ones.

Section 3. Removal. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the votes cast by the Members of the Association at any meeting called for such purpose. In the event of death, resignation or removal of a director, his or her successor shall be selected by the affirmative vote of a majority of the remaining directors and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any services rendered to the Association in his capacity as a board member. However, any director may be reimbursed for actual expenses incurred in the performance of official duties or be employed by the Association to perform any budgeted service(s).

Section 5. Informal Action by Directors. The directors shall have the right to take any action in the absence of a meeting which could have been taken at a meeting by obtaining the written consent of all of the directors, which consent may be executed by the directors in counterparts. Any action so approved shall have the same effect as though taken at a meeting of the directors.

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Section 6. Director as Employee. Nothing herein contained shall prevent a director from also being an employee of the Association or being employed by the Association to perform any budgeted service(s).

Section 7. Quorum. A majority of the directors shall constitute a quorum at any meeting of the directors; but in no event shall a quorum consist of less than one-half (1/2) of the number of directors so fixed or stated in the Articles of Incorporation. Any action taken by a majority vote of the directors present at any such meeting which has a quorum shall constitute an official act of the Board of Directors.

Section 8. Election. At each annual meeting of the Members of the Association, new members of the Board of Directors shall be elected for two years, and serve until his or her successor shall have been duly elected and qualified. The Board of Directors is encouraged to seek nominees in advance of each annual meeting, however all nominations shall be made at such annual meetings. Cumulative voting is not permitted. Each Property is entitled to one (1) vote by the Member as shall be entitled to exercise under the provisions of the Declaration, for each director to be elected. Persons receiving the most votes shall be elected. Those Directors will become effective when the meeting is adjourned

ARTICLE V.
DIRECTORS' MEETINGS

Section 1. Annual Meeting. The annual meeting of the Board of Directors shall immediately follow the annual meeting of the Members at which time new Officers will be elected by the directors. No notice of such annual meeting shall be required.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by twenty percent (20%) of the directors then in office, upon two (2) days prior notice of the meeting given personally, by mail, email or by telephone. Notice of any meeting may be waived either before or after the meeting.

Section 3. Regular Meetings. Meetings of the Board of Directors will be held at least quarterly, and as needed, in addition to the annual meetings.

ARTICLE VI.
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have, in addition to those powers under Nebraska law, the power to:

- (a) Adopt and publish rules and regulations governing the personal conduct of the Members and their guests and invitees, and to establish penalties for the infraction thereof;

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- (b) Suspend any Member's voting rights and right to receive Association benefits during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration; and
- (d) Employ a manager, an independent contractor, and such other employees and agents, which individual or entity may also be a member of the Board of Directors, as the Board may deem necessary, and to prescribe their duties and set their compensation.

Section 2. Duties. It shall be the duty, in addition to those duties under Nebraska law, of the Board of Directors to:

- (a) Cause to be kept a complete record of all of its acts and of the corporate affairs at the Association's Management office and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- (b) Supervise all officers, agents and employees of the Association; and see that their duties are properly performed;
- (c) As more fully provided in the Declaration:
 - (1) Fix the amount of the periodic assessments against each Lot at least thirty (30) days in advance of each assessment period;
 - (2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment period;
 - (3) Commence collection activities against any Lot or Owner for unpaid assessments more than 30 days delinquent. If less severe collection procedures do not compel the payment of the delinquent assessments, the Board shall foreclose the lien against any Lot charged with the assessment or shall bring an action against the Owner personally obligated for the assessment, as in the discretion of the Board is most effective and expedient;
- (d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge

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may be made by the Board of the issuance of any such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain general liability insurance on the Properties, and directors and officers liability insurance for the Association, its officers and directors;

(f) Cause all officers and employees having fiscal responsibilities to be bonded, as the Board may deem appropriate;

(g) Perform any other acts necessary to carry out the obligations of the Association, including maintenance of the exterior of residences on Lots in the Properties;

(h) Keep a record of the names and addresses of the Members entitled to vote; and

(i) All committees shall be chaired by a Member of the Board of Directors.

ARTICLE VII.
OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of this Association shall include a President, a Vice-President, a Secretary, Treasurer, and such other officers as may be elected in accordance with the provisions of this Article, and appointed by the Board of Directors as it shall deem appropriate.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. New officers may be created and filled at any meeting of the Board of Directors. Officers will become effective immediately.

Section 3. Term. Each officer of this Association shall be elected to hold office for a term of one (1) year or until such officer's successor shall have been elected and qualified, except as to the first elected officers.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board, or to the President or to the Secretary of the Association. Such resignation shall take effect upon delivery thereof, 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. Such resignation or removal shall be without prejudice to the contract rights, if any, of the officer so removed, nor shall such resignation or removal adversely affect the officer's membership on the Board of Directors.

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Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. Any officer appointed to fill such vacancy shall serve for the remainder of the term of the officer replaced.

Section 6. Multiple Offices. Any person may hold two (2) or more offices, provided, however, that no person shall at the same time hold the offices of President and Secretary, or President and Vice-President.

Section 7. Duties of Officers:

(a) The President shall perform all duties as may be prescribed by the Board of Directors, and shall preside at all meetings of the Members and Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments on behalf of the Association as authorized by the Board of Directors.

(b) The Vice-President shall act in place of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board of Directors.

(c) The Secretary shall record the votes and keep minutes of all meetings and proceedings of the Board of Directors and of the Members; shall serve notice of meetings of the Board and of the Members; and shall perform such other duties as may be required by the Board of Directors.

(d) The Treasurer shall oversee the duties of the Association's Manager in monthly review of the Association's Financial Report, the Monthly Budget Report, the Bank Reconciliation Report, bank statement, check register and supplier/subcontractor invoices. In addition, the Treasurer shall assist in the preparation of the annual budget, and a statement of income and expenditures of the Association; and shall perform such other duties as may be required by the Board of Directors. The Treasurer shall also ensure that the books of the Association are reviewed annually by a certified public accountant for tax return purposes and compliance with all applicable state revenue statutes.

Section 8. Duties of the Association's Manager. The board of Directors will contract with an outside firm to manage the affairs of the Association. This firm will act as the Association's principal office and perform the following duties on behalf of the Association: be the custodian of the corporate records and keep the corporate seal of the Association and affix it in all papers requiring said seal; shall keep current records showing the Members of the Association together with their addresses; shall keep a proper books of the Association's financial accounts, pay all proper invoices, collect, record and deposit all monies and keep track of member's payment of monthly dues; prepare and file liens as property sells and assessments made current; prepare the monthly newsletter; attend meetings and perform other duties as may be required by the board of

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directors. The Manager is authorized to pay all invoices less than \$5,000 which are part of work for the Association that are included in a budget that is already approved by the Board of Directors. All invoices above \$5,000, or for work that does not appear in an approved budget, must be approved by the Board of Directors first before they can be paid by the Manager.

ARTICLE VIII.
COMMITTEES

The Board of Directors will, by majority vote, designate and appoint three standing committees to provide assistance to the Board of Directors in carrying out the purposes of the Association. In addition, the Board may create other committees as needed. No committee, however, shall operate to relieve the Board of any responsibility imposed upon it by law, nor have and exercise the authority of the Board of Directors in the management of the Association. Each committee shall consist of two or more directors.

The duties of the standing committees include at least the following:

(a) Architectural Control Committee: The Board will be the members of the Architectural Control Committee, to enforce all published rules and regulations of the Association and to insure compliance with the Hillsborough Villas Declaration of Covenants, and the Bylaws. The President will be the chairperson.

(b) Nomination Committee: Will prepare a nomination slate of appropriate and suitable candidates for the Board of Directors, and submit the slate to the Board prior to the Annual Meeting of the Association. The Vice-President will be the chairperson.

(c) Finance Committee: to oversee the financial matters of the Association; prepare an annual budget and review the previous year's budget; and to review expenditures and approve the annual audit. The Treasurer will be the chairperson.

ARTICLE IX.
BOOKS AND RECORDS

The books, records of account and minutes of the proceedings of its Members, Board of Directors and committees having the authority of the Board of Directors and papers of the Association shall be kept and retained at all times, during reasonable business hours, subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE X.
INSURANCE

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Section 1. The Association shall purchase and provide comprehensive general liability coverage insurance for the Properties in such amounts as shall be determined from time to time by the Board of Directors of the Association. The Association, in addition to the foregoing, shall provide directors and officers liability coverage insurance for the Association, for its officers, and members of the Board of Directors. Finally, if the Association has any employees of any nature, the Association shall purchase and provide Worker's Compensation Insurance for all employees who may come within the scope of Nebraska Worker's Compensation laws.

Section 2. Each Owner shall, at its sole cost and expense, procure and maintain in full force and effect a policy or policies of insurance insuring such Owner and the Association, as an additional insured, against loss or damage by fire and such or risks as may be included within an extended coverage endorsement covering the full replacement cost of the buildings and other improvements from time to time erected upon or under such Owner's Lot. All such insurance shall be written by companies which are satisfactory to the Association and which are authorized to do insurance business in the State of Nebraska. Each policy shall contain an agreement by the insurer that it will not cancel or modify such policy except after thirty (30) days prior written notice to the Association and that any loss otherwise payable there under shall be payable notwithstanding any act or negligence of the insured. Certificates evidencing the existence of such insurance policies shall be delivered to the Association upon the reasonable request of the Association. Each Owner may obtain such additional insurance for such Owner's benefit and at such Owner's own expense as may be deemed necessary by the Owner, including coverage for personal property damage or personal liability.

Section 3. In the event that any building on the Properties shall be damaged or destroyed (partially or totally) by fire, the elements, or any other casualty, the Owner of such building shall, at its expense, promptly and with due diligence repair, rebuild, and restore the same as nearly as practical to the condition existing just prior to such damage or destruction; or alternatively, the Owner of such building shall be required to clear, clean and raze the damaged building and landscape the entire Lot.

ARTICLE XI.
ASSESSMENTS

As more fully provided in the Declaration, each Member other than the Declarant is obligated to pay to the Association monthly assessments and special assessments which are secured by a continuing lien upon the Lot or parcel against which the assessment is made. Any assessment which is not paid when due shall be delinquent. If any assessment is not paid within thirty (30) days after the due date, such assessment shall bear interest from the date of delinquency at the highest legal rate allowable by Nebraska statutes, and the Association may bring an action at law against the Owner personally obligated to pay the same, or may foreclose the lien of such assessment against the property through proceedings in any Court having jurisdiction of actions for the enforcement of such liens. Should any part of any assessment remain unpaid for more than sixty (60) days after the due date, the Association may declare the

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entire unpaid portion of such assessment for said year to be immediately due and thereafter delinquent. No Owner may waive or otherwise escape liability for the assessments provided herein by abandonment or transfer of such Owner's Lot or parcel except as set forth in writing by the Board of Directors.

There may be Special Circumstances in which the Board of Directors may suspend the monthly assessment of an Owner's Property for a maximum of six (6) months, after that six (6) months period, all back unpaid assessments will become due and payable immediately.

Examples of Special Circumstances are:

- Long term illness and owner is in a hospital or care facility,
- Owner is out of town for an extended period of time,
- Or other circumstances brought to the attention of the Board of Directors and voted on as an acceptable cause.

All Owners shall, prior to or simultaneously with becoming an Owner, execute such document(s) as necessary to enable the Association to receive the monthly assessments for the Owner's lot through automatic withdrawal or transfer, or any other electronic or other method deemed acceptable to the Association.

ARTICLE XII. AMENDMENTS

Section 1. These Bylaws may be amended at any regular or special meeting of the Members by a vote of two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less.

Section 2. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 3. Except as otherwise prescribed by statute or in these Bylaws, the Articles of Incorporation of the Association may be amended by the Members by two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less.

ARTICLE XIII. FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of each year, except that the first fiscal year of the Association shall begin with the date of incorporation.