

BY-LAWS OF
BLOCK 27 LAKE LOT OWNERS ASSOCIATION, INC.

ARTICLE I.

BY-LAWS

Section 1. Description. These are the By-Laws of Block 27 Lake Lot Owners Association, Inc., a Nebraska corporation, herein referred to as the "Association", with its registered offices at Omaha, Nebraska.

Section 2. Purpose. The corporation has been organized to maintain, operate and improve certain real property in Block 27 of Buccaneer Bay, a subdivision in Cass County, Nebraska, as surveyed, platted and recorded, including but not limited to the rights and obligations outlined in the Declaration of Covenants, Conditions and Restrictions for the Block 27 Lots which are recorded with the Register of Deeds of Cass County at Book 49 of Miscellaneous Records at Page 386, together with any amendments thereto, herein referred to as the "Covenants" and incorporated herein by reference, and to do and accomplish such other things which in the discretion of the Members and/or Directors of the Association, herein referred to as the "Members" or "Directors", are of mutual benefit to the Block 27 Lot Owners.

Section 3. Definition. Terms defined in the Covenants shall have the same meaning as stated in the Covenants when used herein.

Section 4. Membership.

a. How Membership Determined. Membership in the Association is automatically granted and restricted to record owners of Lots in Block 27 of Buccaneer Bay. Provided, however, when a record owner is selling a Lot to a buyer on a land contract, the contract buyer shall be the Member of the Association.

b. One Vote for Each Lot. There shall be one vote for each Lot regardless of the number of members owning an interest in said Lot. When more than one Member owns an interest in any Lot, the vote for said Lot shall be exercised as the Members owning said Lot shall determine among themselves, but in no event shall more than one vote be cast with respect to each Lot. In the event the Owners of a Lot are not in agreement with respect to how the vote for said Lot is to be cast, the Directors may in their sole and absolute discretion (i) count the first vote cast for said Lot by any Member Owner of said Lot or (ii) disallow any vote for said Lot or (iii) register the vote for said Lot in accordance with the wishes of a majority of the Owners of said Lot.

c. Membership Count. In addition to voting, for purposes of a quorum, adjournment, removal of Directors, or for any other purpose where a Member count is referred to in these By-Laws, the Member count shall be the number of Lots represented by Members.

Section 4. Property Covered. The property covered by these By-Laws shall be all of the Lots and the Common Properties (Lot 1LR, Outlots C1R, C2R, C3R and C4R) all in Block 27 of Buccaneer Bay.

ARTICLE II.

MEMBERS

Section 1. Annual Members' Meetings. The first annual meeting of the Members shall be held on a date selected by the initial directors and all subsequent annual meetings shall be held in such month and date of each year thereafter as selected by the Board of Directors, but at least annually.

Section 2. Special Meetings of the Members. Special meetings of the Association Members may be called by the President or Vice President of the Association, herein referred as "President" or "Vice President", or by a majority of the Board of Directors and must be called upon receipt of a written request from a majority of Members. Notice of a special meeting shall state the time and place of such meeting and the purpose thereof. No business, except as stated in the notice, shall be transacted at the special meeting.

Section 3. Place of Meetings. Meetings of the Association Members shall be held at such place as shall be convenient to the Members as shall be determined by the Board of Directors.

Section 4. Notice of Meetings. It shall be the duty of the Secretary of the Association, herein referred to as "Secretary", to mail a written notice of each annual or special meeting of the Association not less than ten (10) nor more than sixty (60) days in advance of the meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member, at his or her address or at such other address as such Member shall have designated by notice in writing to the Secretary. The mailing of the notice of the meeting in the manner provided by this Section shall be considered service of notice.

Section 5. Quorum. A quorum for Association Members' meetings shall consist of the presence, in person or by proxy, of a majority of Members, unless otherwise provided in these By-Laws or the Covenants.

Section 6. Voting. Each Member, or some person designed by such Member to act as proxy on his behalf and who need not be a Member, shall be entitled to cast the vote for such Member at all meetings of the Members. The

designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the Member so designating. A fiduciary shall be the voting Member with respect to any Lot owned in a fiduciary capacity.

Section 7. Majority Vote. The vote of a majority of Members at a meeting at which a quorum shall be present shall be binding upon all Members for all purposes except where these By-Laws require a higher percentage.

Section 8. Procedure. The President shall preside over Members' meetings and the Secretary shall keep the minutes wherein the action taken shall be recorded.

Section 9. Adjournment. If any meeting of the Members cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called and may designate the same or another place for the adjourned meeting to be held.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of this Association shall be managed by a board of not less than three (3) Directors herein referred to as the "Board" or the "Directors", who need not be members of the Association. The number of Directors may be increased by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act as Directors until the election of their successors are the following:

<u>Name</u>	<u>Address</u>
W. L. Morrison, Jr.	8701 W. Dodge Rd., #300, Omaha NE 68114
Kristy J. Gregath	8701 W. Dodge Rd., #300, Omaha NE 68114
Norris D. Franzen	8701 W. Dodge Rd., #300, Omaha NE 68114

At the September 23, 2007 annual meeting the number of board members was changed from 3 to 5 by a vote of 75% of the members.

Section 2. Powers and Duties. The Board shall have the power and duties necessary for the administration of the affairs of the Association, and may do all acts and things except, as by law or by these By-Laws, may not be delegated to the Board by the Members. Such powers and duties of the Board shall include, but shall not be limited to, the following:

- a. Operation, care, upkeep and maintenance of the Common Properties, as the Board in its sole and absolute discretion shall determine.
- b. Determination of the assessment for expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the Association.
- c. Collection of assessments of all types, as later outlined herein.
- d. Employment and dismissal of the personnel and/or contractors necessary for the maintenance and operation of the various properties as outlined herein.
- e. Adoption and amendment of rules and regulations covering the details of the operation and use of the properties as outlined herein.
- f. Opening of bank accounts on behalf of the Association and designating the signatories required therefore.
- g. Making repairs, additions and improvements to or alterations of the properties as outlined herein.

Section 3. Managing Agent and Manager. The Board may employ a managing agent and/or a manager at a compensation established by the Board to perform such duties and services as the Board shall authorize.

Section 4. Election and Term. At the first annual meeting, the Members shall elect one-third (1/3) of the entire Board for a term of one (1) year, one-third (1/3) of the entire Board for a term of two (2) years, and one-third (1/3) of the entire Board for a term of three (3) years. At each annual meeting thereafter the Members shall elect one-third (1/3) of the entire Board for a term of three (3) years, or, in the event the total number of Directors is not divisible by three, then as near one-third (1/3) as possible to maintain the three year term for Directors.

Section 5. Removal of Directors. At any regular or special meeting of Members, any one or more of the Directors may be removed, with or without cause, by a majority vote of the Members and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any members of the Board whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting prior to the vote.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason, other than the removal of a member thereof by a vote of the Members, shall be filled by vote of a majority of the remaining Directors at a special meeting

of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a Director for the remainder of the term of the vacating member and until a successor shall be elected in accordance with these By-Laws.

Section 7. Annual Board Meeting. The annual meeting of the Directors shall be held immediately following the annual meeting of the Members. No notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, providing a majority of the whole Board of Directors shall be present.

Section 8. Regular Meetings. Regular meetings of the Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors but at least two such meetings shall be held during each calendar year, in addition to the annual meeting. Notice of regular meetings of the Directors shall be given to each Director in person or by mail, at least three (3) business days prior to the day named for such meeting.

Section 9. Special Board Meetings. Special meetings of the Directors may be called by the President upon five (5) business days' notice to each Director personally or by mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Directors shall be called by the President or Secretary in like manner and like notice on the written request of at least a majority of Directors unless there are less than three (3) Directors, in which event, upon the written request of one (1) of the Directors.

Section 10. Waiver of Notice. Any Director may at any time waive notice of any meeting of the Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice to him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Directors a majority thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at the meeting at which a quorum is present shall constitute the decision of the Directors. If at any meeting of the Directors, there shall be less than a quorum present, a majority of those present may adjourn the meeting to another time. At any such adjourned meeting at which a quorum is present, any business, which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 12. Fidelity Bonds. The Directors shall obtain fidelity bonds for the President and Treasurer of the Association in an amount of twenty-five thousand dollars (\$25,000.00), or such other amount as the Directors shall from

time to time determine. The premiums on such fidelity bonds shall constitute an expense of the Association.

Section 13. Compensation. No Director shall receive any compensation from the Association for acting as such; provided, however, Directors shall receive reimbursement for expenses actually incurred.

Section 14. Liability. The Directors shall not be liable to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Members shall indemnify and hold harmless each Director against all contractual liability to others arising out of contracts made by the Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of these By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The liability of any Member arising out of any contract made by the Directors or out of the indemnity in favor of the Directors shall be limited to said Members proportionate per Lot share of the total amount as determined by the fractional share of Lot(s) owned by said Member divided by the total number of Lots for which the Association is entitled to collect an assessment at the time the Association becomes liable.

ARTICLE IV.

OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Directors, and such additional officers as the Directors shall from time to time deem necessary. Any person may hold two or more offices, but no one person shall hold the offices of President and Secretary simultaneously. As a qualification for the office of President, the person elected must be a Director. Other Directors may also be officers.

Section 2. Election. The officers of the Association shall be elected annually by a majority vote of the Directors at the annual Directors meeting, and shall hold office at the pleasure of the Directors.

Section 3. Removal. Upon the affirmative vote of a majority of the Directors, any officer may be removed, with or without cause, and his or her successor shall be elected at any regular or annual meeting, or at a special meeting of the Directors called for that purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and of the Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the laws of Nebraska,

including but not limited to, the power to appoint committees from among the Members from time to time as he may at his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Directors shall appoint some other Director to act in place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Directors or by the President.

Section 6. Secretary. The Secretary shall take the minutes of all meetings of the Members and of the Directors and shall keep same at the principal office of the Association unless otherwise instructed by the Directors; he shall have charge of such books and papers as the Directors may direct; and he shall, in general, perform all the duties incident to the office of the secretary of a corporation organized under the laws of the State of Nebraska.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the depositing of all monies and other valuable effects in the name of the Directors or the managing agent, in such depositories as may from time to time be designated by the Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of the State of Nebraska.

Section 8. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 9. Agreements, Contracts, Etc. All agreements, checks, contracts and other instruments shall be signed by two officers or Directors of the Association or by such other person or persons as may be designated by the Directors.

ARTICLE V.

ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments. The Declarant for each Lot owned by the Declarant as defined in the Covenants, and each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, hereby covenant and agree to pay to the Association all assessments or charges which shall be established and collected, both as herein provided. These assessments, together with interest, costs, and attorney's fees, shall be a charge on the Lots and shall be a continuing lien on the

Lot against which each assessment is made. ALL SUBSEQUENT PURCHASERS SHALL TAKE TITLE TO THE LOT SUBJECT TO SAID LIEN AND SHALL BE BOUND TO INQUIRE OF THE ASSOCIATION AS TO THE AMOUNT OF ANY UNPAID ASSESSMENTS. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of all person(s) who were an Owner of such Lot at the time when the assessment was created or fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of said Owner(s) unless expressly assumed by such person, but the lien shall continue on the Lot and the personal liability of all who were Owners at the time the lien was created shall continue.

Section 2. Purpose of Assessments. The assessments by the Association shall be used exclusively for the following purposes: (a) to own, administer, insure, operate, manage, control, maintain, repair, and inspect the Common Properties, including but not limited to the lake, and including all the improvements, structures, facilities and fixtures on the Common Properties and the grounds thereof, and personal property used in connection therewith; (b) to exercise the rights reserved to the Association in Paragraph C.10. of Article III of the Covenants; (c) to acquire, construct, reconstruct, or replace new or existing capital improvements, structures, facilities and fixtures in or on the Common Properties, including personal property used in connection therewith; (d) to pay the costs and expenses of enforcing the provisions of the Covenants, including the fees of attorneys hired to represent the Association, court costs, witness fees, and related costs; (e) to pay the real estate taxes on the Common Properties, and (f) to carry out such other purposes as the Association shall from time to time determine to be in the best interests of its members and consistent with the provisions of the Associations Articles of Incorporation and By-Laws and the provisions of the Covenants.

Section 3. Annual Assessment. Before each fiscal year, the Board of Directors of the Association shall adopt and fix in reasonably itemized detail an annual budget for the anticipated expenses and costs for that year, and shall levy and collect assessments from each Lot which, considering other sources of income, if any, shall be sufficient to fund the budget for said fiscal year. The regular assessment with respect to all Lots shall be uniform in amount.

Section 4. Weed Mowing and/or Clearing Assessment. In the event the Association exercises its rights reserved in Paragraph C.10. of Article III of the Covenants, the lien against the Lot shall be the amount the Board shall determine to be sufficient to cover the expense of mowing and/or clearing and of collecting the assessment.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a new or existing capital improvement,

structure, facility, or fixture on the Common Properties, including but not limited to, personal property related thereto. Provided, however, any such assessments shall have the assent of the Owners of a majority of the Lots who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Assessments Must be Sufficient in Amount. Regardless of any other provisions herein contained, the annual assessment and special assessments shall be sufficient in amount to carry out the Association's obligations under Articles IV of the Covenants.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence:

a. When Assessments Start. Beginning _____, all Lots shall be subject to the assessments contained herein.

b. When Assessed and Notice to Owners. The Board shall fix the amount of the annual assessments to be assessed against each Lot at least thirty (30) calendar days prior to the commencement of the first full fiscal year of the Association. Written notice of the annual assessment shall be sent to each Owner subject thereto at least twenty (20) calendar days prior to the due date of the assessment, or the first installment thereof, including the due dates and amounts thereof. The failure of the Board to so notify each Owner in advance shall not, however, relieve any Owner of the duty and obligation to pay such assessment or any installment thereof. The Board shall have the authority, in its discretion, to require that all Owners pay the annual assessment in one payment or in installments becoming due at such time or times during the assessment year and payable in such manner as determined by the Board. The annual assessments shall be and become a lien as of the date of the annual assessments.

c. Certificate Furnished Re: Payment of Assessment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within the thirty (30) calendar days after the due date shall bear interest from the due date at the rate of eleven per cent (11%) per annum or the maximum rate of interest at which individuals may contract if said maximum annual rate of interest is less than eleven per cent (11%) per annum. The Association may bring an action at law against an Owner personally obligated to pay the same or may foreclose the lien against the property in the same manner as provided by law for the foreclosure of mortgages. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Properties, or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or the exercise of rights under a deed of trust shall extinguish the lien for such assessments as to payments which became due prior to such sale or transfer, but all person(s) who owned the Lot at the time when the lien attached shall remain personally liable for payment of the amount of the lien.

ARTICLE VI.

AMENDMENT

Section 1. Amendment of By-Laws. These By-Laws may be amended by a favorable vote of seventy-five per cent (75%) or more of the Members. This may be done at a special or annual meeting of the Members.

ARTICLE VII.

RECORDS

Section 1. Records and Audit. The Directors or the managing agent shall keep detailed records of the actions of the Directors and the managing agent, minutes of the meetings of the Directors, minutes of the meetings of the Members, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each Lot which, among other things, shall contain the amount of each assessment against such Lot, the date when due, the amounts paid thereon, together with the date(s) of payment(s) and the balance remaining unpaid.

Section 2. Examination of Books. Each Member and each mortgagee of a Lot shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more often than once every three (3) months.

ARTICLE VIII.

MISCELLANEOUS.

Section 1. Notices. Any notice required to be sent to any Member shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as a Member on the records of the Association at the time of such mailing; provided, that it shall be the sole responsibility of each contract buyer and mortgagee to notify the Association, in

writing, of its interest in a Lot prior to the responsibility of the Association to notify said contract buyer or mortgagee as required under any of the provisions herein established. In the absence of such notice, the Association shall be free from any liability or responsibility to such party or parties arising by reason of performing its duties hereunder.

Section 2. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 3. Nonwaiver. No restrictions, conditions, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce same, irrespective of the number of violations or breaches thereof which may occur.