

**BYLAWS
OF
STONE RIDGE HOMEOWNERS ASSOCIATION**

Article I. Purpose

Stone Ridge Homeowners Association (the "Corporation") has been organized for the purposes set forth in the Articles of Incorporation. The general purpose for which the Corporation is formed is to promote the health, safety, recreation, welfare and enjoyment of the residents of the Residential Property, legally described in the Stone Ridge Estates Restrictive Covenants recorded with the Lancaster County Register of Deeds office as Instrument No. 2002-047398, as the same may be amended from time to time as therein provided (the "Covenants"), said Covenants being incorporated as if set forth herein. Capitalized terms not otherwise defined herein are defined in the Covenants.

Article II. Offices

The principal office of the Corporation in the State of Nebraska will be located at 3355 Orwell, Suite 102, in the City of Lincoln, County of Lancaster. The Corporation may have such other offices, either within or without the State of Nebraska, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

The Corporation will have and continuously maintain a registered office, and a registered agent whose office is identical with the registered office. The registered office may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

Article III. Members

Section 1. Membership. Every person or entity who becomes a record titleholder of a fee interest in any Lot which is subject to the terms of the Covenants shall be a Member of the Corporation, including contract buyers. However, any person or entity who holds an interest merely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the terms of the Covenants.

Section 2. Membership Voting Rights. The Members of the Corporation shall have the absolute and unconditional right to elect the members of the Board of Directors, subject to the qualification requirements for such Directors provided in these Bylaws. The Corporation shall have the following two classes of voting Members: (i) Class A Members shall include all members of the Corporation except the Owner and any successor in interest. Each Class A member of the Corporation shall be entitled to all rights of membership and to one (1) vote for each lot; and (ii) Class B Members shall include only the Owner and any successor in interest. The Class B member shall be entitled to ten (10) votes for each lot. However, the Class B

membership shall be converted to Class A membership when the total number of votes entitled to be cast by Class A members equals the total number of votes entitled to be cast by the Class B member.

Section 3. Meetings of Members. An annual meeting of the Members shall be held on the second Tuesday in the month of September in each year, beginning with the year 2003 at the hour of 7:00 p.m. for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Nebraska, such meeting shall be held on the next succeeding business day. At each annual meeting, the members shall elect one director for a term of three years, by a plurality vote. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

Section 4. Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors, or by the Members holding at least five percent (5%) of the voting rights of the Corporation.

Section 5. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Nebraska, as the place of meeting for any annual meeting or for any special meeting of the Members. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Corporation in the State of Nebraska.

Section 6. Notice of Meeting. Written or printed notice stating the place, day and hour of the annual meeting and any special meeting of Members shall be delivered either personally or by mail to each Member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. The purpose or purposes for which the meeting is called shall be stated in the notice along with a description of any matter or matters that must be approved by the Members. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at said Member's address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 7. Informal Action by Members. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members holding at least eighty percent (80%) of the voting power with respect to the subject matter thereof and is filed with the Secretary of this Corporation.

Section 8. Voting. When more than one Member holds an undivided ownership interest in any Lot, the vote for such Lot shall be based upon each undivided titleholder voting its undivided percentage recorded ownership interest for said Lot. In the event there is a contract buyer, the record titleholder of the Lot shall cast the vote for said Lot, unless the contract buyer

and record titlholder agree otherwise in writing and deliver a copy of the written agreement to the Corporation. Members are entitled to use cumulative voting when voting for directors.

Section 9. Quorum. The presence in person or by proxy of Members entitled to cast ten percent (10%) of the votes of the Lots shall constitute a quorum for the transaction of business at any meeting of Members. The act of a majority of the votes present at the meeting at which there is a quorum, shall be the act of the Corporation, except as may otherwise be specifically provided by statute or these Bylaws. Notwithstanding the above, unless one-third of the votes of the Lots are present in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of the Members are those matters described in the meeting notice.

Section 10. Telephone Conference. Members of the Corporation may participate in a meeting through the use of conference telephone or similar communications equipment so long as all Members participating in such meeting can hear one another. Participation in a meeting pursuant to this section shall constitute presence in person at a meeting.

Article IV. Board of Directors

Section 1. General Powers. The affairs of the Corporation will be managed by its Board of Directors.

Section 2. Number, Tenure and Qualifications. The number of Directors shall be no less than three (3) nor more than five (5) and the initial board of directors shall consist of three (3) Members as set forth in the Articles of Incorporation.

The initial directors shall serve a three year term. In the event that the Members fail to elect or reselect the directors, the existing directors shall continue to hold office for additional three year terms until they resign and/or Members duly elect new directors.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the presiding officer of the Board, the President or twenty percent (20%) of the Directors then in office.

Section 4. Notice. Notice of any special meeting of the Board of Directors will be given at least three (3) days prior thereto by written notice delivered personally or sent by mail to each Director at the Director's address as shown by the records of the Corporation. If mailed, such notice will be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 5. Quorum. A majority of the Board of Directors will constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of a majority of the Directors will be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 7. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected to fill a vacancy will be elected for the unexpired term of the predecessor in office.

Section 8. Compensation. Directors as such will not receive any stated salaries for their services, but nothing herein will be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 9. Informal Action by Directors. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the Directors.

Article V. Power and Duties of the Board of Directors

Section 1. Powers and Duties of the Board of Directors. All the powers and duties of the Corporation existing under the Articles of Incorporation, the Nebraska Nonprofit Corporation Act and the Covenants shall be exercised exclusively by the Board, its agents, contractors or employees, subject only to approval by Members who are entitled to vote when such is specifically required.

Section 2. Annual Assessments and Liens. Annual dues and special assessments, other than for capital improvements, may be levied by the Board of Directors of the Corporation. Any special assessment for capital improvements may be rejected at any time within thirty (30) days of the notice of the levy by the vote of a majority of each class of members affected and entitled to vote, at a regular meeting of the members or at a special meeting of the members, if notice of a special assessment is contained in the notice of the special meeting.

The members shall pay annual dues and special assessments to the Corporation or Managing Agent as billed. Each member's dues shall be determined on an annual basis for each fiscal year prorating a fractional year which may occur by issuance of a building permit for any dwelling. The initial annual dues are established at \$75 per year per lot. Changes in the amount of future annual dues shall be based upon an estimate of the Corporation's cost for administration, maintenance and improvement of the Commons and each member shall pay the annual dues so established in advance. At the end of each fiscal year, a statement of the total

year's Common's operating costs may be presented to the members of the Corporation and the members shall pay any excess charge to the Corporation within thirty (30) days of the statement.

- a. Budgets. A Corporation or Managing Agent shall prepare, approve and make available to each member a pro forma operating statement (budget) containing: (1) estimated revenue and expenses on an accrual basis; (2) the amount of any cash reserves of the Corporation currently available for replacement or major repair of the Commons and for contingencies; (3) an itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to, major components of the Commons; and (4) a general statement setting forth the procedures used by the Corporation in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Commons.

- b. Additional Charges. In addition to any amounts due or any other relief or remedy obtained against a member who is delinquent in the payment of any dues or assessments, each member agrees to pay such additional costs, fees, charges and expenditures ("Additional Charges") as the Corporation or Managing Agent may incur or levy in the process of collecting from each member monies due and delinquent. All Additional Charges shall be included in any judgment in any action brought to enforce collection of delinquent dues or assessments. Additional Charges shall include, but not be limited to, the following:
 - i. Attorney's Fees. Reasonable attorney's fees and costs incurred in the event an attorney(s) is employed to collect any dues, assessment or sum due, whether by suit or otherwise.

 - ii. Late Charges. A late charge in an amount to be fixed by the Corporation to compensate the Corporation for additional collection costs incurred in the event any dues, assessment or other sum is not paid when due or within any "grace" period. The late charge shall not exceed ten percent (10%) of the delinquent assessment or Twenty Dollars (\$20), whichever is greater.

 - iii. Costs of Suit. Costs of suit and court costs incurred as allowed by the court.

 - iv. Filing Fees. Costs of filing notice of lien in the Office of the Register of Deeds.

 - v. Interest. Interest on all dues and assessments at the rate of fourteen percent (14%) per annum, commencing thirty (30) days after the assessment becomes due.

- vi. Other. Any other costs that the Corporation may incur in the process of collecting delinquent dues and assessments.
- c. Lien. The dues and assessments shall be the personal obligation of the member who is the owner of the lot assessed at the time of the assessment and when shown of record shall be a lien upon the lot assessed.
- d. Fines. The Corporation may create a schedule of fines for violation of Corporation rules and regulations which fine shall be treated and billed as a special assessment to the offending member's lot.

Section 3. Abatement of Dues and Assessments. Notwithstanding any other provision of these Restrictive Covenants, the Board of Directors may abate all or part of the dues or assessments due in respect of any lot, and shall abate all dues and assessments due in respect of any lot during the period such lot is owned by the Owner.

Section 4. Disbursements. The Board shall use the proceeds of the dues and assessments in the exercise of its powers and duties.

Section 5. Maintenance. The Board shall administer, insure, maintain, repair, replace, add, improve, and to the extent applicable, own the Commons located upon the Residential Property.

Section 6. Employees. The Board shall have the authority to employ or contract for such personnel on a regular or intermittent basis, full or part-time, as the Board deems necessary in the fulfillment of the responsibilities set forth herein. The Board shall have the authority to fix compensation for such employees or contractors; to terminate or replace such employees or contractors, when, in the judgment of the Board, such action is warranted.

Section 7. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 8. Checks, Drafts, and Orders for the Payment Money. All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President of the Corporation.

Section 9. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 10. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Corporation.

Article VI. Officers

Section 1. Officers. The officers of the Corporation will be a President, one or more Vice Presidents (the number to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it deems desirable, such officers to have the authority, and to perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary and except the offices of President and Vice President.

Section 2. Election and Term of Office. The officers of the Corporation will be elected annually by the Board of Directors at the annual meeting of the Board of Directors. If the election of officers is not held at such meeting, such election will be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer will hold office until a successor is qualified and has been duly elected.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal will be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President will be the principal executive officer of the Corporation and will in general supervise and control all of the business and affairs of the Corporation. The President will preside at all meetings of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof is expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Corporation; and in general will perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order of their election) will perform the duties of the President, and when so acting, will have all the powers of and be subject to all the restrictions upon the President. Any Vice President will perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 7. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer will have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as are selected in accordance with the provisions of these Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 8. Secretary. The Secretary will keep the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws; keep a register of the post-office address of each Director which shall be furnished to the Secretary by such Director; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 9. Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

Article VII. Indemnification

Any person who at any time shall serve, or shall have served, as a director, officer, employee or agent of the Corporation, and the heirs, executors, and administrators of any such person, shall be indemnified to the full extent authorized by Nebraska Law, including, but not limited to the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1901 et seq., as enacted or hereafter amended.

Article VIII. Books and Records

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the

authority of the Board of Directors. All books and records of the Corporation may be inspected by any Director, or his agent or attorney, for any proper purpose at any reasonable time.

Article IX. Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

Article X. Seal

The Board of Directors may, but need not, provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal."

Article XI. Waiver of Notice

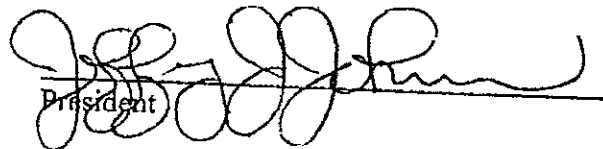
Whenever any notice is required to be given under the provisions of the Nebraska Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records, shall be deemed equivalent to the giving of such notice.

Article XII. Amendments to Bylaws

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority vote of the Directors present at any regular meeting or at any special meeting, if at least two days' written notice is given of intention to alter, amend or repeal or to adopt new Bylaws at such meeting.

The foregoing were adopted as the Bylaws of Stone Ridge Homeowners Association, a nonprofit corporation under the laws of the State of Nebraska, at the first meeting of the Board of Directors on July 29, 2002.

Approved:


President


Secretary