Designing Single-Family Residences: A Study of the Positive Impact of Interior Design in Creating New Home Value

Shawn M. Falcone
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DESIGNING SINGLE-FAMILY RESIDENCES:

A STUDY OF

THE POSITIVE IMPACT OF INTERIOR DESIGN IN CREATING NEW HOME VALUE

By

Shawn M. Falcone

A THESIS

Presented to the Faculty of

The Graduate College at the University of Nebraska

In Partial Fulfillment of Requirements

For the Degree of Master of Science

Major: Architecture

Under the Supervision of Professor Lindsey Bahe

Lincoln, Nebraska

August 2019
DESIGNING SINGLE-FAMILY RESIDENCES:

A STUDY OF

THE POSITIVE IMPACT OF INTERIOR DESIGN IN CREATING NEW HOME VALUE

Shawn M. Falcone, M.S.

University of Nebraska, 2019

Advisor: Lindsey Bahe

This study seeks to demonstrate that interior designers should be included as primary stakeholders in the home construction market. The market demand for new single-family homes in America is a relative constant. The primary stake and role that land developers, architects, draftsman, home builders, bankers, appraisers, real estate agents, and buyers have in the home construction market is clear. What is less clear is the role in value an interior designer has in the home construction market. This thesis examines the impact designers have on home value when their expertise is utilized in space planning (i.e.: layout, function, room utilization, furniture space plan) and finish selection (i.e.: appliances, cabinetry, flooring, and light fixtures, etc.).

The data contained herein measures twelve homes in two sites (over a six-year period) in Nebraska using a comparative market analysis (CMA), a method used by real estate agents to estimate home value based on recorded sales price figures of similar homes in the same area, and site observation. This midwestern location is in a central position in the U.S., where home values are steadier. Three of the six homes in each site involved a designer, while three did not. The data found that designer homes exhibited an average total price per finished square foot of $54.67 above the non-designer homes. The
descriptive statistics in this study suggest that a link between interior design and home value exists, hence the need for this research.
ACKNOWLEDGEMENTS

Thank you to my advisor, Lindsey Bahe, for your patience and steadfast dedication to helping me narrow down my topic. Without your guidance and feedback this would not have been the same.

My business partner and best friend since birth, Michele Hybner, in every way, you enhance my life and make me better just by being around you. Your support and friendship are a treasure.

To Regan Levitte and Shawn Rubenfeld – thank you for your help in editing and to Donna Chen for your statistics guidance.

I am grateful to my parents, Allan Hovey and Linda Ebbesmier. You both inspire and teach by example the importance of being giving, humble, and kind.

Lastly, to my two sons whom I adore, Landon Falcone and Jaden Falcone – always keep your eyes focused up, trust your instincts and remember anything is possible.
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CHAPTER I: INTRODUCTION

Single-family homes are often the largest asset privately held in a consumer’s portfolio (Fisher & Williams, 2011). It is reasonable to believe that protecting investment value of an asset of this magnitude is highly important for the primary stakeholders involved in the construction process. In order to make a connection between design and increased home value, it is important to first understand the following regarding the single-family residential market:

1. The current residential market supply and demand, number of new single-family home starts vs. sales, and average sales price recorded in the U.S.
2. What is residential “market value” and why does it matter?
3. Who are the primary stakeholders in the new home construction process?
4. What percentage of new building projects currently include an interior designer in the residential single-family home construction process in the U.S.?
5. What was the researcher’s impetus for this study?
6. How is the hypothesis tested? What research methodology did the researcher use in this case study in attempting to substantiate that a professional interior designer should be a key player with a primary stake in the construction process in space planning and finish selection to increase home “market value”.

In America, the supply and demand for single-family home ownership is a relative constant. The current residential housing supply and demand, the number of new single-family home starts vs. sales, and the median sales price recorded in the United States are
important market indicators (Figure 1) (Charts A and B). Supply and demand in housing units are variables that influence market value. Currently, there is more single-family housing supply than demand with an inventory residual of 5.6 months. This can drive market value down.

### U.S. NATIONAL HOUSING INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Current Quarter</th>
<th>Previous Quarter</th>
<th>Year-Age Quarter</th>
<th>Change From Previous Quarter</th>
<th>Change From Year-Age Quarter</th>
<th>Current Quarter as of Date</th>
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<tr>
<td><strong>HOUSING SUPPLY</strong></td>
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<tr>
<td>Housing Permits (in thousands)</td>
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<tr>
<td>Total</td>
<td>1,290</td>
<td>1,294</td>
<td>1,295</td>
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<tr>
<td>Single-Family</td>
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<td>841</td>
<td>839</td>
<td>-2.5%</td>
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<tr>
<td>Multifamily (SF)</td>
<td>472</td>
<td>453</td>
<td>453</td>
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<tr>
<td>Housing Starts (in thousands)</td>
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<tr>
<td>Total</td>
<td>1,303</td>
<td>1,317</td>
<td>1,321</td>
<td>1.5%</td>
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<td>GQ 2019</td>
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<tr>
<td>Single-Family</td>
<td>854</td>
<td>828</td>
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<td>Multifamily (SF)</td>
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<td>489</td>
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<td>Under Construction (in thousands)</td>
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<tr>
<td>Total</td>
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<td>Single-Family</td>
<td>529</td>
<td>540</td>
<td>539</td>
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<tr>
<td>Multifamily (SF)</td>
<td>502</td>
<td>604</td>
<td>604</td>
<td>-20.6%</td>
<td>-23.3%</td>
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<td>Housing Completions (in thousands)</td>
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<tr>
<td>Total</td>
<td>1,308</td>
<td>1,367</td>
<td>1,242</td>
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<td>Single-Family</td>
<td>905</td>
<td>793</td>
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<td>Multifamily (SF)</td>
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<td>New Homes for Sale (in thousands)</td>
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<td>Inventory</td>
<td>335</td>
<td>345</td>
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<td>13.2%</td>
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<tr>
<td>Months’ Supply (months)</td>
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<td>5.4</td>
<td>-24.3%</td>
<td>3.7%</td>
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### U.S. NATIONAL HOUSING INDICATORS

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<thead>
<tr>
<th>Indicator</th>
<th>Current Quarter</th>
<th>Previous Quarter</th>
<th>Year-Age Quarter</th>
<th>Change From Previous Quarter</th>
<th>Change From Year-Age Quarter</th>
<th>Current Quarter as of Date</th>
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<tr>
<td><strong>HOUSING DEMAND</strong></td>
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<td>Single-Family</td>
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<td>642</td>
<td>17.3%</td>
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<td>Existing Homes Sold (in units)</td>
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<td>Single-Family, Townhomes, Condos, Co-ops</td>
<td>5,307</td>
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<td>5,507</td>
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<td>Condos and Co-ops</td>
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<td>577</td>
<td>613</td>
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<td>First-Time Buyers (%)</td>
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<td>Investor Sales (%)</td>
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<td>GQ 2019</td>
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<td>Median (in $)</td>
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<tr>
<td>New Homes</td>
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<td>327,800</td>
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<td>-4.7%</td>
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<tr>
<td>Existing Homes</td>
<td>262,033</td>
<td>255,733</td>
<td>240,833</td>
<td>-2.4%</td>
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<tr>
<td>CoreLogic Case-Shiller (in thousands)</td>
<td>265.8</td>
<td>255.8</td>
<td>255.8</td>
<td>1.1%</td>
<td>5.1%</td>
<td></td>
</tr>
</tbody>
</table>

SA = seasonally adjusted. NSA = not seasonally adjusted. SAAH = seasonally adjusted annual rate. r = revised. s = statistically significant. n = not statistically significant. u = statistical significance unavailable. FHFA = Federal Housing Finance Agency.

Notes: Components may not add to totals because of rounding.

1 The share of previous-quarter shipments sold for residential use within four months of being shipped.

Figure 1: Charts A and B - This figure shows the Supply and Demand in the U.S. residential home market and new starts in the first quarter of 2019 according to the U.S. Department of Housing and Urban Development, June 2019. Median new home price in the U.S as reported here is $307,700. There were 679,000 new single-family homes sold in the first quarter of 2019 in the U.S.
Market value is an opinion of what a home may sell for in a competitive real estate market. This relative opinion of value analyzes the home condition, age, benefits and features (positive or negative) and the site condition and location compared to other homes in the area to establish price. Eldred states that “market value chiefly looks to past sales of similar properties” to estimate home value (Eldred, 2012, p.69). This value determination is known as a comparable sales approach by real estate appraisers. It is important to note that interior design is empirically included in a professional real estate appraiser’s assessment of value through site observation (condition) of a property for bank loan consideration of sales price. It is reasonable to believe that the site observation of an aesthetically pleasing property could be perceived by the appraiser as having higher value based on condition and appraise higher accordingly. The sample size for this study is similar to the number of properties a real estate appraiser might use to determine home value.

Another method of attempting to measure home value is a cost approach. This approach attempts to speculate what the cost to build the home again might be. “Because you can’t measure construction costs, depreciation or site value, the cost approach won’t give you a perfect answer” (Eldred, 2012, p.73). A comparative market analysis (CMA) is another valuation method used to determine a home’s value and price per total finished square foot by professional real estate agents. The third method (CMA) analyzes comparable sales of similar properties in the same area to arrive at value. This is the method used in this study to estimate value in price per total finished
square foot. An estimate of market value is essential for stakeholders to determine a competitive list price for each home. Protecting market value for all stakeholders is essential in the construction process to provide for the most favorable outcome. Land developers, architects, draftsman, home builders, bankers, appraisers, real estate agents, and buyers are all key players in the market of new home sales. These primary stakeholders, and the role they play in the new construction process is clear. What may be less clear, is the role an interior designer has in the home construction process and the value the profession contributes to the end product and bottom line.

The impetus for this study stems from the researcher’s experience, education, and background expertise gained in over twenty years as a co-owner of a design-build residential construction company, an award-winning residential interior designer and a multi-million dollar producing real estate professional selling the homes the researcher designs. Throughout the researcher’s career in the new construction single-family home market, space planning and finish selections have been implemented in these residential environments which has had a direct impact on home values. The researcher has also utilized home staging to bring monetary value to speculative homes, model homes, and remodeling projects in existing homes to increase home values on a total price per total finished square foot basis in measurable ways.

This research examines the link between design and home value in new home construction limited to only two facets of interior design: space planning and material
finish selection. The methodology of research is meant to extract finite parts of the whole in order to predict future outcomes. The data collected to establish the selling price per total finished square foot shall serve as a baseline to measure in monetarily the impact design has on home value for primary stakeholders in the construction process. This added monetary value a designer brings as it relates to new home selling prices per total finished square foot has not been studied with emphasis. Therefore, this study first seeks to establish the role of an interior designer in the single-family construction market through space planning and finish selection in homes. The second study objective, is to demonstrate the effect this design work has on home value. For the purpose of this study, the researcher utilized a higher end segment of the new construction single-family market (above the median selling price in the U.S.) which offered a diverse sample set of homes for comparison that included a designer and homes that did not. It is reasonable to believe that the data contained herein which supports the positive impact interior design has in creating home value, may have a similar effect at all price points of homes. This would include segments of residential new construction that are potentially underserved at present by the residential interior design industry such as affordable housing, median price housing, remodeling projects, etc. From the knowledge gained in designing and selling single-family homes over the years, the researcher monetized the link between interior design and an increase in residential market value firsthand.

According to the U.S. Bureau of Labor Statistics in May 2018, an interior designer is employed in only 36% of residential building construction projects per year. This means that in 64% of the annual residential projects per year a designer is not
involved. This limits the profession’s potential reach in impacting home value. It is understood that a large team of professionals is needed to complete each newly constructed residential single-family home. Among these team members, a professional designer’s role and involvement in the residential construction process is still largely under-utilized; maintained as either not necessary or marginalized. In fact, a 2017 survey conducted by the American Society of Interior Designers reports that there are 69,222 practicing interior designers. Of those, only 25% of interior designers work in the residential sector of design (ASID, 2019). When a designer is involved in the construction process, the role and scope of responsibility is vast spanning the entire project from conception to post-occupancy and is rooted in a leadership role amongst other team members. The median salary for a residential interior designer (or annual mean industry wage) reported is $54,750 (Figure 2). A professional salary comparison for the other primary stakeholders in the home construction process in comparison to that of interior design is discussed later. It is reasonable to believe that if comparing home prices can establish an estimate of home value, so too can comparing professional salaries in determining an estimate of value consumers place on a profession (in monetary terms). Salary comparisons help to expose the gap in cultural understanding of the value that designers bring to the new construction market. Although designers serve in a leadership role in new construction, the compensatory value of an interior designer is similar in wage range to construction laborers performing only one facet of manual labor in a home.
Figure 2: Chart D shows the residential building construction percentage of industry employment for interior designers with a mean hourly wage of $26.32, May 2018. U.S. Department of Labor Statistics. Employment estimate does not include self-employed design professionals.

The annual mean rise in salary for an interior designer is 1.2% (Figure 3). In residential building construction, this equates to an annual pay increase for designers of $657.00 ($12.63 per week / year or .32 cents per hour / year).

Plausibly, service in a leadership role which contributes substantial value to the end product should have a wage that reflects the same. The profession of design contributes both intrinsic and extrinsic home value throughout each home by employing informed techniques in the construction process from conception to post occupancy that requires a specialized skill set, education and broad expertise.

Residential interior space planning, and finish selection are central to the responsibilities a designer must carry out for increased health, safety, well-being, and for the aesthetics in each home. A residential interior designer manages in a leadership capacity giving direction to the construction team of professionals throughout the home.
construction process and is currently not compensated (or included as a primary stakeholder) in accordance to the home value they create. This study evaluates in terms of value, both qualitatively and quantitatively, comparable homes that involve an interior designer in the home construction process and homes that do not.

The methods of research for this study are data analysis and site observation. As noted above, the cardinal real estate factors that predict market value of each home are price, condition, and location. This study shall attempt to isolate the first factor of price to determine value per total finished square foot through a CMA. In order to resolve for the variable of condition of the properties, only newly constructed single-family homes built in the last six years are included in this study. Likewise, in terms of location, only comparable homes in the same geographical Midwest region built in Elkhorn, Nebraska within a five-mile radius, are included in this study. This enables sales price to become a more isolated variable for comparison. Determining the average sales price in Elkhorn, Nebraska aims to demonstrate the impact, or market value, interior designers have on homes when their expertise are utilized in the following two ways: space planning and finish selection.

More specific criteria utilized to select the homes included in the study follows. This criterion includes:

1. Site Location
2. School District
3. Property Subtype
4. Year Built
5. Type of Home: Ranch, 1.5 Story or 2 Story
6. Number of Bedrooms
7. Number of Bathrooms
8. Number of Garage Spaces
9. Above Grade (AG) Finished Square Feet
10. Below Grade Finished Square Feet
11. Total Finished Square Feet (above grade plus below grade equal total finished square feet)
12. Status of the Sale of the Property (Sold)
13. Days on Market
14. Listing Price
15. Sold Price
16. Sold Price compared to list Price %
17. Closing Date
18. Walk-out or Non walk-out lot
19. County
20. Lot Size Range
21. List Price per Square Foot Above Grade (AG)
22. Sold Price Per Square Foot Total
23. It was noted at site observation and by personal conversation between the researcher and the principals whether the home was professionally designed or a non-designer home. (Appendix A)

24. Some finish selection material specifications are noted at site observation. (Appendices B and C)

25. If the homes in this study had outdoor features / amenities on or near the subdivided lot respectively those features affect home value. These features include swimming pools, out-buildings on the property, and lake access. Of the homes being compared in regard to price per finished square foot, each had to have the outdoor feature to be considered comparable.

Certain finish material specifications within each home that could be identified, compared, and documented by visual inspection are noted at site observation or from photos collected by the researcher online.

It is important to acknowledge that the residential projects which designers tend to work on are semi-custom\(^7\) or one of a kind custom homes\(^8\) which have a greater degree of variability and an average sales price well above the U.S. average. Semi-custom and one of a kind custom home floor plans, with all materials specified and a list of finishes, exact cost to build each home, and builder’s profit margins are not publicly recorded and are not available to the researcher. Therefore, the sales price data publicly
recorded, represents the most accurate measure of market value for this research purpose. The homes selected adjust variables affecting value as best possible. Although there are intrinsic factors which may influence home value; such factors are difficult to measure and are not considered in this study. The data was gathered, categorized, and examined accordingly.

The sales price data results indicate that when interior designers are involved in space planning (i.e. programming for adjacencies, circulation patterns, furnishings, etc.) and material finish selection (i.e. floor coverings, countertops, paint colors, etc.), home values are greater than in similar, comparable homes in the same subdivisions which do not involve an interior designer. Again, the sales information in this study focused on an upper end segment of the market showing a direct correlation to increased extrinsic home value through design involvement based on price per total finished square foot. As noted, a designer’s involvement is utilized more often in this upper end residential market segment and therefore, is able to be measured. In the end, the data contains aims to provide a significant contribution to the body of knowledge regarding the effect an interior designer has on home value, at every price point, to allow stakeholders to realize the highest possible home market value through design across the board.

Price per finished square foot varies across the United States from as low as $24.00 in some areas of Detroit, Michigan up to as much as $810.00 in coastal areas such as San Francisco, California. The median sales price of a newly constructed home in the United States reported for the first quarter as of June 2019 was $307,700 (U.S.
Department of Housing and Urban Development 2019). As of June 2019, the median sales price of homes in the first quarter of 2019 in Elkhorn, Nebraska, in which this study was conducted, is $328,000 (GPMLS, 2019). The average price per total finished square foot in the U.S. is approximately $123.00 and the average price per total square foot in Douglas County (where this study is conducted) is $146.00. The combined median sales price of the homes in the two subdivisions surveyed for this research study is $531,250 (Great Plains Multiple Listing Service, 2019). For comparison purpose, between designer and non-designer homes, the two subdivisions selected and twelve homes included, represent a price point of home, above the U.S. median, where a builder or prospective buyer may have involved an interior designer. Designers are utilized most often in the higher-end segment of the market with a greater price point (up to $1.6 million in this study). The sales price of homes, no matter the budget, is an indication that the necessity for shelter and the investment thereto, trumps all other personal monetary investments of earned income, which include food, clothing, and entertainment. For this reason, a more-clear understanding in regard to the application of design and its role in home value needs to be realized.
CHAPTER II: LITERATURE REVIEW

2.1: Research Problem – Establishing a link between Interior Design and Home Value

Adults in the United States spend on average 90% of their time indoors among one of two interior built environments: work or home, therefore, the value of these spaces in terms of health, safety and well-being is of primary concern (ASID, 2018).

The importance of having a dwelling has been part and parcel of the human experience. As evidenced through the evolution of residential homes throughout time, there are many factors which contribute to value in residential built environments. It is reasonable to believe that obvious factors such as weather proofing, safety, and comfort have value from a human perspective or people in general would not continue to buy homes. Knowing that single-family residential homes continue to evolve and rise in price is a way to measure value from a broad perspective. From a focused point of view, the question is: what effect does design have on the increase in home value? From the literature surveyed for the purpose of this research initiative, it is apparent that this study is in unsubstantiated territory as intangible home value has proven difficult to quantify in measurable terms. Tangible home value requires that variables be similar in order to measure value. The existing literature researched and reviewed for the purpose of establishing the link between interior design and new home value has proved somewhat limited.
Therefore, to establish the link between design and home value, a brief description and foundation of an interior designer’s role, list of responsibilities, and tasks are investigated as they have changed since the inception of the profession. Documenting this change gives weight to the demands of the role. Subsequently, the single-family home construction process in America is briefly examined. The construction process and subcontractors needed to complete each home is noted. This exposes the gap in lack of inclusion for interior designers and the need for substantiating design value accordingly.

To identify source material, keywords were utilized to search databases including “design” and “value” in order to identify applicable literature, sources and reports. The history of interior design and the lack of definitive academic research and literature regarding the profession as a whole compared to architecture, at present, may leave room for misappropriation of design value.

Some source material identified through this research study was eliminated due to the fact that it was primarily educational in nature and was not an academic discourse on the profession or argument to augment value. The resources surveyed focused, more specifically, on the connection between design and home value. The reports and studies chosen for inclusion were based on knowledge gained from participants located throughout the world, but mostly in the United States.

There are pioneer studies identified through this research which are deemed applicable. These include case studies on market valuation and developer strategies in
high rise apartment complexes (Leung, Ma and Zhang, 2013) and the value proposition of interior design in row houses in Boston (Smith and Moorhouse, 1993) as these studies used exact floor plan comparable factors such as views, space adjacencies, same developer quality, location, and proximities to exact the value of interior design as it relates to floor plans. Leung, Ma, and Zhang (2013) follow the graph theory ⁹ established by Nakata and Asami (2006) to convert floor plan layouts by space adjacency in detached housing to “access and adjacency graphs” to extract identifiable design value. Leung, Ma, and Zhang also reference the hedonic pricing model¹⁰ first introduced by Court (1939) and used by Rosen (1974) where they attempt to empirically measure outcomes of design value based on floor plan adjacency variables and shapes of rooms according to area. Leung, Ma and Zhang were able to extrapolate enough data to support their hypothesis that design in terms of space adjacencies has a positive impact on home value.

Another study identified in this literature review gives a detailed analysis of U.S. detached housing effects of architectural style on value (Green and Malpezzi, 2003), which points to style having positive impact on value. There is a significant amount of research that establishes a link between mental health among adults and children living in cities as opposed to those living in the suburbs. This also supports intrinsic design value according to the interior built environment in urban housing developments (Halpern, 1995). Design quality can positively affect home buyer perceptions and price from a real estate perspective as defined in studies conducted by the NAR (National
Association of REALTORS®, 2018). The association with location and external curb appeal has also shown to add home value (Smith and Moorhouse, 1993).

The organizations which set standards that were used as reference throughout this study to gather professional statistical data are as follows. The Council for Interior Design Qualification (CIDQ) sets the professional ethics and code of conduct for interior designers. The International Interior Design Association (IIDA) and the American Society of Interior Designers (ASID) provide membership resources for professionals and statistical data on the profession for consumers to indicate how design impacts lives. ASID will be referred to in this study to define professional design practices and the advantages of increased interior design involvement in the residential sector. The National Association of Home Builders (NAHB) sets the professional ethics and code of conduct for residential home builders and provides data on single-family home construction in the United States. NAHB governs acceptable building practices in the residential industry and is made up of a team of professionals who complete the construction process. The National Association of REALTORS® (NAR) gathers valuable home sales data and information on important extrinsic home value factors that affect home sales prices including data regarding interior design staging with furnishings and the impact that has on home value. The Omaha Area Board of REALTORS® - Great Plains Multiple Listing Service (OABR - GPMLS) as well as the Douglas County Assessor synthesizes information on local home sales and makes such
information publicly accessible. The U.S Census Bureau and U.S. Department of
Housing and Urban Development (HUD) report statistical data on the number of new
single-family construction starts, home sales prices, and median sales prices, etc. The
U.S. Department of Labor Statistics gives valuable feedback on the profession of
interior design; salaries and rate of growth. This research study includes professional
data from this organization as a method to help establish the link between “design” and
“value” with aims to improve the value equation for all stakeholders.

In a study of the added value of good design, Sebastian Macmillian (2006)
found that the Commission for Architecture and the Built Environment observed that
there was almost a “complete absence of literature relating to the quality of residential
design in any empirical attempt to measure the implications of high quality on costs,
prices or values” (Macmillian, 2006). In fact, there is very little research that exists
which measures the monetary value added to newly constructed single-family homes
by professional interior design direction with space planning (floor plan adjacencies)
and finish selections (material specifications) included on the interior of single-family
homes. Most of the studies identified herein focused on multi-family, urban
complexes due to the ability to exact specific variables consistently across the board.
A question posed by Leung, Ma and Zhang asks, “How much do the market values of
housing reflect its interior design? Does the interior design interact with other housing
attributes?” (Leung, Ma, and Zhang, 2013).

This research case study in Elkhorn, Nebraska attempts to answer similar
questions as they relate to single-family newly constructed homes on a price per
finished square foot basis. In a concerted effort to quantify the value of interior design
in the residential sector, this study seeks to establish that design is a key component
influencing and creating home value. This research aims to address the gap in cultural
understanding by examining the link between design and home value through defined
public sales data. Study results suggest that the role of the interior designer in the
single-family residential construction process needs to move away from being
considered optional and toward being a primary stakeholder. Data gathered for single-
family, detached, new construction residences built within the last six years with
similar physical attributes supports this attempt. Sales data was gathered from July 12,
2013 to July 12, 2019 on the sale of twelve newly constructed single-family residential
homes in two separate subdivisions in the Douglas county zip codes of 68130 and
68022. Both subdivisions are located within a five-mile radius in the Elkhorn, Nebraska
school district. These subdivisions were selected based on factors that could be directly
compared, such as similarity in the age of homes and geographical proximity to
schools, local restaurants, major freeways, similar median sales price averages in the
subdivisions, similar regulations governing the quality of home builders allowed to
build in the subdivision through architectural control committees and structure size,
external features and material specification requirements built within the development
(Appendices D and F). The prices of the homes in both subdivisions attract buyers
with the means to hire an interior designer during the construction process. Of the
homes included, 50% of the sample set included an interior designer and 50% did not.

Inclusion of an interior designer in single-family residential home construction increased, overall in the United States, by 8% between 2017 and 2018 according to ASID (ASID, 2019). However, at present, design value is measured by intangible and intrinsic variables which is problematic. Without a direct link connecting design with extrinsic home value, the contribution design practitioners make is being overlooked in the home value equation. Design value as it relates to single-family speculative, model, or client homes may still be underscored by the upfront investment required to add design counsel. However, stakeholders may not realize their highest potential for increased market value, or return on investment without taking into consideration the same.

In chapter one, the percentage of interior designers working in the residential sector was noted as only 25%. This means that 75% of interior designers in America work in commercial design. Also noted in chapter one by the U.S. Department of Labor report that interior designers are only involved in 36% of residential construction projects as of 2018 (Figure 2). This means that 64% of residential new construction projects in America do not have an interior designer involved in the space planning and finish selection process. The above statistics suggest that interior design in residential construction is regarded as optional and points to a lack of understanding as to the value design brings to a built environment. Technically, interior design as a profession, is less than a century old as a formal academic
discipline and practice (Piotrowski, 2008). This leaves room for error in public perception of the profession. It also suggests there is much to study in this field through additional research initiatives for academics and evidence-based design professional practitioners.

At present, little academic research exists to quantify the link between interior design and newly constructed single-family residential home value. To further establish a basis for future evidence-based design research and to document the value of design, more academic research on a macro scale linking interior design with home value is needed. Macro scale research could lead to feasibility studies of design impact on new home value for other residential market segments that are currently under-utilizing design counsel (i.e., affordable housing). Future research initiatives could also look at not just new construction home sales but also remodeling and revitalization market segments to determine how design impacts home value and price per finished square foot in these projects respectively.

2.1.1 Interior Design and the Role in the Residential Sector

Quantifying how an interior designer may impact a home’s physical attributes through space planning and interior finish selection may come from a better understanding of:

1. A brief description of the profession, design process in phases, and the distinction between the titles of interior decorator vs. interior designer.
2. What does space planning and finish selection in the design process entail?

The title and profession of interior design started as interior decoration. American pioneers in the industry were early decorators such as Elsie De Wolfe (1865 – 1950) and Dorothy Draper (1889- 1969) who entered unfamiliar territory in the United States as visionaries in the decorating industry. De Wolfe started her own decorating business in 1903 and Draper in 1925. Draper practiced both residential and commercial design; she was the first female decorator to receive commissions for: luxury hotels, clubs, and fine restaurants. Both built their clientele from social connections, friends, and family (Hinchman, 2009). These women began performing a job of interior specification and decoration independent of their spouse and apart from their male colleagues: architects, home builders, artisans, etc. The aforementioned pioneers helped to create this profession at a time when it was almost unthinkable to exercise such independence.

As women increasingly gained more freedom and rights through women’s suffrage and the feminist movement, their contributions to both residential and commercial interior built environments became more valuable, visible, and noteworthy. Interior decoration paved the way to the profession of interior design utilizing increased market demand as a catalyst. It was in that way that the profession of interior design was born.

What’s in a name of a profession matters as distinction made between titles increases understanding and awareness of the skill sets, education and licensing levels attained (White, 2009). The profession of interior design, conjures up two titles
consumers often use interchangeably erroneously: interior decorator and interior designer. Interior decorator is an apt title used to describe creatives who appoint furnishings and interior adornment mostly for private residences (i.e., early decorators) skilled in impacting interiors aesthetically. Decoration is an art combined with skill refined through experiential expertise. However, decorators are not required to acquire a formal education in their field and/or may not be qualified by examination. Nissen and Faulkner define the title interior decorator as such:

A profession begun in America, led by Elsie de Wolfe, the title interior decorator was used by ladies in good taste: who assemble residential interiors. Their focus was on decorative surfaces and ornament, color and texture, movable elements such as furniture and accessories, and easily installed fixed details such as moldings and paneling (Nissen & Faulkner, 1994).

Interior designers are qualified through education, examination and experience to perform multi-faceted work in residential and commercial built environments. Creatively and technically, they apply their knowledge and training in the art and science of design to achieve an environment which meets end user occupant needs in both function and form in equal measure. Interior design also: “follows a systematic and coordinated methodology, including research, analysis, and integration of knowledge into the creative process,” fulfilling project goals and meeting the needs and budget to satisfy a client (CIDQ, 2018). Another example of a definition which is widely accepted for an interior designer among the resources surveyed is “to create interior environments engaging in a process that involves research, understanding, idea generation, evaluation and documentation” (Mitton, 2007). It is important to note that the term “interior design” did not first appear until after World War II (Piotrowski, 2008).
The profession of interior design has evolved to include project management and leadership implemented in distinct phases throughout each new build. The following phases of the design process are completed for each project: programming (research), schematic (preliminary material selections and concept development), design development (finalize finish specifications) contract documentation (recordation), and contract administration (project management from beginning to post-occupancy). (Figure 4). These design phases are sequential processes which are cited in several literature sources and professional industry organizations including: Piotrowski (2008), Mitton (2008), Nussbaumer (2009), IIDA (2018), CIDQ (2018), ASID (2019). The design profession, as of 2018, is now made up of: 66% female practitioners and 34% male practitioners (ASID, 2018).

Understanding the difference between the roles and responsibilities of an interior decorator versus an interior designer is an important title distinction. Interior decorators have no minimum education, examination or experiential requirements to meet; interior designers do. The profession of interior design evolved out of interior decoration (interior furnishings and adornment) to combine art plus science. Interior designers manage new sets of challenges and responsibilities in a project leadership role for increased health, safety, well-being and sustainability, which, in turn, affects home value in a measurable way. An example of a scope of potential residential design services that an interior designer may practice include:

**SCOPE OF RESIDENTIAL DESIGN SERVICES**

- Programming
  - Meet with client to determine design preferences, style, and
requirements

◦ Develop floor plan adjacencies and interior space planning based on client needs
◦ Create a preliminary interior space plan for project
◦ Review the preliminary drawings with client (redline prints with changes before final)
◦ Manage project selection schedule /construction timeline w/ builder and client
  – selections need to be completed by dates set to maintain closing / completion date specified
◦ Develop project budget for interior specifications (contractor / builder determines allowances for finishes – contractor / builder will send over once client agreement is signed)
◦ Prepare design program and review all findings with client (style and design direction)

• Schematic Design
 ◦ Preliminary Interior Finish Selections (Material Specifications)
    ■ Interior & Exterior Stone Selections
    ■ Window Cladding Color
    ■ Plumbing Fixture and Sink Selections
    ■ Appliances Selections
    ■ Review Cabinet Design and Lay out
    ■ Interior Door Selections
    ■ Interior Base, Case, and Trim Selections
    ■ Newel Post and Baluster Selections (if applicable)
    ■ Countertop Selections
    ■ Finishes: tile, carpet, wood flooring
    ■ Lighting Fixtures
    ■ Interior & Exterior Paint & Stain
    ■ Interior Door and Cabinet Hardware
    ■ Mirrors
  ◦ Review construction documents (builder provides working drawings for home, construction timeline and documents including dimensioned floor plans, finish allowances), including electrical reflected ceiling plans, prepare preliminary cabinet drawings; designer to review with client)
  ◦ Meet with consultants, such as architect, contractors, or others as required
  ◦ Refine budgets (go over any overages provided by the contractor / builder and make revisions as needed)

• Design Development
  ◦ Finalize selections of all materials, finishes, and treatment for walls, flooring, windows, and ceilings
  ◦ Discuss anticipated budget of expected costs for interior furnishings and window treatments
  ◦ Present final product specifications of interior and exterior finishes for client’s approval

• Contract Documentation
  ◦ Designer shall maintain working drawings, documents, and finish schedules for the construction of the space and installation of the interiors (as previously noted – builder will provide working drawings and documents including dimensioned floor plans, electrical location plans, and reflected ceiling plans; cabinet drawings, once selections are made with the help of designer – each
vendor and/or supplier forwards selection sheets to client’s builder, the builder communicates selections and gives direction to his/her subcontractors, designer answers design related questions from builder and subcontractors throughout the construction process. Designer is not acting as the general contractor and is not responsible for finish installation or any damage during the course of construction.

- Prepare written specifications for finish selections (designer prepares written specifications: tile, wood floor, and paint sheet) and send to builder
- Assist client in obtaining pricing for the above from builder

### Contract Administration

- Make periodic visits to the job site to answer design related questions: (i.e.: electrical walk through, spot door and cabinet hardware placement, spot lighting heights, field design related questions from builder and subcontractors)
- Maintain project management and schedule records
- Upon completion of the installation - the designer shall review the project results to ensure project goals have been met

*Figure 4: Scope of Residential Interior Design Phases designers manage on each home during the construction process (Piotrowski, 2008).*

Within the design process there are distinct phases as described above. Two of the services offered within these phases of design are:

1. **Space Planning** (floor plan and space adjacencies including furnishings)

2. **Finish Selection** (material specifications)

These two integral components of interior design are isolated in this study to attempt to establish a link between interior design and residential market value. Space planning involves creating an interior floor plan and circulation pattern for the new home. An interview process early on between the designer and the client is scheduled to gather information regarding what their specific needs, requirements, goals, budgetary factors are for their new home, etc. This criterion is then synthesized by the designer to guide the overall allocation of square footage contained in each space. Space allocation
and adjacency matrices are established based on the client’s specific needs therefore, the designer must actively listen to identify what the clients are trying to convey and want most in their new home in both function and aesthetics. For example, parents with an infant may want a nursery located in close proximity to the master suite or an end user who works from home may need a separate entrance for their home business to receive clients. These types of considerations are important to the overall design.

Finish selection involves material specification of each product that is installed in each home (i.e., appliances, plumbing fixtures, cabinets, countertops, flooring, light fixtures, etc.). Consideration of materials in terms of both function and aesthetics is required. The health, safety, and well-being of the client is integrated into appropriation (i.e., sustainability, slip resistance, etc.).

Interior design is a forward-thinking field which requires a command of physical and visual problem-solving skill sets. The Barnes Report (2018) shows a chart progression below of the current trends in design employment; separating the profession of interior decorating and interior design into sub-industries (Figure 7).
This worldwide data report shows that while both the number of design establishments and employment has gone down, product sales in the design industry have gone up. Residential new construction constitutes an upwards of three hundred-billion dollar industry annually in the U.S. and designers specify billions of dollars of products each year thereto (ASID, 2019).
2.1.2: **Single-Family Residential Home Construction Process**

Building and purchasing a single-family home in the United States has changed over the years. “The average home in the United States in 1900 contained 700-1,200 finished square feet. By the year 2000, a typical new home had 2,000 or more finished square feet, three or more bedrooms and at least 2.5 baths” (Kerch, 2000). As America grew, the single-family home did too. With the rise of industrialization in the 1920’s and corresponding income capabilities in big business for the U.S. population, there came a rise in new single-family home construction and bigger homes continually equipped with more modern conveniences and higher sales prices. The need for interior decoration began in larger homes built for consumers who were well traveled and familiar with luxury and extravagance. The simple home of the past evolved to include semi-custom and original one-of-a-kind custom homes.

The U.S. Department of Housing and Urban Development reports that the average sales price of a single-family home in America as of June 2019 is $307,700 (Figure 4). With that said, value added by a professional interior designer through the construction process of a new home is worth examining. A new home is the single largest personal investment most consumers make in their lives. Maximizing the value of this investment or asset is a priority to developers, home builders, and buyers. This thesis aims to provide evidence that the command interior design professionals contribute in space planning (overall layout) and expert opinion on finish selections
implemented in single-family homes positively impacts the value of the same.

As a frame of reference, the list below outlines the team of professionals who may be hired or are required to complete each newly constructed single-family residence:

1. Home Builder
2. Real Estate Agent
3. Interior Designer
4. Architect or Draftsman
5. City Inspectors
6. Surveyors
7. Excavators
8. Footings and Foundation Contractors
9. Waterproofing Contractors
10. Window Salesman and Installers
11. Fireplace Salesman and Installers
12. Lumber Salesman and Framers
13. Plumbers
14. Electricians
15. Sound and Security
16. Insulators
17. Drywallers
18. Trim Carpenters
19. Siders
20. Caulkers
21. Painters
22. Stone Mason
23. Roofer and Sheet Metal Installers
24. Gutters
25. Finish Grading
Note: This abbreviated list is compiled through the researcher’s experience in the industry and does not include all of the subcontractors or suppliers needed to furnish the materials and complete the labor required to build each home; however, it does illustrate the vast number of trades involved in the process of each new construction home built. The market value of a home is essentially the sum of its parts.

What goes into a home affects its market value. This is evident by the median cost and number of home sales in the United States reported on an annual basis. The chart in Figure 6 below shows a five-year progression of new home residential sales in each region of the U.S. and median prices reported by the U.S. Census Bureau and the U.S. Housing and Urban Development (HUD).
Figure 7: New Residential Sales Statistics show the rate of market demand in the United States from January, 2014 – January, 2019. Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, March 14, 2019. Additional information on the survey methodology may be found at <http://www.census.gov/construction/nrs/how_the_data_are_collected/>.

Figure 8: Table of Statistics for number of homes sold in each region of the U.S. The Midwest shows a year to date percentage change from 2018 – 2019 of a -3.2% decrease.
The numbers above are a representation of consumer spending in the new construction industry. Consumers willingly purchase homes from home builders with guidance from professional real estate agents as modus operandi. The fees for hiring these professionals is paid as a percentage of the overall project budget to oversee the new home building and sales process.

The number of homes built in the first quarter of 2019 was 679,000. At this pace per quarter it means that there are 2.7 million single-family new construction homes traded on the free market annually in the U.S. (Figure 4). These numbers above reflect the enormous scale of the home construction industry. The building process is labor intensive and requires the integration of an extensive amount of material specifications. There is a specific sequence of events followed for each build beginning with a floor plan and commencing with the end user occupancy.
The consumer pays the home builder, the real estate agent and each of the trade labor team of professionals a specified amount as agreed upon for services rendered; yet, designers are still at a significant lag in just compensation and inclusion in residential projects. Budget considerations by both the home builder and consumer in the construction process, may not include the investment in professional design services. Those who do make the investment often place tight budget constraints and quick timelines on the design process. However, a designer is not included in 64% of the homes currently being built in America; therefore, designers are not given the opportunity to make an impact in a majority of residential structures in America today.

The U.S. Department of Labor Statistics (2018) reports annual average salary for the following professionals:

- Architect: $86,920
- Loan Officer (Banker): $72,070
- Real Estate Agent: $60,570
- Interior Designer: $54,740
- Construction Related Worker / Laborer: $43,550

Figure 10: List of Annual Salaries by Comparison for other professionals involved in home construction process. Retrieved from: https://www.bls.gov/oes/current/naics4_236100.htm

For the purpose of this thesis, the focus of connecting interior design to home value was narrowed to single-family new construction in the United States. This case study draws data from cross disciplinary knowledge, sales statistics, and studies across the following professional fields: interior design, real estate, home building, and some behavioral science as it relates to the human experience of home design and intrinsic value. Establishing the value added from the profession of design, in terms of dollars and
cents (extrinsic value), in new construction and remodeling projects is a major hurdle to project inclusion which designers have faced since the inception of the profession. By considering price per finished square foot, this barrier to residential project inclusion is lifted and design value is realized monetarily.

2.2 Research Significance – Creating Market Value Through Interior Design

Price per total finished square foot establishes design value in a way that suggests a baseline which can be measured in dollars and cents and is a universal means of interpreting value. The inclusion of a professional interior designer in space planning and finish selection positively affects the extrinsic value of newly constructed single-family homes. If a designer is not included, it may reduce the market value and return on investment for all stakeholders. In order to establish a need for the inclusion of professional interior designers in more residential projects, this baseline method of measuring value as it relates to design is examined and further established.

2.2.1 Defining Extrinsic Home Value

Linking extrinsic home value to interior design presents challenges to overcome. In terms of evidence-based research linking extrinsic home value to interior design; it is in short supply. As noted from an online literature search using the keys words “design” and “value” design is primarily linked to the intrinsic value of homes. The results using these key words, for example brought up the beauty of a home as an area where consumers place value. Beauty is a relative term; however, as it is subjective. Therefore, while beauty may affect value, it is difficult to define in monetary terms. Key word
searches on the topic of interior design point to intrinsic value (i.e., psychology, function and aesthetic beauty of residential spaces) not extrinsic value. Very few of the research articles identified in this literature review quantified the value a designer adds in terms of economic value for single-family homes (only multi-family high rise apartments). More weight is currently given to aesthetic value (decoration) and use value (function) in research as it relates to design and home value.

The science component of design is a significant differentiator between interior design and interior decoration, as was discussed earlier. If a consumer thinks of a designer as merely adding decorative value alone, they may fail to realize the economic value of good design. On both the ASID and IIDA websites there are many statements regarding the designer’s role in protecting the safety, health, and well-being of end users (science of design) compared to the designer’s role in applying the principles of design aesthetics (art of design). However, in this review of literature, there was little mention of a designer’s involvement in the home construction process increasing the market value in economic terms. It is reasonable to believe that these professional sites are aiming to highlight the scientific role of an interior designer in an attempt to further establish design as a profession (not merely a craft or hobby) in the consumers’ eyes. Also, the focus on safety, health, and well-being demonstrates a show cause need for licensing and accreditation: 50 / 50 paradigm of art plus science which qualifies interior design to verifiable standards. All of the above, including professional standards, may help consumers recognize the significance of interior design and the positive impact it
has on home value.

Both professional design industry websites, place focus on the commercial sector of design services rather than the residential sector of design. Some designers operate in both capacities; however, most specialize in one field of design or the other. Seventy-five percent of the nation’s interior designers work in commercial design. Many large architectural firms now employ interior designers utilizing their specialized skill sets in every design project. This is a best practice standard in an effort to ensure that the client realizes the best possible outcome and highest value. Just as the integration of a professional interior designer is evidenced as a best practice standard in commercial building teams as described above so, too, should the integration of interior design services in all residential construction teams be an equal imperative. This study seeks to reconcile the residential practice of interior design as it is linked to home value. On average, adults in the United States spend 90% of their time indoors among one of two interior built environments: work or home, therefore, the value of these spaces in terms of health, safety and well-being is of primary concern (ASID, 2018).

The value a designer brings to the residential built environment is carefully and thoughtfully integrated through all stages of the design process. A designer looks at each space from an educated perspective with an aim to maximize its potential (i.e. indoor / outdoor connectivity, rhythm, balance, symmetry, adjacency, etc.). Programming, concept development, documentation and administration of implementing these elements are all a part of the skill set a designer possesses. The art and science of design are of
equal importance to effectively approach the interior space plan and specifications thereto. The designer must gather programming information about the end user in order to learn what it is each home owner or occupant is trying to accomplish. Next the designer must take that information and synthetize it into the psychology of the residential environment, which, in turn, changes the human experience within it. Adding value can come through cultural, social and image value, design quality, use value, economic value and intangibles simultaneously (Macmillian, 2006). No matter the valuation method, designers add value in each category.

Single-family residential spending is measured in billions. Below is a chart showing the billions of dollars spent in single-family new construction since 2002:

![SINGLE-FAMILY CONSTRUCTION SPENDING](image)

*Figure 12: 2.2.1 – ASID Industry Outlook - Single Family Construction Spending Chart, 2019.*

Based on the statistics measured in the chart above, new construction spending and how those numbers are allocated is an important means to an end economically in the U.S. If the inclusion of a designer can be established as a critical indicator of increased market value for stakeholders (home builders and consumers alike) then there will be enough evidence to suggest the profession of design is essential to the
single-family new home construction process not optional. It is reasonable to believe that by establishing the link in this segment of the residential construction market that it could be applied to other market segments for equal impact proportionately.

**2.2.2: Advantages and Opportunities of Interior Design Involvement**

Art equals the aesthetics of the home. When a home appears aesthetically pleasing, it can bring peace and harmony to the home and improve the human experience. Science equals the economy and efficiencies of a space. When a home functions well it streamlines use for the occupant. Having a mudroom in which one can store their belongings easily adds use value. An entertaining space combining the kitchen, dining, and family room in open concept floor plans which accommodates friends and family with comfort and ease adds social and image value. A kitchen with the correct distance in the working triangle and a thoughtful appropriation of appliances and storage helps a busy family understand design quality value. As noted in previous research studies, these design intangibles that can be identified as adding intrinsic value are, however, difficult to measure and quantify in a broader sense beyond the end user. By establishing a link between two parts of the interior design process (space planning and finish selection) and new home sales value measured by price per total finished square foot sales data, it may clear the way for better understanding how design creates home value as a whole.

**2.2.3 Challenges in Linking Interior Design with Extrinsic Value**

As mentioned, there is little academic research that exists linking interior design
to extrinsic single-family new home value in terms of dollars and cents. Published reports surveyed by researchers from the National Association of REALTORS® does suggest that designers add economic home value through staging. According to the National Association of REALTORS®, staging model homes and speculative homes for sale with furnishings affects 96% of buyers who view these homes as better able to see themselves residing within them. Only 4% reported no impact (NAR, 2017). NAR also reports that buyers willingly overlook adverse qualities of the home by 27% based on how attractive it appeared due to the home furnishings or design. Staging also made the consumers 40% more likely to set up a physical showing after viewing the photos of the staged home online (NAR, 2017). Consumer spending demonstrates the extrinsic value of design in their propensity to purchase homes with professional design. As interior design continues to emerge as a stand-alone profession with a role which is independent from that of an architect’s or draftsman’s, consumers may reconcile the designer’s role in creating value. According to a Universe study (2017) conducted by Interior Design magazine, interior designers specified $77.95 billion dollars-worth of material products for interior built environments in 2017 (Gibertini, 2017). The finish materials and products specified contribute to the perceived value of single-family housing sales and influence consumer spending as indicated by NAR reports.

Evidence-based design research will highlight the profession’s benefit to consumers. Closing the cultural gap in understanding the value of design will be accomplished by communicating a consistent message which establishes merit in both
intrinsic and extrinsic home value. Advocacy efforts to further legitimize and support
the profession of design through licensing and regulation, the ability to pull permits
apart from architects or engineers, the right to be paid and copyright designs, etc., are all
positive steps in the right direction to substantiate the value the design profession brings
to consumers. The rise of goods and services appropriated out of this profession
contributes substantially to the housing market as a whole. New product offerings in
tile, quartz, and furnishings are driven by the professional design industry. There is
specialized knowledge that interior design professionals earn, possess, and implement
into residential built environments. This knowledge includes: use of appropriate square
footage allocation in space planning, architectural elevation innovation, color theory,
product and material specifications, and attention to detailed craftsmanship. These
specialized skill sets that designers contribute can positively impact the human
experience of comfort (livability), aesthetics, safety and furthermore, as this study seeks
to establish, the extrinsic value of a home.
CHAPTER III: PROPOSED STUDY

3.1 Determining Home Value Comparison Factors and Narrowing the Variables

The intrinsic value of a home pertains to that which is not measured in monetary terms. Intrinsic value is defined as “relative worth, utility or importance of something (such as principle or quality) intrinsically valuable or desirable” (Merriam-Webster, 2018). Therefore, intrinsic value is a state of being, feeling and a perspective which is intangible, making it more difficult to quantify than extrinsic value, which can be measured by numbers as a universal language. The dollars and cents of what a commodity can be bought and sold for represents its extrinsic value. Or according to Merriam-Webster (2018): “A monetary worth of something. A fair return or equivalent in goods, services, or money for something exchanged”. That being said, this research study focuses on extrinsic value in order to establish design value in a tangible way. Sales numbers are a universally understood measure of market value; price per total finished square foot breaks down the data sets to the simplest unit of home value.

To demonstrate what extrinsic factors contribute to design value, this study narrows the sample set of homes included to a size similar to that which an appraiser or real estate agent might include to arrive at market value. A 50/50 ratio of homes are included in this study; six of the twelve homes include an interior designer in the home construction process while six homes do not. Furthermore, this study narrows home feature criteria to tangibles only, utilizing site observation or photographs to note finish selections, and extrapolate single-family residential sales data to arrive at an accurate
measure of price per total finished square foot for comparison purpose. “Price per square foot is the great equalizer when it comes to studying housing prices, because it adjusts for product mix. Median house prices are interesting,” says Michael Sklarz of Collateral Analytics, which supplies Pro Teck’s data. “But if you want to know how much houses are selling for, you need to know their price per square foot,” he says. (Sichelman, 2012).

Narrowing the home variables to price, condition, and location for this study extracts only tangibles from the property which can be compared and measured in terms of price per finished square foot (for example, number of bedrooms, number of bathrooms, number of garage spaces, year built, days on market, selling price, etc.). The variable of condition was addressed by including only newly constructed single-family homes built and or sold in the last six years. The variable of location is narrowed by including two comparable subdivisions within a five-mile radius in the same school district with similar sales price averages, medians, and construction covenants governing all dwellings. This research gives reason to suggest that home sales data comparisons do suggest a considerable link between interior design and new home value.
CHAPTER IV: METHODOLOGY

4.1 Research Design – Data Collection

A mixed methods approach was utilized to collect data both quantitatively and qualitatively. Sales data was collected from both the local Omaha Area Board of REALTORS® Great Plains Multiple Listing Service and the Douglas County Assessor’s public records website to pool the sales price per total finished square foot for each home. Site assessment and observations were made either onsite or via online photos or virtual tours. Design involvement data was pooled through personal conversation between the researcher and either the home builders, their real estate agents, designers, or the homeowners.

4.2 Documentation and Assessments of the Two Residential Subdivisions (Site A and B)

Documentation and assessments of sales data for the two subdivisions, Sites A and B, was documented through the research methods described above. Site A is located just east of the Elkhorn river off Skyline Drive and 220th Street in Elkhorn, Nebraska. Site B is located just southeast of 192nd and Center Street in Elkhorn, Nebraska. Both subdivisions are located in Douglas County. Sites A and B, both offer tree-lined streets, walking trails, close proximity to local Elkhorn public schools, and are near restaurants, shopping, and major streets and highways for transit. Each has a set of restrictive covenants that dictate minimum square foot requirements for homes and govern exterior architectural control and specification (Appendices D and F).
4.3 Documentation and Assessments of the Twelve Single-Family Residential Homes

In Site A: Homes A1 – A3 did not include a professional interior designer. The data collected shows the average sales price of $732,049.33 and the average price per total finished square foot between the three homes is $163.49 (price per SQFT total) (MLS, 2019).

![Home A1, Home A2, Home A3](image)

<table>
<thead>
<tr>
<th>Property Features</th>
<th>Comparable</th>
<th>Comparable</th>
<th>Comparable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subdivision</td>
<td>The Prairies</td>
<td>The Prairies</td>
<td>The Prairies</td>
</tr>
<tr>
<td>School District</td>
<td>Elkhorn</td>
<td>Elkhorn</td>
<td>Elkhorn</td>
</tr>
<tr>
<td>Property Subtype</td>
<td>Single Family Residence</td>
<td>Single Family Residence</td>
<td>Single Family Residence</td>
</tr>
<tr>
<td>Year Built</td>
<td>2015</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Style</td>
<td>1.5 Story</td>
<td>1.5 Story</td>
<td>1.5 Story</td>
</tr>
<tr>
<td>Bedrooms</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Bathrooms</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Garage Spaces</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Above Grade SQFT</td>
<td>3,015</td>
<td>3,176</td>
<td>3,015</td>
</tr>
<tr>
<td>Finished Below Grade</td>
<td>1,380</td>
<td>1,408</td>
<td>1,274</td>
</tr>
<tr>
<td>Total Finished SqFt</td>
<td>4,395</td>
<td>4,584</td>
<td>4,289</td>
</tr>
<tr>
<td>Square Footage Source</td>
<td>SOLD</td>
<td>SOLD</td>
<td>SOLD</td>
</tr>
<tr>
<td>Days On Market</td>
<td>17</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>Listing Price</td>
<td>$630,000</td>
<td>$669,342</td>
<td>$864,000</td>
</tr>
<tr>
<td>Sold Price</td>
<td>$630,000</td>
<td>$702,148</td>
<td>$864,000</td>
</tr>
<tr>
<td>SP % LP</td>
<td>100.00</td>
<td>104.90</td>
<td>100.00</td>
</tr>
<tr>
<td>Closing Date</td>
<td>7/12/2016</td>
<td>8/24/2018</td>
<td>3/1/2018</td>
</tr>
<tr>
<td>Walk-Out Basement</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>County</td>
<td>Douglas County</td>
<td>Douglas County</td>
<td>Douglas County</td>
</tr>
<tr>
<td>Lot Size Range</td>
<td>Over 1/4 up to 1/2 Acre</td>
<td>Up to 1/4 Acre</td>
<td>Over 1/4 up to 1/2 Acre</td>
</tr>
<tr>
<td>Price Per SQFT AG</td>
<td>$208.96</td>
<td>$221.08</td>
<td>$286.57</td>
</tr>
<tr>
<td>Price per SQFT Total</td>
<td>143.00</td>
<td>146.02</td>
<td>201.45</td>
</tr>
</tbody>
</table>

*Figure 13: Site A, Homes A1 - A3 did not include an interior designer. Retrieved from GPMLS, July 12, 2019.*

In Site A: Homes A4 – A6 a professional interior designer was included in space planning and finish selection. The data collected shows the average selling price of $1,156,000 and the average price per total finished square foot between the three homes
is $226.51 price per SQFT total (MLS, 2019).

Figure 14: Site A, Homes A4 - A6 included an interior designer in the space planning and interior finish selections. Retrieved from the OABR - GPMLS, July 12, 2019.

In Site B: Homes B1 – B3 did not include a professional interior designer.

The data collected determines the average sales price of $477,390.66 and the average price per total finished square foot between the three homes is $138.00. (Price per SQFT Total). (MLS, 2019).
In Site B: Homes B4 – B6 a professional interior designer was included in the space planning and finish selection. The data collected shows the average selling price of $655,992 and the average price per total finished square foot between the three is $184.33 price per SQFT total (MLS, 2019).
4.4: Documentation and Assessment of Observation Criteria Regarding Interior Design Involvement in Construction Process

If the home was publicly accessible, the site observation was conducted in person by the researcher. If the home was not publicly accessible, homes with interior photos and/or an online virtual tour are utilized to conduct the observation to determine visual assessment. Two of the owner-occupied homes did not have any photos online and the researcher did not have access to view the interior therefore, only exterior observation is noted on these two homes: A2 and B2. Neither of these two homes included a designer.
General data pooling questions regarding the involvement of an interior designer and to what extent were synthesized from personal conversations between the researcher and the home builders, their real estate agents, the interior designers or the homeowners to gather the design data needed. In each subdivision, the sample set of homes was reduced to three homes that include a designer and three that do not.

Data tables for Homes A1 – A6 and Home B1 – B6 show the home features that were noted at site observation or via photos online. The following observation criteria was noted:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Home A1</th>
<th>Home A2</th>
<th>Home A3</th>
<th>Home A4</th>
<th>Home A5</th>
<th>Home A6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardboard Siding</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Stone on Exterior</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Comp. Shingles</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Double Entry Doors</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Wood Floors on Main Level</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Quartz and/or Granite Countertops and SS Appliances in Kitchen</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Neutral Paint</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Accent Colors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>
Upgraded finishes such as Ceiling Beams, Shiplap, etc. | x | x | x | x | x | x

Furnishings | x | x | x | x | x | x

Covered Patio or Deck | x | x | x | x | x

---

**Figure 17: 4.3 – Site A, Homes A1 – A6 Feature Chart**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Home B1</th>
<th>Home B2</th>
<th>Home B3</th>
<th>Home B4</th>
<th>Home B5</th>
<th>Home B6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardboard Siding</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Stone on Exterior</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Comp. Shingles</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Double Entry Doors</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Wood Floors on Main Level</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Quartz and/or Granite Countertops and SS appliances in the Kitchen</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Neutral Paint</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Accent Colors</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Finish Features such as Ceiling Beams, Shiplap, etc.</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Furnishings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>
Limitations in conducting this research are as follows:

1. Sales data for one of a kind original custom homes above the $750,000 range is difficult to obtain as buyers who purchase such homes tend to get their own construction loans. Therefore, no purchase price for the real estate transfer of the sale is publicly recorded. Homes with designer inclusion in the residential sector occur more often in the one of a kind original custom homes within the luxury category. Hence data was limited in regard to interior design inclusion in the high-end sales as these sales are not publicly recorded. It is reasonable to believe that as the level of customization requirements increase so, too, might the price per total finished square foot which would further augment these findings.

2. Home builders do not publicly list whether an interior designer is involved in the completion of the project or not. Of the twelve homes, there was no advertising linked to the home noting that an interior designer was involved in the construction process. This makes it difficult to ascertain whether a designer contributes value for the
consumer because the consumer may not be aware whether a designer was involved in the construction process or not. A professional interior designer’s involvement may be implied but not stated in marketing. Still the knowledge gap exists as buyers are not informed.

3. Site assessment and observation methods are restrictive. Gaining access to private properties once the home is sold and owner occupied requires additional research methodologies. The researcher did not observe two of the non-designer homes in this study as the homes were owner occupied at the time of the study and there were no interior photos or virtual tours available online.

4. It is reasonable to believe that lower priced track homes generally do not allocate a portion of their home consulting budget for design services in the home completion process. Budget constraints limit home builders and consumers from utilizing design services in space planning and finish selection. A designer cannot add home value if they are not included.

5. The floor plan, lot cost, overall cost to build each home and the builder’s profit margin are not included in this study as this is not public information which is provided to the researcher by the home builder or the home owner. On existing sales, a professional appraiser is not provided with these same costs associated to build the home either.
Therefore, a comparable approach or CMA comparing final sales price and price per total finished square feet of similar homes in the area is the method used to measure value. This value assessment tool used to gather data is the same method that both a professional real estate agent uses and a professional real estate appraiser uses in a comparison approach as standard practice in the industry.

6. In conducting this study, the sample size narrows findings to descriptive statistics. Future macro studies in evidence-based design, could include a wider sample population to determine the effects of design in additional segments of the new home construction market proportionately.

In addition to the above limitations, there are identifiable problems and threats ever present in the professional field of design which also present challenges. Builders tend to intentionally keep the price per total finished square foot down by not including a designer and in doing so eliminate the possibility to realize an increase in value.

Designers use specialized skill sets to increase the market value of built environments. Without the expertise of an interior designer, residential neighborhoods and the homes within them become homogenized and burdened with a one size and color suits all mentality. Whereas, adding character and personality to the aesthetic of a home through the help of an interior designer may make it more unique and memorable. If the home resonates with a buyer because of how it appears, the consumer may be
more apt to want to own the home because the desire sticks with them. This is seen as a limitation in this study as there was little to no information available on-site visit or online of the homes included in this study which suggested a designer was or should be involved.

Social media applications, reality television shows, and DIY design projects are also recognized as a challenge and limitation in this study as they pose both an opportunity and a threat to the profession of design. When the general public watches the design process transpire under unrealistic time frames and budgets for design projects it may affect their perspective and expectations. The design process happens throughout the construction process, it takes time and attention to detail to maintain outcome quality. The value an interior designer contributes will not be realized by consumers if the consumers perform the job of a professional designer without the experience, knowledge, skill sets and education of the same.

Another limitation in this study stems from the fact that the residential interior design profession is still associated with feminized descriptive words such as “pretty” and “fun” (Hill and Matthews, 2007). The limitations imposed by these descriptive words minimizes the impact design has and typecasts the profession as a feminine hobby. Advocates of the profession are working to change the public perception as “public perception of our services impacts the interior design profession. This shortens the reach of the design profession in the residential sector as it negatively influences salaries, access to education resources and a designer’s legal standing as a professional
on both state and national levels” (IIDA, 2019). Words to describe a profession are meant to inform consumers of what the designer does. The scope of work is weighty and adds inherent market value to the structure and deserves an accurate professional compensatory value. A professional designer in charge of space planning and interior selection for the interior built environment impacts the structure’s value through utilization of knowledge and expertise to explore, develop, and analyze the most suitable choices and solutions for the best possible outcome for all stakeholders. As evidenced, the profession of design impacts the way homes are designed, built, and sold. Where the design profession began, has now evolved to include scientific research to protect a home’s long-term market value and the simultaneous well-being of occupants. Continued proposed research initiatives have given rise to new specializations in the field of design known as evidenced-based design which continues to advance consumer knowledge. Unfortunately, the amount of time and effort required to complete such research requires funding rarely found in the residential scope of design budget constraints. Establishing a link between design and new home value is restricted by the above assumptions and limitations. Despite the above assumptions and limitations, the findings in this study include enough evidence to suggest, in measurable ways, a link from here forward between design and home value.
CHAPTER V: RESULTS AND ANALYSIS

5.1 : Site A - Overview of Site A: Single Family Residential New Construction Subdivision One - (Site A)

Subdivision One (Site A) has a stone entryway and winding streets with trees and shrubs planted in common areas. There is a common area club house with underground pool accessible to all residents, for which they must pay monthly association dues. Homes A1 – A6 all have equal access to these outdoor amenities. Sales statistics for this subdivision for new construction single-family homes range from a low of $273,706.00 to a median of $550,000 and a high of $1,600,000. There are homes sold in this subdivision above the highest price shown in this study, however, these sales statistics are unavailable as there are no real estate transfers of ownership from the home builder to the buyer that can be obtained through public record. Subdivision A and Subdivision B are selected as sample sets because of their close proximity, location in the same county and school district, and commonalities such as nearby shopping, restaurants, interstate access, and walking trails. Both subdivisions are subdivided by the same land developer.
5.2: Site A - Documentation and Assessment of Home Values in Subdivision

A

5.2.1: Single Family, Residential New Construction Built Environment (A1)

This single-family home was built in 2015, and closed in 2016. It is a 1.5 story home with a 4-car garage (1 being tandem) and a walkout basement. The house features 5 bedrooms, 5 bathrooms, and 4 garage spaces with a total of 4,395 total finished square feet. 3,015 square feet is finished above grade in this home, with 1,380 finished below grade. This home received a purchase contract 17 days after it was listed. There was no interior designer involved in the completion of this home. The selling price is $630,000. The home had not been occupied at the time of sale. Home A1 – Sold at $143.00 per total finished square foot. Lot size category for this home is over \( \frac{1}{4} \) up to \( \frac{1}{2} \) acre lot.
5.2.2 Overview of Features in Home (A1)

The exterior features natural stone and hardboard siding with a composite shingle roof and bronze clad windows. The floorplan is open concept. This home features a neutral beige, white and medium stain color palette throughout. There are no window coverings, however, furniture was placed on the main level of the home at the time of sale.
5.2.3: Single Family, Residential New Construction Built Environment (A2)

This new single-family 1.5 story home was built in 2018, and sold the same year. It features 5 bedrooms, 6 bathrooms, and a 4-car side-load (L-shape) garage. A purchase contract was received the day the home was listed. The total finished square feet in this home is 4,584. Of that, 3,176 square feet is finished above grade and 1,408 is finished below grade. The home is built on a walk-out lot and sold for $702,148. There was not a professional designer involved in the construction process of this home. The price per total finished square foot for this home is $146.02 and the lot size category is up to ¼ acre.

Figure 22: 5.2.3: Site A, Home A2- Photo of Exterior

5.2.4 Overview of Features in Home (A2)

The home features natural stone, stucco board siding and bronze clad windows on the exterior with a composite heritage shingle roof. Double entry doors lead into the foyer. Based on plan, the master suite is located on the main level. A professional
interior designer was not utilized to complete this home. There are no interior photos online and the home was owner-occupied at the time of study therefore, no interior access was available for the researcher.

5.2.5: Single Family, Residential New Construction Built Environment (A3)

This new construction single-family 1.5 story home was built in 2017. The sale on it closed in 2018. The home was on the market for 30 days before it received a contract for purchase. The home features 5 bedrooms, 6 bathrooms, and a 4-car side-load garage. It has 4,289 total finished square feet, 3015 square feet of which is finished above grade and 1,274 square feet of which is finished in the lower level. This home is constructed on a walk-out lot. There was no interior designer involved in the completion of this home. The selling price is $864,000. The home had not been occupied at the time of sale. Home A3 Sold at $201.45 per total finished square foot. Lot size category for this home is over $\frac{1}{4}$ up to $\frac{1}{2}$ acre.

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*Figure 23: 5.2.5: Site A, Home A3 – Photo of Exterior*
5.2.6: Overview of Features in Home (A3)

The exterior of this single-family home features natural stone and hardboard siding with bronze clad windows and a composite shingle roof. There is a covered deck off the back of the home. Double entry doors open into the foyer. The interior is Mediterranean style with neutral colors, stainless steel appliances, quartz countertops in the kitchen and light wood floors in the main floor social spaces. There were no furnishings or window coverings in the home at the time of sale and an interior designer was not utilized to complete this home.

Figure 24: 5.2.6 – Site A, Home A3 – View of Great Room

5.2.7: Family, Residential New Construction Built Environment (A4)

This new single-family 1.5 story home was built in 2015. The most current sale recorded closed in 2018. It was on the market for thirteen days at the time a purchase contract was received. The home features 4 bedrooms, 4 bathrooms, and a 3-car side-load garage. It has 3,441 total finished square feet and is built on a non-walkout lot.
This home does not have any square feet finished below grade in the basement. The home sold for $668,000, which amounts to $194.71 per total finished square foot. The lot size category is over ¼ up to ½ acre. A designer was utilized to complete space planning, interior finish and furnishings in this home. There were window coverings and furnishings in the home at the time of sale however, the furnishings are not included in the selling price.

Figure 25: 5.2.7 – Site A, Home A4 – Exterior of Home, Retrieved from OABR – GPMLS, July 1, 2019.

5.2.8: Overview of Features in Home (A4)

This new construction single-family home features natural stone and hardboard siding on the exterior. White window cladding and composite shingles are used on the roof. A covered patio with a fireplace extends off the back of the house. The covered patio features a gas fireplace with stone face. Double front entry doors open to the foyer. The home is light and neutral, with an airy palette, and a punch of a color utilized
throughout. The interior has a light wood floor on the main level in kitchen. The kitchen has quartz countertops and stainless-steel appliances. In addition, quartz countertops are utilized throughout the bathrooms. The home was owner occupied and fully furnished on the main and second level at the time of the sale.

5.2.9: Single Family, Residential New Construction Built Environment (A5)

This new construction single-family home was built in 2018, the same year the sale closed. It is a one and a half story home with a sideload garage and a non-walkout basement. The home features 7 bedrooms, 7 bathrooms, and 4 car side-load (L-shape) garage and has a total of 7,333 finished square feet inside the home. 5,533 finished square feet is above grade and 1,800 finished square feet is below grade (GPMLS, 2019). The researcher noted a distinction that there is a home gym in the basement.
which is approximately 1,500 square feet. This gym (sports court) square footage was listed (added) on the GPMLS as above grade level square feet total instead of being added to the below grade (basement) square feet total where it belongs. Regardless, that does not change the amount of total finished square feet recorded in the collected data as it is represented. This home received a purchase contract five days after it was listed for sale. There was an interior designer involved in the space planning and interior finish selection throughout this home. The selling price is $1,200,000. The home was owner occupied at the time of sale. Home A5 Sold at $163.64 per total finished square foot. Lot size category for this home is over ¼ up to ½ acre.

5.2.10: Overview of Features in Home (A5)

This home features natural stone, black brick and black clad windows, and hardboard siding on the exterior with a composite heritage shingle roof and an uncovered patio off the back of the house. Double entry doors lead into the foyer with a grand two-story entrance, great room, and catwalk. There is an open concept floor plan with wood floors throughout the great room and kitchen areas. The kitchen features
stainless steel appliances and modern designer finishes in a neutral color palette. The master suite is located on the main level. On the second level, there are four bedrooms, all of which have direct bath access. An indoor gym is located on the lower level. There were window coverings throughout the home at the time of sale that were included in the selling price.

Figure 28: 5.2.4 – Site A, Home A2 – Kitchen View in this floorplan, Retrieved from the OABR – GPMLS.

5.2.11: Single Family, Residential New Construction Built Environment (A6)

This new single-family ranch style, modern home was built in 2018 and sold in 2019. It was not occupied at the time of sale and on the market for 10 days before receiving a contract to purchase. The home features 4 bedrooms, 7 bathrooms, and a side-load 4 car L-shaped garage. There is a total of 5,900 finished square feet, 3,200 square feet of which is above grade and 2,700 square feet of which is below grade. The home is built on a walk-out lot and the lot size falls within the category of ¼ up to ½ acre. The sold price for this home is $1,600,000. Price per total finished square
foot for this sale is $321.19. The home was furnished at the time of sale. An interior designer was involved in the construction process in space planning and finish selection.

Figure 29: 5.2.11 – Site A, Home A6 – Exterior of Home, Retrieved from OABR – GPMLS, July 11, 2019.

5.2.12: Overview of Features in Home (A6)

This ranch features natural stone, cedar siding and hardboard siding on the exterior with black cladding on windows and composite shingle roof. There is a covered deck off the back of the home. The kitchen features stainless steel appliances and quartz countertops. A single-entry door with glass side light opens into the foyer. The home features a charcoal cabinetry color and light paint color palette throughout with a herringbone pattern floor on the main level for visual interest. There is a marble fireplace in the great room. The floor plan is open concept with a wall of windows across the back of the home. This home features an indoor gym in the basement.
5.3: Site B - Overview of Site B: Single Family Residential New

Construction Subdivision Two - (Site B)

Subdivision Two (Site B) has a stone entryway and winding streets with trees and shrubs planted in common areas. Site B subdivision is developed by the same company as Site A; the streets are tree-lined and subdivision entrance markers and plats of lots available are similar. Site A offers three different price points with a higher end portion of the subdivision which Site B does not. Even so, the average price of the home sales is still comparable. There are common areas surrounding Site B that include a lake with walking trail and playground equipment that are accessible to all residents and an elementary grade school serving K-5 students. There are no monthly association dues paid by homeowners in this subdivision. Homes B1 – B6 all have equal access to the outdoor amenities. Sales statistics for this subdivision for new construction
single-family homes range from a low of $387,000 to an average of $500,358 and a high of $831,000. There are homes sold in this subdivision above the highest priced home contained herein, however, some sales statistics are unavailable as there are no real estate transfers from the home builder to the buyer publicly recorded and therefore, these figures cannot be obtained through public record.

Figure 31: 5.3 – Subdivision 2 (Site B) – Plat of lots. Retrieved from Douglas County Assessor, July 1, 2019.

5.4: Site B - Documentation and Assessment of Home Values in Subdivision B

(Site B)

5.4.1: Single Family, Residential New Construction Built Environment B1

This ranch style home was built in 2013 and sold in 2013 for $405,000. Price per square foot for this home is $134.00. It was on the market for 29 days prior to acceptance of a purchase contract. There are 4 bedrooms, 3 bathrooms, and 4 garage spaces, all front load (1 being tandem). The home is built on a walk out lot. The lot
size of is up to ¼ acre in area. There was not a professional interior designer involved to complete the home.

Figure 32: 5.4.1 – Site B, Home B1 – Exterior of Home

5.4.2: Overview of Features in Home (B1)

This home features natural stone, stucco board and hard board siding on the exterior and terra tone window cladding and composite shingles on the roof. There is a covered deck off the back of the home. A single front entry door opens in to the foyer which has tile flooring that leads into the kitchen. The colors are kept neutral on the finishes throughout the main level. The kitchen features stainless steel appliances, granite countertops and dark kitchen cabinetry. Oil rubbed bronze light fixtures and plumbing fixtures are used throughout the home. The home was not occupied at the time of sale and there were no furnishings or window coverings.
5.4.3 Single Family, Residential New Construction Built Environment B2

The sale on this ranch style property closed in 2015. The home was built in 2015. It features 4 bedrooms, 3 bathrooms, and 4 garage spaces. There is a total of 3,250 finished square feet. This home was on the market for one day before acceptance of a purchase contract. This property sold for $502,172, putting its price per total finished square foot at $137.00. It is constructed on a walk-out lot and the lot category is up to \(\frac{1}{4}\) acre in size. There was no interior designer utilized to complete this project. The home had not been occupied at the time of sale.
5.4.4: Overview of Features in Home (B2)

This ranch home features natural stone and hardboard exterior siding. Composite shingles are used on the roof and bronze window cladding. A designer was not included in the completion of this home. No access to this home was available for interior site observation and there are no interior photos available online.

5.4.5: Single Family, Residential New Construction Built Environment B3

This single-family 1.5 story home was built in 2014 and sold the same year. The home received an offer 47 days after it was listed. 5 bedrooms, 5 bathrooms, and a 4-car garage are included (all front load garage spaces). The home is built on a flat lot. The sold price is $525,000 and the price per total finished square foot is $143.00. The home was owner occupied at the time of sale. An interior designer was not utilized in the construction process of this home.
5.4.6: Overview of Features in Home (B3)

This 1.5 story home features natural stone and hardboard exterior siding. Composite shingles are used on the roof and it features a covered deck on the back of the home. Dark bronze window cladding and a single front entry door are installed. There is a medium tone wood floor used throughout the main level social spaces. Light kitchen perimeter cabinets with a darker stained island cabinet are featured in the kitchen and an oversized island. The kitchen has stainless steel appliances and granite countertops. There were furnishings staged in the home at the time of the sale but are not included in the sale price. A designer did not complete space planning or finish selections for this home. The selling price is $525,000 and the total price per finished square foot is $143.00.
5.4.7: Single Family, Residential New Construction Built Environment B4

This single-family two-story style home was built in 2014 and sold the same year. The home was custom built from start to finish. 4 bedrooms, 4 bathrooms, and a 3-car garage is included (all front load garage spaces). This home is built on a flat lot. The sold price is $533,470. and the price per total finished square foot is $171.00. The home was owner occupied at the time of sale. An interior designer was utilized in the construction process of this home.
5.4.8: Overview of Features in Home (B4)

The home features natural stone and stucco board siding on the exterior. A composite shingle roof and covered patio are included in the price of this home. Double entry doors with glass inserts open to the foyer. The kitchen features stainless steel appliances, quartz counter tops, stained cabinetry, satin nickel light fixtures and plumbing fixtures. A medium tone wood floor is installed in the main level entertaining spaces. There are recessed ceilings and niches built into the floor plan, which is open concept. This home was owner occupied and there were furnishings and window coverings in this home at the time of sale. No interior photos are available to include.

5.4.9: Single Family, Residential New Construction Built Environment B5

This new 1.5 story single-family residence was built in 2014 and closed in 2015 with a final selling price of $665,900. The price per total finished square foot is $200.00.
This home features 4 bedrooms, 4 bathrooms, and 3 garage spaces, all front load. It is constructed on a walk out lot that falls within the size category of ¼ up to ½ acre. An interior designer was utilized to complete this home. It was on the market for 130 days as a model home prior to acceptance of a purchase contract. The home had not been occupied at the time of sale. There is 3,368 total finished square feet; all finished square feet are above grade (AG).

![Home B5 Exterior](image)

*Figure 38: 5.4.9 – Site B, Home B5 – Exterior of Home, Retrieved from OABR – GPMLS. January, 2019.*

### 5.4.10: Overview of Features in Home (B5)

This newly constructed 1.5 story home has dark bronze window cladding, natural stone, and hardboard siding on the exterior. Composite shingles are used on the roof and a covered deck is located off the back of the home. Double entry doors open to the foyer with light wood flooring material traveling from the front door through the main floor social spaces. There is a stone fireplace in the great room. The floorplan is open concept and the kitchen features stainless steel appliances, quartz countertops and
dark stained cabinetry. The home has a neutral color palette throughout. This home was fully staged with furnishings and window coverings as a model home at the time of the sale.

5.4.11: Single Family, Residential New Construction Built Environment B6

This new single-family 1.5 story home features 4 bedrooms, 4 bathrooms and 3 garages spaces. All garage spaces are front load. There is a total of 3,517 finished square feet in the home, all of which is above grade. This home was built in 2017 on a non-walk out lot and closed in 2017. The lot size category is up to $\frac{1}{4}$ acre. A purchase agreement was received the same day it was listed. The home had not been occupied at the time of sale. An interior designer was involved in the completion of this home. The final sales price is $768,606 and price per finished square foot is $182.00.
5.4.12: Overview of Features in Home (B6)

This home features natural stone, stucco board and hardboard siding on the exterior. It has a composite shingle roof and white window cladding on the exterior. There is a covered patio with double sided fireplace added to the back of the home. Double front entry doors with glass panels open to the foyer. The kitchen features stainless steel appliances and a marble mosaic tile backsplash with stained accented hood. An accent color is added to cabinetry in the kitchen and dining. A neutral wood floor in medium tone is used on the main level in social spaces. Satin nickel plumbing and light fixtures are featured throughout the home.
CHAPTER VI: SITE A AND SITE B RESULTS AND ANALYSIS

6.1 Site A – Overview of Data Collected

The three homes observed in Site A that included interior designers during the construction process recorded higher sales prices and garnered a higher price per total finished square foot at the time of sale than the three non-designer homes.

**Bar Charts**

![Bar Chart](image)

$423,950.70$ in sales price more when a designer is included.

*Figure 42: Data from Site A homes (homes A1-A6), this figure displays sales price values and is color-coded by whether or not a designer was included—orange = no designer, blue = designer. Note: bars are sequenced from highest sale price to lowest instead of by the name of the home.*
$63.02 in price per total finished square feet more when a designer is included.

Figure 43: Similarly, data from Site A homes (homes A1-A6), this figure displays the price per total finished square feet and is color-coded by whether or not a designer was included—orange = no designer, blue = designer. Again, bars are reordered from highest to lowest (per square foot).
6.2: Site B – Overview of Data Collected

Respectively, the three designer homes observed in Site B recorded higher sales price per total finished square foot at the time of sale than the three non-designer homes.

$178,531.10$ in sales price more when a designer is included.

*Figure 44: Similar to Figure 43, except Site B homes are now used.*
$46.33 \text{ in price per total finished square feet more when a designer is included.}

Figure 45: Similar to Figure 46, using Site B homes instead.

6.3: Site A and B Site - Observation Results and Analysis

Both Sites A and B had a neighborhood amenity that existed outside but near the properties that added home value to each of the 12 homes observed. Site A had a neighborhood clubhouse including an underground swimming pool which all 6 residences had equal access to enjoy and neighborhood walking trails. Site B had a neighborhood elementary school in the subdivision within walking distance to all 6 residences plus a nearby lake with playground equipment and walking trails. In each of the two subdivisions, home sales prices recorded showed a comparatively equal
average home sales price from data publicly noted. There are homes built in each of the two subdivisions that are not included in the study that did exceed the highest priced sale recorded publicly however, the sales data for those properties was not available to include.
CHAPTER VII: RESEARCH CONCLUSION

7.1: Overview

This research study was conducted to evaluate and establish a measurable link between interior design and home value. The twelve homes included in this study were evaluated to determine whether there was a connection monetarily between interior design and home value based on a price per total finished square foot sales basis. By using a standard of measure which extrapolated baseline public sales data and observed home feature criteria, the study suggests a link. The twelve single-family new construction homes included come from two separate sites (Sites A and B) within a five-mile radius of one another. The six homes which did have an interior designer involved in space planning and finish selection showed a higher average sales price between the two sites of $905,996.00 (compared to $604,719.67 for non-designer homes). Therefore, the designer homes resulted in a price per total finished square foot that averaged $54.67 higher than non-designer homes. The homes in Site A which included an interior designer sold at an average price of $1,156,000.00 whereas the non-designer homes sold at an average price of $732,049.33. The Site A designer homes sold at an average of $63.02 higher per square foot more than the non-designer homes. The homes in Site B with a designer involved sold at an average price of $655,992.00, whereas the non-designer homes sold at an average price of $477,390.66. The Site B designer homes sold at an average of $46.33 higher price per total square foot more than the non-designer homes.
This home sales data shows that having an interior designer as part of the construction process affected the overall sales price average between the two sites of $301,276.33.

$301,276.00 in sales price more when a designer was included.

Figure 46: All twelve homes across both sites, looking at sales price.
$54.67 in price per total finished square feet **more** when a designer is included.

*Figure 47: All homes across both sites, looking at price per total finished square feet.*

The table below shows means and standard deviations for the twelve homes observed in this study. The sales price and price per total finished square feet average for all homes with no designer (A1-A3 and B1-B3) as well as the averages for all homes with a designer is recorded (A4-A6 and B4-B6).

**Descriptive Statistics**

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<th>Site/Homes</th>
<th>Sales Price Mean</th>
<th>Sales Price Standard Deviation</th>
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<th>Square feet Price Standard Deviation</th>
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<td>$119,831.40</td>
<td>$163.49</td>
<td>$32.91</td>
</tr>
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<tr>
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<tr>
<td>A4-A6 and B4-B6</td>
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<td>$58.35</td>
</tr>
</tbody>
</table>

*Figure 48: Descriptive Statistics - Differences focused on whether or not a designer was used.*
The difference in average selling prices and price per total finished square feet are as follows:

- Difference in Site A between no designer versus using a designer:
  - $423,950.70 in sales price more, and
  - $63.02 in price per total finished square feet more when a designer is used.

- Difference in Site B between no designer versus using a designer:
  - $178,531.10 in sales price more, and
  - $46.33 in price per total finished square feet more when a designer is used.

- Difference in both sites between no designer versus using a designer:
  - $301,276.00 in sales price more, and
  - $54.67 in price per total finished square feet more when a designer is used.

The researcher found in reviewing the data produced above in this case study, against the current state of the residential design industry and single-family housing market, it suggests that there is demonstrated connection in terms of positive value monetized by design in the construction process. The researcher selected the case study sample set for this research as a segment of the market that a designer is more likely to be involved in to make a measurement of design value possible. The sample set included is similar in size to what a professional appraisal or real estate market analysis might include in the number of comparable homes. The study sample demonstrates that the price per total finished square foot with a designer involved is higher than the price per total finished square foot without. This uptick in home value vies for designer
involvement, as a primary stakeholder, in each new home built. Based on findings, feasibility suggests that increased design involvement in more residential construction projects, at every price point, will positively impact the market value of residential structures for stakeholders across the board proportionately.

By educating, innovating, informing, and advertising the profession of interior design it will amplify the awareness and positive impact design has on residential home value at every price point of home. There is much to explore regarding the role, impact, and value of integrating interior design services for increased home values in the greater middle-class market and in the sector of affordable housing. These price points of homes are in high demand and often limited in having design counsel based on tight budget constraints. The inclusion of a professional interior designer on all residential new construction homes should be a best practice standard in the course of business. A home is truly an outward expression of self and the largest personal purchase an individual makes in life. Interior designers add to the value equation in measurable ways. Through demonstrated education, examination, and experience the profession of interior design is commanding the attention and respect it has earned amongst industry partners and providers so, too, must the public’s perception of the role of the interior designer in the residential sector. By establishing a link between an increase in extrinsic home value of new construction single-family homes in terms of market value and price per total finished square foot, interior design should be aptly weighted as an integral stakeholder in the home construction process therein at every
price point.

7.2: Findings

This study aims to establish that interior designers should be included as primary stakeholders in the home construction market. Through the course of this observational study, the value a professional designer brings to single family residential homes is determined in the higher sales prices garnered per finished square foot by $54.67 over the non-designer homes. A professional designer comes to a project offering definitive value established through education, examination, and experience. This knowledge and level of expertise coupled with talent impacts the project positively as a whole. It provides a more informed process and plan in the delineation of space and gives this facet of the home the attention it deserves. Finish selection (material specifications) in new construction equates to billions of dollars spent year after year. Attention to product detail and craftsmanship, maintains the value while also improving comfort, livability, sustainability, universal design, safety, health and wellness through careful consideration to each product that goes into a new single-family home.

Since interior designers are problem solvers, answers to all the tough questions are found in the details of home design. Questions such as, how will the cabinetry be laid out? What products represent the highest allocation of dollars spent? How will the kitchen function for the end users’ lifestyle? Where and how will one store and use things such as clothing, cleaning supplies, and food? What efficiency and space are needed for each? These are just a few of the many questions a designer must answer
and solve for attentively while maintaining the art form respectively. Design professionals guide the end user during the construction process in a myriad of decisions in a timely fashion for home builders, subcontractors and suppliers so that all stay on task and adhere to the construction timeline. Budget and timeline are very important variables to stakeholders during the construction process; a designer is able to help manage both effectively on each home built. Based on the researcher’s firsthand knowledge the hypothesis was tested through the course of this observational research study methodology. From the data collected, there is enough evidence to suggest that interior designers contribute to a higher price per total finished square foot hence, an increase in home value accordingly.

7.3: Future Study Recommendations

1. **Macro-size study**: Scaled across a wider population in price points of homes in residential new construction from a comparative sample set of sales price data (i.e. affordable housing, median price housing, etc.) baseline study results need to be documented.

2. **Feasability**: By separating parts of a whole, the positive impact of design needs to continue to be measured, tested, analyzed, and documented through price per total finished square foot using sales price data to prove for extrinsic value. The same variables in this study could be extrapolated and tested from a sample set of existing homes to establish design as it relates to market value in a variety of residential projects: existing homes in aging areas, remodeling projects, historic preservation and revitalization, etc.

3. **Addressing design impact in existing homes**: An evidence-based design research study utilizing post occupancy evaluations from land developers, home builders, consumers, etc. as to the interior design long-term effects in price per total finished square foot on value of existing homes. This future study could also address design impact on home value in remodeling projects and revitalizations projects as well measured in monetary terms.
Continuing to emphasize the importance and monetary value of professional design is a definitive key to further establishing the link between interior design and home value. By establishing this connection to increased home value, the demand for interior design services in the residential construction market will grow in turn, and the profession will expand its reach. Primary stakeholders in the construction market including: land developers, architects, draftsman, home builders, bankers, real estate agents, and consumers must recognize interior designers as primary stakeholders in market value. Hence, the general public will be given the opportunity to see first-hand what it means to have professional design services rendered in a residential space and the difference such services make in terms of home value.

It is reasonable to believe that informing the general public through profession advocacy at the local and national level may increase cultural understanding. The cultural gap in the public perception of the profession at large needs to move away from inclusion of a residential interior designer as an option and toward, implementing a designer as a key player in the home construction process at all price points. Recognizing that a designer’s role and value is derived from a separate but equal skill set and body of knowledge outside of that of an architect or home builder is critical to the aforesaid. Designers themselves can advocate for the profession by speaking about the profession and using words to describe the profession that are befitting of the scope of work the job entails. Advertising the distinctions between the titles of interior
designer and interior decorator may help the general public further grasp and understand that interior design services are born of a skilled profession and are not just a hobby or craft that one may refer to as fun. Design expertise, skills and talents bring both intrinsic and extrinsic value to the residential built environment and exact a higher price per total finished square foot for all stakeholders.

Additional evidence-based design research across a wider population and at different price points of homes should continue to follow this study. Again, research studies need to focus on tangibles that can be measured in monetary terms in order to support the intangibles of design to establish a baseline monetary measurement of value in varying segments of the new home construction market. Design research must stay ahead of the curve and constantly innovate to provide design solutions to tough questions that home builders and consumers want to know. Future large-scale research initiatives purposed on collecting factual data from sample sets across a wider population; can demonstrate the extrinsic value design brings in a measurable way. Evidence-based design research focusing on macro residential demographics, lifestyle, and emerging technologies in residential design will continue to illuminate what stakeholders need to recognize; interior designers positively impact home value in a wide variety of ways.
References


Great Plains Regional Multiple Listing Service, MLS. (2019). Subdivision home sales data: West bay woods II and the prairies. Retrieved July 12, 2019 from
the Omaha Area Board of REALTORS®, https://www.gprmls.com/


https://www.interiordesign.net/universe/.


Appendix A

Sites A and B – Research Tool: Assessment of Involvement by Personal Communication or Site Observation

Was a professional interior designer involved in the home completion process in any capacity? Yes or No.

If so, was the designer involved in the space planning? Yes or No.

Was the design professional involved in the finish selections and material specifications? Yes or No.

Site supervision or management of the interior finishes with subcontractors and suppliers? Yes or No.

Is the design professional a subcontracted service? Yes or No. If no, is the design professional an employee of the general contractor? Yes or No.

Space plan and select furnishings for owner or stage the home for sale? Yes or No

Was there literature provided in the home that represented that an interior designer was used to complete the project in any way: business cards, flyers, postcards, signage, etc.? Yes or No.
### Appendix B

<table>
<thead>
<tr>
<th>Feature</th>
<th>Home A1</th>
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<th>Home A3</th>
<th>Home A4</th>
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Number of Bedrooms? Number of Bathrooms?

Number of Garage Spaces? Side-load or Frontload

Garages? Walk-out Lot? Size of Lot?

Total Square Feet? Above Grade? Below Grade? Sales Price? Price per Square Foot?
### Appendix C

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Number of Bedrooms? Number of Bathrooms?

Number of Garage Spaces? Side-load or Frontload Garages?

Walk-out Lot? Size of Lot?

Total Square Feet? Above Grade? Below Grade? Sales Price? Price per Square Foot?
Appendix D


DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
OF THE PRAIRIES, A SUBDIVISION
IN DOUGLAS COUNTY, NEBRASKA

THIS DECLARATION, made on the date hereinafter set forth, is made by LANOHA REAL ESTATE
COMPANY INC., a Nebraska corporation, hereinafter referred to as the “Declarant.”

PRELIMINARY STATEMENT

The Declarant is the owner of certain real property located within Douglas County, Nebraska and
described as follows:

Lots 1 through 18, inclusive, Lots 15 through 134, inclusive, Outlots A
through F, inclusive, and Outlot J, in The Prairies, a subdivision, as
surveyed, platted and recorded in Douglas County, Nebraska; and

Lots 1 through 4, inclusive, The Prairies Replat 1, a subdivision, as
surveyed, platted and recorded in Douglas County, Nebraska.

Such lots are herein referred to collectively as the “Lots” and individually as each “Lot.”

The Lots are situated in The Prairies, a residential subdivision situated in Douglas County,
Nebraska and herein referred to as “The Prairies.” The Declarant desires to provide for the preservation of
the values and amenities of The Prairies, for the maintenance of the character and residential integrity of
The Prairies, and for the acquisition, construction and maintenance of Common Facilities for the use and
enjoyment of the residents of The Prairies.

NOW, THEREFORE, the Declarant hereby declares that each and all of the Lots shall be held, sold
and conveyed subject to the following restrictions, covenants, conditions and easements, all of which are for
the purpose of enhancing and protecting the value, desirability and attractiveness of the Lots and the
enjoyment of the residents of the Lots. These restrictions, covenants, conditions and easements shall run
with such Lots and shall be binding upon all parties having or acquiring any right, title or interest in each Lot,
or any part thereof, as is more fully described herein. The Lots are, and each Lot is, and shall be subject to
all and each of the following conditions and other terms:
ARTICLE I.
DEFINITIONS

1. "Association" shall mean and refer to The Prairies Homeowners Association, Inc., a Nebraska nonprofit corporation, its successors and assigns.

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.

3. "Properties" shall mean and refer to:

   Lots 1 through 10, inclusive, Lots 15 through 134, inclusive, Outlots A through F, inclusive, and Outlot J, in The Prairies, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska; and

   Lots 1 through 4, inclusive, The Prairies Replat 1, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska.

   together with any such additions thereto as may hereafter be brought within the jurisdiction of the Association, including, but not limited to, the property located and adjoining the subdivision to the south to be known as Phase II of The Prairies and the Declarant elects to include Phase II (as defined herein) to be subject to this Declaration.

4. "Lot" shall mean and refer to any platted Lot shown upon any recorded subdivision map of the Properties or one of two parcels resulting from a Lot split and Outlots all in the Subdivision.

5. "Improved Lot" shall mean and refer to any Lot included within the Properties upon which shall be erected a completed dwelling and a certificate of occupancy issued for such dwelling.

6. "Declarant" shall mean and refer to all persons and entities signing this instrument, their successors and assigns.

7. "Common Area" shall mean and refer to Outlots A through F, inclusive, and Outlot J, The Prairies, and any improvements thereon, which Outlots shall be owned by the Association, and any additional real property owned by the Association. The Association shall own and maintain the common area.

8. "Common Facilities" shall include parks (public or otherwise); dedicated and nondedicated roads, paths, ways and green areas; signs; and entrances for The Prairies, and other improvements and facilities owned by the Association and/or Sanitary and Improvement District No. 537 of Douglas County, Nebraska ("SID 537").

9. "The Prairies Club" shall mean and refer to the clubhouse, tennis courts, pool and other improvements to be constructed and owned by the Declarant, which will be located on Lot 135, The Prairies, and which will be utilized by the Owners of an Improved Lot, and their families and guests, and the Owners of an Improved Lot, and their families and guests, within the proposed parcel of real property adjoining The Prairies subdivision to the south to be known as Phase II of The Prairies ("Phase II") will have the right to use The Prairies Club.
10. "Community Recreation" shall mean recreational activities or recreational gatherings of the Owners of Improved Lots and their families and guests (and the Owners of Improved Lots and their families and guests of Phase II) not in excess of eighty (80) persons within the gathering room of the clubhouse and other recreational games and activities which are generally and ordinarily conducted within a community recreational facility setting by and for the Owners of Improved Lots and their families and guests (and the Owners of Improved Lots and their families and guests of Phase II).

11. "Ground Floor Finished Living Area" shall mean the space of a dwelling at the ground level, as viewed from the front elevation, which is intended for human occupancy and is heated and cooled by a permanent system, has finishes consistent with that of a dwelling in a similar price point and is directly assessable from another finished living area. Said space is exclusive of attics, porches of any type, garages, porte-cochere, storage areas, decks and patios.

ARTICLE II.
RESTRICTIONS AND COVENANTS

1. Each Lot shall be used exclusively for single-family residential purposes, except for such Lots or parts thereof as may hereafter be conveyed or dedicated by Declarant, its successors or assigns, for use in connection with a Common Facility, The Prairies Club, for a church, school or park, or for other non-profit use.

2. No residence, building, fence, wall, driveway, patio, patio enclosure, swimming pool, basketball backboard, dog house, pool house, flag pole, or other external improvement, including landscaping, above or below the ground (herein all referred to as any "Improvement") shall be constructed, erected, placed or permitted to remain on any Lot, nor shall any grading or excavation for any improvement be commenced, except for Improvements which have been approved by Declarant as follows:

(a) An Owner desiring to erect an Improvement on any Lot shall deliver one set of construction plans, detailed landscaping plans, and plot plans to Declarant (herein collectively referred to as the "plans"). Such plans shall include a description type, quality, color and use of materials proposed for the exterior of such Improvement. Concurrent with submission of the plans, Owner shall notify the Declarant of the Owner's mailing address.

(b) Declarant shall review such plans in light of the conditions and restrictions in Article I of this Declaration and in relation to the type and exterior of improvements which have been constructed, or approved for construction, on the Lots. In this regard, Declarant intends that the Lots shall be developed as a residential community with homes constructed of high quality materials. The decision to approve or refuse approval of a proposed Improvement shall be exercised by Declarant in a reasonable manner to promote conformity and harmony of the external design of the improvements constructed within The Prairies subdivision and to protect the value, character and residential quality of all Lots in a manner consistent with this Declaration. Atypical improvements and home designs such as dome houses, A-frame houses and log cabins will not be approved unless the Declarant determines that construction of these improvements will not be materially inconsistent with the scheme of development contemplated by this Declaration. If Declarant determines that the external design and location of the proposed improvement does not conform with the standards or requirements of this Declaration, does not conform with the surrounding improvements and topography or will not protect and enhance the integrity and character of all the Lots and neighboring lots, if any, as a quality residential community, Declarant may refuse approval of the proposed Improvement.

(c) Written Notice of any approval of a proposed Improvement shall be mailed to the owner at the address specified by the owner upon submission of the plans. Such notice shall be mailed, if at all, within thirty (30) days after the date of submission of the plans. If notice of approval is not mailed within such period, the proposed Improvement shall be deemed disapproved by Declarant.
(d) No Lot owner, or combination of Lot owners, or other person or persons, shall have any right to any action by Declarant, or to control, direct or influence the acts of the Declarant with respect to the approval or disapproval of any proposed Improvement. No responsibility, liability or obligation shall be assumed by or imposed upon Declarant by virtue of the authority granted to Declarant in this Section, or as a result of any act or failure to act by Declarant with respect to any proposed Improvement.

(a) Dwelling construction requirements are as follow:

**Lots 1-63:**

Minimum Ground Floor Finished Living Area (sq ft):
- 1 Story: 1,750
- 1.5 Story: 1,200
- 2 Story: 1,200

Dwelling Setbacks (feet from property line):
- Front: 25
- Side: 5
- Street Side: 15
- Rear: 25

Architectural Details:
- Front elevation shall be covered with 50% or more brick and/or stone.
- No wood shake shingles or asphalt shingles less than 300 pounds per square.
- Street side exposed foundation shall be covered with brick and/or stone.

Driveways:
- All driveways shall be constructed of concrete and/or paving stones, except that the approach between the sidewalk and curb shall be constructed of concrete.
- The maximum width between the street curb and front property line shall be 22 feet.

Fencing:
- No fence shall be installed without prior approval by Declarant.
- Fencing shall be constructed of black wrought iron or aluminum (maximum height of 72 inches) or black vinyl chain link (maximum height of 48 inches).

**Lots 64-97:**

Minimum Ground Floor Finished Living Area (sq ft):
- 1 Story: 2,200
- 1.5 Story: 1,900
- 2 Story: 1,900

Dwelling Setbacks (feet from property line):
- Front: 25
- Side: 5
- Street Side: 15
- Rear: 25

Architectural Details:
- Front elevation shall be covered with 60% or more brick and/or *natural* stone.
- A minimum of 50% of garage door exposure shall be side-loaded.
- No wood shake shingles or asphalt shingles less than 350 pounds per square.
Street side exposed foundation shall be covered with brick and/or stone.

Driveways:
All driveways shall be constructed of concrete and/or paving stones, except that the approach between the sidewalk and curb shall be constructed of concrete.
The maximum width between the street curb and front property line shall be 22 feet.

Fencing:
No fence shall be installed without prior approval by Declarant.
Fencing shall be constructed of black wrought iron or aluminum (maximum height of 72 inches).

Lots 98-122:

Minimum Ground Floor Finished Living Area (sq ft):
1 Story: 2,800
1.5 Story: 2,100
2 Story: 2,100

Dwelling Setbacks (feet from property line):
Front: 25
Side: 10
Street Side: 15
Rear: 25

Architectural Details:
Front elevation shall be covered with 50% or more brick and/or natural stone.
100% of garage door exposure shall be side-loaded.
No wood shake shingles or asphalt shingles less than 450 pounds per square.
Street side exposed foundation shall be covered with brick and/or stone.

Driveways:
All driveways shall be constructed of concrete and/or paving stones, except that the approach between the sidewalk and curb shall be constructed of concrete.
The maximum width between the street curb and front property line shall be 22 feet.

Fencing:
No fence shall be installed without prior approval by Declarant.
Fencing shall be constructed of black wrought iron or aluminum (maximum height of 72 inches).

Lots 123-134:

Minimum Ground Floor Finished Living Area (sq ft):
See current Saltgrass Design Standards, to be provided by Declarant.

Dwelling Setbacks (feet from property line):
Front: 25 (Front is a specific requirement, i.e. the dwelling must be set at 25 feet)
Side: 5
Rear: 25

Architectural Details:
See current Saltgrass Design Standards, to be provided by Declarant.
Driveways:
All driveways shall be constructed of concrete with a standard light broom finish.
Each Lot shall only have a single shared driveway, with 50% of the driveway to occur on each Lot.
The maximum width per Lot shall be 12 feet and the total shared width shall not exceed 24 feet.
Lots shall share driveways in the following grouping: 123/124, 125/126, 127/128, 129/130, 131/132, 133/134.

Fencing:
No fence shall be installed without prior approval by Declarant.
Fencing shall be constructed of black wrought iron or aluminum (specific height of 48 inches).
See current Saltgrass Design Standards, to be provided by Declarant.

Notwithstanding the foregoing requirements, the Declarant, in its sole discretion, shall have the right, but not the obligation, to allow variances to the building requirements by granting a specific written variance.

(f) Landscape plans submitted: as per Section (a) above, the plans shall conform to the following standards:

- Plans shall indicate any grade changes, walls and berms.
- Each site shall be landscaped with a mixture of plant materials consisting of a representative sample of shade trees, ornamental trees, evergreen trees, evergreen shrubs, deciduous shrubs and perennials/groundcovers.
- Landscaping shall be installed during the first available planting season following substantial completion of the building.
- All swimming pool plans shall be approved by the Declarant and shall not extend more than one foot above ground level
- Minimum tree size is a 2" caliper B&B.
- No hedges or mass planted shrubs shall be permitted more than ten (10) feet in front of the front building line unless otherwise approved by Declarant.
- No wall shall exceed a height of six (6) feet unless otherwise approved by Declarant.

3. No single-family residence shall be created, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling which does not exceed two and one-half stories in height.

4. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot except one sign per Lot consisting of not more than six (6) square feet advertising a lot as "For Sale"; nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the owner or owners of any Lot or any resident thereof. The foregoing restriction in this Article II, Section 4 shall not apply to the business activities, signs and billboards or the construction and maintenance of buildings, if any, by Declarant, or its agents and assigns, during the development and sale of Lots.

5. No exterior television or radio antenna or satellite receiving dish of any type shall be permitted on any Lot. Notwithstanding the foregoing, an antenna or dish that is designed to receive over-the-air video programming signals that does not exceed one meter in diameter, and that is attached directly to the residence may be permitted provided that the location and size of the proposed antenna or dish is first approved by the Declarant or its assigns. No tree houses, tool sheds, dollhouses, windmills, exterior solar heating or cooling devices, or similar structures shall be permitted on any Lot.
6. No repair of any boats, automobiles, motorcycles, trucks, campers or similar vehicles requiring a continuous time period in excess of forty-eight (48) hours shall be permitted on any Lot at any time; nor shall vehicles offensive to the neighborhood be visibly stored, parked or abandoned on any Lot. No unused building material, junk or rubbish shall be left exposed on the Lot except during actual building operations, and then only in as neat and inconspicuous a manner as possible.

7. No boat, camper, trailer, auto-drawn or mounted trailer of any kind, mobile home, truck, aircraft, camper truck or similar chattel shall be maintained or stored on any part of a Lot (other than in an enclosed structure) for more than twenty (20) days within a calendar year. No motor vehicle may be parked or stored outside on any Lot, except vehicles driven on a regular basis by the occupants of the dwelling located on such Lot. No grading or excavating equipment, tractors or semi-tractors/trailers shall be stored, parked, kept or maintained in any yards, driveways or streets. However, this Article II, Section 8 shall not apply to trucks, tractors or commercial vehicles which are necessary for the construction of residential dwellings or other Improvements during the period of construction. All residential Lots shall provide at least the minimum number of off street parking areas or spaces for private passenger vehicles required by the applicable zoning ordinances of the City of Omaha, Nebraska.

8. No incinerator, trash burner or fuel tank shall be permitted on any Lot. No garbage or trash can or container shall be permitted outside, except for pickup purposes. No garden lawn or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any dwelling or suitable storage facility, except when in actual use. No garbage, refuse, rubbish or cutting shall be deposited on any street, road or Lot. No clothesline shall be permitted outside of any dwelling at any time. Produce or vegetable gardens may only be planted and maintained in rear yards.

9. Exterior lighting installed on any Lot shall either be indirect or of such a controlled focus and intensity as not to disturb the residents of adjacent Lots.

10. No tennis courts shall be allowed on any residential lots.

11. Construction of any Improvement shall be completed within one (1) year from the date of commencement of excavation or construction of the Improvement. Grading plans must be submitted to and approved by Declarant prior to commencement of Improvements to any Lot. Declarant shall review the grading plans in light of commercially recognized development and engineering standards.

12. Commencing with completion of construction of any Improvement on a Lot, a public sidewalk constructed of concrete five (5) feet wide by four (4) inches thick shall be installed and maintained in front of each Lot and upon each street side of each corner Lot. The sidewalk shall be placed a minimum of eight (8) feet and a maximum of seventeen and one-half (17.5) feet from the street curb line, in conformance with the master sidewalk plan. The sidewalk alignment shall be approved by Declarant prior to construction. After approval of the sidewalk alignment, the sidewalk shall be constructed by the owner of the Lot prior to the time of completion of the main structure and before occupancy thereof; provided, however, this provision shall vary to comply with any requirements of the City of Omaha.

13. Repair or replacement of driveway approaches shall be of concrete and the responsibility of the Lot Owner. No asphalt overlay of driveway approaches will be permitted.

14. No stable or other shelter for any animal, livestock, fowl or poultry shall be erected, altered, placed or permitted to remain on any Lot, except for one dog house constructed for one (1) dog; provided always that the construction plans, specifications and the location of the proposed structure have been first approved by Declarant, or its assigns. Doghouses shall only be allowed adjacent to the rear of the building, concealed from public view. No dog runs or kennels may be constructed or installed on any Lot. No livestock or agricultural-type animals shall be allowed in The Prairies subdivision, including pot-bellied pigs.

15. Any exterior air conditioning condenser unit shall be placed in the rear yard or any side yards so as not to be visible from public view. No grass, weeds or other vegetation will be grown or
otherwise permitted to commence or continue, and no dangerous, diseased or otherwise objectionable shrubs or trees will be maintained on any Lot so as to constitute an actual or potential public nuisance, create a hazard or undesirable proliferation, or detract from a neat and trim appearance. Vacant Lots shall not be used for dumping of earth or any waste materials, and no vegetation on vacant Lots shall be allowed to reach a height in excess of twelve (12) inches.

16. No Residence shall be constructed on a Lot unless the entire Lot, as originally platted, is owned by one owner of such Lot, except parts of two or more platted Lots may be combined into one Lot provided that any proposed Lot combinations or administrative subdivisions must be approved by Declarant.

17. No temporary structure of any character, and no carport, trailer, modular home, open basement, storage shed, outbuilding or shack shall be erected upon or used on any Lot at any time, either temporarily or permanently. An owner may erect a swing set, playground equipment, pool house or other non-prohibited structure on a Lot only after securing the prior written approval of Declarant. No structure or dwelling shall be moved from outside The Prairies to any Lot without the written approval of Declarant.

18. All utility service lines from each lot line to a dwelling or other Improvement shall be underground.

19. No tree situated upon any Lot may be moved, removed, cut or destroyed unless complete plans describing the exact tree or trees to be moved, removed, cut or destroyed, and the reason therefore, shall have been submitted to and approved in writing by Declarant in accordance with Section 2 of this Article II. For purposes of this Section, "tree" shall mean and refer to a tree of any type with a diameter larger than one (1) inch at a height of five (5) feet. Unless waived in writing by the Association, each Owner shall repair and maintain in good condition any and all trees, shrubs, and bushes placed in and along the public sidewalk easement area on their Lot. Should any of such trees, shrubs or bushes be removed, die, or deteriorate into a poor condition, the Owner of the Lot shall, at its expense, replace such trees, bushes or shrubs with trees, bushes or shrubs of the same or similar quality. In the event such replacement does not occur upon thirty (30) days written notice from either the Declarant or the Association, then either the Declarant or the Association may cause such replacement to occur and charge the owner of the Lot for such replacement as allowed hereinafter.

20. Sufficient sediment control measures, including, but not limited to, installation and maintenance of silt fences, straw bale fences, storm water inlet protection and temporary seeding, to the extent deemed reasonably necessary by Declarant, shall be taken by the Owner or Owner’s builder to ensure that all sediment resulting from any land disturbance or construction operation is retained on the Lot in question. All sediment control measures must be maintained until such Lot has been permanently stabilized with respect to soil erosion. The Lot Owner shall be solely responsible for the cost of any erosion control measures. The Lot Owner shall not materially change the grade or contour of any Lot and shall control the flow of surface water from its Lot so not to interfere with the drainage of any adjoining or downstream Lot.

ARTICLE III
HOMEOWNERS' ASSOCIATION

1. The Association. Declarant has caused or will cause the incorporation of THE PRAIRIES HOMEOWNERS ASSOCIATION, a Nebraska not-for-profit corporation (hereinafter referred to as the "Association"). The Association has as its purpose the promotion of the health, safety, recreation, welfare and enjoyment of the residents of The Prairies, including:

   (a) The acquisition, construction, landscaping, improvement, equipment, maintenance, operation, repair, upkeep and replacement of Common Facilities for the general use, benefit and enjoyment of the Members. Common Facilities may include recreational facilities such as swimming pools, tennis courts, health facilities, playgrounds and parks; dedicated and nondedicated roads, paths, ways and green areas (including landscaping); and signs and entrances for The Prairies. Common Facilities may be situated on property owned or leased by the
Association within The Prairies subdivision, on private property subject to an easement in favor of the Association, on public property, or on property dedicated to a Sanitary and Improvement District.

(b) The promulgation, enactment, amendment and enforcement of rules and regulations relating to the use and enjoyment of any Common Facilities, provided always that such rules are uniformly applicable to all Members. The rules and regulations may permit or restrict use of the Common Facilities by Members, their families, their guests, and/or by other persons, who may be required to pay a fee or other charge in connection with the use or enjoyment of the Common Facility.

(c) The exercise, promotion, enhancement and protection of the privileges and interests of the residents of The Prairies; and the protection and maintenance of the residential character of The Prairies.

2. The Prairies Club

(a) Purpose. The Declarant is the owner of Lot 135, The Prairies. The Declarant shall construct a clubhouse, pool and other improvements on Lot 135, The Prairies, which lot and improvements shall be known as The Prairies Club. After construction of such improvements, the Declarant shall remain the owner of The Prairies Club. The purpose of The Prairies Club shall be to provide a facility for Community Recreation as defined in Article I, Section 10 of these Covenants, consisting of the clubhouse, pool, fitness facility and other recreational facilities for the Owners of Improved Lots and their families and guests (and the Owners of Improved Lots and their families and guests of Phase II). Each Owner of an improved Lot within The Prairies subdivision shall be a member of The Prairies Club. Each Owner of an improved Lot shall pay monthly membership dues in order to belong to The Prairies Club ("The Prairies Club Dues"). The monthly membership The Prairies Club Dues shall be paid by the Owner of an Improved Lot as part of the Monthly Assessments charged by the Association under these Covenants. The Association shall then segregate such dues and deliver such dues to the Declarant on a monthly basis. The Prairies Club Dues shall be utilized to maintain, operate and pay for The Prairies Club. The initial monthly The Prairies Club Dues shall be set by its Board on an annual basis in accordance with its Bylaws. The Prairies Club Dues shall not be assessed by the Board until such time as The Prairies Club is completed and a Certificate of Occupancy issued. Prior to the year 2020, The Prairies Club Dues are estimated not to exceed One Thousand Dollars ($1,000) per year. In the event the Owner of an Improved Lot fails to pay his or her The Prairies Club Dues, the Declarant or the Association shall have the authority and power to enforce the collection of such The Prairies Club Dues pursuant to these Covenants, further, in the event of such non-payment, the Association and/or the Declarant shall have the right to foreclose the Association and/or the Declarant shall have the right to foreclose the Owners of The Prairies Club; the period when such The Prairies Club Dues are delinquent. The Declarant shall also have the right to establish, change, amend or revise Rules and Regulations for the operation and use of The Prairies Club, which Rules and Regulations shall be in writing and provided to the Owner of an Improved Lot. Each Owner of an Improved Lot shall execute a statement acknowledging the receipt, review and acceptance of such Rules and Regulations, which receipt must be on file with The Prairies Club in order for such Owners of Improved Lots and their families and guests (and the Owners of Improved Lots and their families and guests of Phase II).

(b) Use Restricted to Community Recreation. Lot 135, The Prairies, and the improvements to be constructed thereon by the Declarant as described in Article III, Section 2 of these Covenants, which lot and improvements are described herein as The Prairies Club, shall be used only the Declarant and the Owners of the Improved Lots, and their guests, for Community Recreation as defined in Article I, Section 10, and as a facility for Community Recreation and for no other purpose. The Prairies Club shall not be used for a commercial activity and shall at all times remain a facility for Community Recreation and a non-commercial facility. The Owners of the Improved Lots shall be permitted to reserve and utilize the gathering room within The Prairies Club for recreational gatherings for their families and guests not in excess of eighty (80) persons. The
The Prairies Club shall not be rented out. The Declarant and/or the Association shall have the right to require a reasonable deposit for the recreational gatherings of the Owners of Improved Lots and their families and guests. In the event the Declarant should ever convey any of its interest in Lot 135, The Prairies, and any of the improvements described herein which constitutes The Prairies Club, such conveyance shall at all times be subject to the use restrictions of these Covenants which restrict the use of Lot 135, The Prairies and the improvements thereon, to Community Recreation for the Owners of Improved Lots and their families and guests, and for no other purposes. Notwithstanding any provision contained herein to the contrary, the use restrictions set forth in this Article III, of the Covenants may not be amended without the written approval of the City of Omaha.

3. **Property Rights.**

   (a) **Voting Rights.** The Association may suspend the voting rights of an Owner for any period during which any assessment against such Owner’s Lot remains unpaid, and for any period of time not to exceed sixty (60) days after any infraction by such Owner, or members of such Owner’s family, or guests or tenants of such Owner, of the published rules and regulations of the Association.

   (b) **Parking Rights.** Ownership of any Lot shall entitle the Owner or Owners thereof to such nonexclusive parking rights as shall be available upon the parking facilities of The Prairies Club.

4. **Membership and Voting.** Phase I of The Prairies is divided into one hundred thirty-five (135) residential lots (for purposes of Article II of this Declaration, the term “Lots” shall mean all of the residential lots which are included in the Association, including the Lots as defined in this Declaration). The “Owner” of each Lot shall be a Member of this Association. For purposes of this Declaration, the term “Owner” of a Lot means and refers to the record owner, whether one or more persons or entities, of fee simple title to a Lot, but excluding however those parties having any interest in any of such Lot merely as security for the performance of an obligation (such as a contract seller, the trustee or beneficiary of a deed of trust, or a mortgagee). The purchaser of a Lot under a land contract or similar instrument shall be considered to be the “Owner” of the Lot for purposes of this Declaration. Membership shall be appurtenant to ownership of each Lot, and may not be separated from ownership of each Lot. The Owner of each Lot, whether one or more persons and entities, shall be entitled to one (1) vote on each matter properly coming before the Members of the Association.

Declarant anticipates that additional phases of The Prairies may be developed by Declarant or other developers. From time to time, without the consent or approval of an Owner or Member, the Association may, with Declarant’s approval, be expanded by Declarant to include additional residential lots in any subdivision which is contiguous to any of the Lots, or which is developed as a phase of The Prairies subdivision. Such expansion(s) may be effected from time to time by Declarant’s recordation with the Register of Deeds of Douglas County, Nebraska, of a Declaration of Covenants, Conditions, Restrictions and Easements, setting forth the identity of the additional residential lots (hereinafter the “Subsequent Phase Declaration”), provided that if the Subsequent Phase Declaration is recorded by a person or entity other than Declarant, the inclusion of additional residential lots in the Association must be approved by Declarant. Upon the recordation of any Subsequent Phase Declaration which expands the residential lots included in the Association, the additional lots identified in the Subsequent Phase Declaration shall be considered to be and shall be included in the “Lots” for purposes of this Article, and the owners of the additional residential lots shall be members of the Association with all rights, privileges and obligations accorded or accruing to members of the Association.

Every owner of a Lot which is subject to assessment shall be a member of the Association. Each Lot Owner and the Association is empowered to enforce the Covenants. Membership shall be appurtenant to and shall not be separated from ownership of any Lot which is subject to any assessment.

Members holding one-tenth (1/10) of the votes entitled to be cast represented in person or by proxy shall constitute a quorum.
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 all Owners, including the Declarant. Each Class A Member shall be entitled to one (1) 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 of both, shall be Members, provided however that the vote for such Lot shall be exercised as such persons or entities of both, shall determine, but in no event shall more than one (1) vote be cast with respect to any one Lot.

**Class B:** Class B Members shall be the Declarant or its successors and assigns which shall be entitled to thirty (30) votes for each Lot owned by the Declarant or its successors or assigns (in addition to Declarant's number of votes as a Class A member). The Class B membership shall terminate (with the Declarant or its successors and assigns then still entitled to one (1) vote for each Lot owned by the Declarant or its successors and assigns as a Class A member) upon the occurrence of the first of the following dates: (a) the date on which Declarant no longer owns any Lot; (b) the date Declarant shall elect, in its sole discretion, that the Class B membership cease and be converted to the Class A membership, or (c) December 31, 2030.

5. **Purposes and Responsibilities.** The Association shall have the powers conferred upon not-for-profit corporations by the Nebraska Nonprofit Corporation Act, and all powers and duties necessary and appropriate to accomplish the Purposes and administer the affairs of the Association. The powers and duties to be exercised by the Board of Directors, and upon authorization of the Board of Directors by the Officers, shall include but shall not be limited to the following:

   (a) The acquisition, development, maintenance, repair, replacement, operation and administration of Common Facilities, and the enforcement of the rules and regulations relating to the Common Facilities.

   (b) The landscaping, mowing, watering, repair and replacement of parks and other public property and improvements on parks, public property, within or near The Prairies.

   (c) The fixing, levying, collecting, abatement, and enforcement of all charges, dues, or assessments made pursuant to the terms of this Declaration.

   (d) The expenditure, commitment and payment of Association funds to accomplish the purposes of the Association including, but not limited to, payment for purchase of insurance covering any Common Facility against property damage and casualty, and purchase of liability insurance coverages for the Association, the Board of Directors of the Association and the Members.

   (e) The exercise of all of the powers and privileges, and the performance of all of the duties and obligations of the Association as set forth in this Declaration, as the same may be amended from time to time.

   (f) The acquisition by purchase or otherwise, holding, or disposition of any right, title or interest in real or personal property, wherever located, in connection with the affairs of the Association.

   (g) The deposit, investment and reinvestment of Association funds in bank accounts, securities, money market funds or accounts, mutual funds, pooled funds, certificates of deposit or the like.
(h) The employment of professionals and consultants to advise and assist the Officers and Board of Directors of the Association in the performance of their duties and responsibilities for the Association.

(i) General administration and management of the Association, and execution of such documents and doing and performance of such acts as may be necessary or appropriate to accomplish such administration or management.

(j) The doing and performing of such acts, and the execution of such instruments and documents, as may be necessary or appropriate to accomplish the purposes of the Association.

6. Mandatory Duties of the Association. The Association shall:

(a) Maintain and repair the signs which have or will be installed by Declarant in good repair and neat condition;

(b) Maintain, repair, and replace as necessary all fences and trees, shrubs, and other natural barriers and green areas constructed on and along the mixed-use lots, so that such are in good repair and neat condition; and

(c) In the event any Owner of a Lot shall fail to perform and fulfill his obligations and responsibilities under Article II, Section 19 of this Declaration, and if such failure continues for thirty (30) days after written notice to the Owner from the Association, the Association shall perform or have performed such obligation or responsibility. If the Association undertakes to perform or have performed the responsibilities of the Owner, the cost of such performance plus a fifteen percent (15%) administrative charge shall be assessed against the Owner, and the Owner shall be obligated to promptly pay such sums to the Association. Assessment of such costs shall be made by written demand from the Association for payment by the Owner. If such assessment is not paid within thirty (30) days after written demand from the Association, such assessment shall constitute a lien on the Lot, which lien shall attach, have the priority and be enforceable by the Association in the same manner as liens for assessments and dues as provided in this Article III.

(d) Maintain, repair, construct and replace the irrigation system constructed by the District and located within The Prairies.

ARTICLE IV: COVENANT FOR ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants for each Improved Lot and for each Owner of any Improved Lot, by acceptance of a deed therefor or by entering into a contract for the purchase thereof, whether or not it shall be so expressed in such deed or in such contract, that it is, and shall be, deemed to covenant and agree to pay to the Association:

(a) Monthly assessments for the repair, maintenance and improvement of the Common Area, and operational expenses of the Association (the "Association Monthly Assessment"), and

(b) The collection of The Prairies Club Dues for The Prairies Club pursuant to Article III, Section 2 of these Covenants, and

(c) Special assessments for capital improvements, and

as such assessments shall be established and collected as hereinafter provided. The special assessments and monthly assessments together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment shall be
made. Each such assessments, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person, persons, or entity who, or which, was the Owner of the property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title, unless expressly assumed by them.

2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, recreation and welfare of the residents of the Proprietors for the ownership, maintenance, construction, reconstruction and repair of the Common Area and the roadway, utilities and improvements within the Common Area for The Prairies Club dues as set forth in Article III hereof, and other matters as more fully set out in Article III herein.

3. Monthly Assessments. The Board of Directors shall have the authority to levy and assess from time to time against an improved Lot any monthly maintenance Assessment for the purpose of meeting the requirements of Article IV herein.

4. Special Assessment for Capital Improvements. The Association may levy special assessments from time to time against an improved Lot for the purpose of meeting the requirements of Article III herein for the costs of any construction, reconstruction, repair or replacement of a capital improvement on or within the Common Area, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of each class of membership, who shall vote in person or by proxy at a meeting duly called for such purpose.

5. Notice and Quorum for any Action Authorized Under Section 1. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 of this Article IV shall be sent to all Members not less than ten (10) days or more than fifty (50) days in advance of such meeting. At the first of such meeting called, the presence of Members, in person or by proxy, entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. Any such subsequent meeting shall be held within sixty (60) days following the preceding meeting.

6. Rate of Assessment. The Association Monthly Assessments shall be paid pro rata by the Owners of all improved Lots based upon the total number of improved Lots. The Association Monthly Assessments may be collected on a monthly or other periodic basis by the Association. The Board of Directors of the Association shall fix the amount of the monthly or other periodic assessments against each improved Lot. Written notice of the assessment shall be sent to every Owner subject thereto. The dates and collections are due shall be established by the Board of Directors. The special assessments for capital improvements shall only be assessed against the improved Lot for which the costs of such construction, reconstruction, repair or replacement of a capital improvement occurs. The Association shall, upon demand, and for a reasonable charge, finish a certificate signed by an officer of the Association, setting forth whether or not all assessments on a specified improved Lot have been paid. A properly executed certificate of the Association as to the status of assessments, on a particular improved Lot shall be binding upon the Association as of the date of its issue by the Association.

7. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be deemed delinquent and shall bear interest that the maximum legal rate allowable by law in the State of Nebraska, which at the time of the execution of these Declarations, is sixteen percent (16%) per annum. Should any assessment remain unpaid more than sixty (60) days after the due date, the Association may declare the entire unpaid portion of said assessment for said year to be immediately due and payable and thereafter delinquent. 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. No Owner may waive or otherwise escape liability for the assessments provided herein by abandonment or title transfer of such Owner's Lot. The Owner shall be responsible to pay any attorney fees associated with and incurred by the Association in any such legal proceeding.
8. **Subordination of the Liens to Mortgages.** The lien on the assessments provided for herein shall be subordinate to the lien of any first mortgage, first deed of trust, or other initial purchase money security device, and the holder of any first mortgage, first deed of trust, or other initial purchase money security device, on any Lot may rely on this provision without the necessity of the execution of any further subordination agreement by the Association. Sale or transfer of a Lot shall not affect the status or priority of the lien for assessments made as provided herein. The Association, if authorized by its board of directors, may release the lien of any delinquent assessments on any Lot as to which the first mortgage, first deed of trust or initial purchase money security device thereon is in default, if such board of directors determines that such lien has no value to the Association. Nor mortgagee shall be required to collect any assessments due. The Association shall have the sole responsibility to collect all assessments due.

9. **Abatement of Dues and Assessments.** Notwithstanding any other provision of this Declaration, 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 declarant.

10. **Maximum Annual Dues.** The maximum Association Monthly Assessments, including The Prairies Club Dues to be paid to The Prairies Club, shall be set by its board in accordance with its bylaws. The Board of Directors shall be permitted to raise the annual dues, if necessary; however, such annual dues shall not exceed 125% of the aggregate dues charged in the previous calendar year.

**ARTICLE V.**

**EASEMENTS AND CHARGES**

1. Other easements are provided for in the final plat of The Prairies which is filed in the Register of Deeds of Douglas County, Nebraska (Instrument No. 2013119820).

**ARTICLE VI.**

**GENERAL PROVISIONS**

1. Except for the authority and powers specifically granted to the declarant, the declarant or any owner of a Lot named herein shall have the right to enforce by a proceeding at law or in equity, all reservations, restrictions, conditions and covenants now or hereinafter imposed by the provisions of this Declaration either to prevent or restrain any violation or to recover damages or other dues of such violation. Failure by the declarant or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity. This Declaration may be amended by declarant, or any person, firm, corporation, partnership, or entity designated in writing by declarant, in any manner which it may determine in its full and absolute discretion for a period of five (5) years from the date hereof. Thereafter this Declaration may be amended by an instrument signed by the owners of not less than sixty percent (60%) of the Lots covered by this Declaration.

3. By written consent of the declarant for a period of five (5) years from the date hereof, any or all of the covenants, conditions, restrictions, and easements as they apply to the Lots may be waived, modified, or amended for any Lot or Lots, in any manner, for such a time period, and on such conditions, if any, which the declarant may determine in its full and absolute discretion after considering the benefits and detriments which the waiver, modification or amendment will have on The Prairies subdivision and the Owner requesting the waiver. Declarant's decision on any requested waiver, modification or amendment shall be final and there shall be no right of appeal of Declarant's decision. No responsibility, liability or obligation shall be assumed by or imposed upon declarant by virtue of the authority granted to declarant in this Section, or as a result of any act or failure to act by declarant with respect to any requested waiver, modification, or amendment.
4. Declarant, or its successor or assign, may terminate its status as Declarant under this Declaration, at any time, by filing a Notice of Termination of Status as Declarant. Upon such filing, the Association may appoint itself or another entity, association or individual to serve as Declarant, and such appointee shall thereafter serve as Declarant with the same authority and powers as the original Declarant.

5. Invalidation of any covenant by judgment or court order shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed this [ ] day of [ ] , 2014.

LANOHA REAL ESTATE COMPANY INC., a Nebraska corporation,

By:

David F. Lanohta, President

STATE OF NEBRASKA
COUNTY OF DOUGLAS

This foregoing instrument was acknowledged before me this [ ] day of [ ] , 2014, by David F. Lanohta, President of LANOHA REAL ESTATE COMPANY INC., a Nebraska corporation, for and on behalf of the corporation.

Kristina J. Carter
Notary Public
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
THE PRAIRIES, A SUBDIVISION
IN DOUGLAS COUNTY, NEBRASKA

THIS DECLARATION, made on the date hereinafter set forth, is made by LANOHAN REAL ESTATE COMPANY INC., a Nebraska corporation, hereinafter referred to as the "Declarant".

PRELIMINARY STATEMENT

The Declarant is the owner of certain real property located within Douglas County, Nebraska and described as follows:

Lots 130 through 224, inclusive, Lots 236 through 269, inclusive, Outlots K through N, inclusive, and Outlot P, in The Prairies, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska; and

Lots 1 through 11, inclusive, and Outlots A and B, inclusive, The Prairies
Replat 2, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska.

Such lots are herein referred to collectively as the "Lots" and individually as each "Lot."

The Lots are situated in The Prairies, a residential subdivision situated in Douglas County, Nebraska and herein referred to as "The Prairies." The Declarant desires to provide for the preservation of the values and amenities of The Prairies, for the maintenance of the character and residential integrity of The Prairies, and for the acquisition, construction and maintenance of Common Facilities for the use and enjoyment of the residents of The Prairies.

NOW, THEREFORE, the Declarant hereby declares that each and all of the Lots shall be held, sold and conveyed subject to the following restrictions, covenants, conditions and easements, all of which are for the purpose of enhancing and protecting the values, desirability and attractiveness of the Lots and the enjoyment of the residents of the Lots. These restrictions, covenants, conditions and easements shall run with such Lots and shall be binding upon all parties having or acquiring any right, title or interest in each Lot, or any part thereof, as is more fully described herein. The Lots are, and each Lot is and shall be subject to all and each of the following conditions and other terms:

[Signature and address]

125841
ARTICLE I.
DEFINITIONS

1. "Association" shall mean and refer to The Prairies Homeowners Association, Inc., a Nebraska nonprofit corporation, its successors and assigns.

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.

3. "Properties" shall mean and refer to:
   
   Lots 136 through 224, inclusive, Lots 238 through 269, inclusive, Outlots K through N, inclusive, and Outlot P, in The Prairies, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska; and

   Lots 1 through 11, inclusive, and Outlots A and B, inclusive, The Prairies Replat 2, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska.

   together with any such additions thereto as may hereafter be brought within the jurisdiction of the Association, including, but not limited to, the property located and adjoining the subdivision to the north known as Phase I of The Prairies and the Declarant elects to include Phase I (as defined herein) to be subject to this Declaration.

4. "Lot" shall mean and refer to any platted Lot shown upon any recorded subdivision map of the Properties or one of two parcels resulting from a Lot split and Outlots all in the Subdivision.

5. "Improved Lot" shall mean and refer to any Lot included within the Properties upon which shall be erected a completed dwelling and a certificate of occupancy issued for such dwelling.

6. "Declarant" shall mean and refer to all persons and entities signing this instrument, their successors and assigns.

7. "Common Areas" shall mean and refer to Outlots K through N, inclusive, and Outlot P, The Prairies, and Outlots A and B, The Prairies Replat 2 and any improvements thereon, which Outlots shall be owned by the Association, and any additional real property owned by the Association. The Association shall own and maintain the common area.

8. "Common Facilities" shall include parks (public or otherwise); dedicated and nondedicated roads, paths, ways and green areas; signs; and entrances for The Prairies, and other improvements and facilities owned by the Association and/or Sanitary and Improvement District No. 537 of Douglas County, Nebraska ("SID 537").

9. "The Prairies Club" shall mean and refer to the clubhouse, tennis courts, pool and other improvements to be constructed and owned by the Declarant, which will be located on Lot 135, The Prairies, and which will be utilized by the Owners of an Improved Lot, and their families and guests.
10. "Community Recreation" shall mean recreational activities or recreational gatherings of the Owners of Improved Lots and their families and guests not in excess of eighty (80) persons within the gathering room of the clubhouse and other recreational games and activities which are generally and ordinarily conducted within a community recreational facility serving by and for the Owners of Improved Lots and their families and guests.

11. "Ground Floor Finished Living Area" shall mean the space of a dwelling at the ground level, as viewed from the front elevation, which is intended for human occupancy and is heated and cooled by a permanent system, has finishes consistent with that of a dwelling in a similar price point and is directly assessable from another finished living area. Said space is exclusive of attics, porches of any type, garages, porte-cochères, storage areas, decks and patios.

ARTICLE II
RESTRICTIONS AND COVENANTS

1. Each Lot shall be used exclusively for single-family residential purposes, except for such Lots or parts thereof as may hereafter be conveyed or dedicated by Declarant, or its successors or assigns, for use in connection with a Common Facility, The Prairies Club, for a church, school or park, or for other non-profit use.

2. No residence, building, fence, wall, driveway, patio, porch enclosure, swimming pool, basketball backboard, dog house, pool house, flag pole, or other external improvement, including landscaping, above or below the ground (herein all referred to as any "Improvement") shall be constructed, erected, placed or permitted to remain on any Lot, nor shall any grading or excavation for any Improvement be commenced, except for Improvements which have been approved by Declarant as follows:

(a) An Owner desiring to erect an Improvement on any Lot shall deliver one set of construction plans, detailed landscaping plans, and plot plans to Declarant (herein collectively referred to as the "plans"). Such plans shall include a description type, quality, color and material of materials proposed for the exterior of such Improvement. Concurrent with submission of the plans, Owner shall notify the Declarant of the Owner’s mailing address.

(b) Declarant shall review such plans in light of the conditions and restrictions in Article I of this Declaration and in relation to the type and exterior of improvements which have been constructed, or approved for construction, on the Lots. In this regard, Declarant intends that the Lots shall be developed as a residential community with homes constructed of high quality materials. The decision to approve or refuse approval of a proposed Improvement shall be exercised by Declarant in a reasonable manner to promote conformity and harmony of the external design of the Improvements constructed within The Prairies subdivision and to protect the value, character and residential quality of all Lots in a manner consistent with this Declaration. Atypical Improvements and home designs such as doré houses, A-frame houses and log cabins will not be approved unless the Declarant determines that construction of these improvements will not be materially inconsistent with the scheme of development contemplated by this Declaration. If Declarant determines that the external design and location of the proposed Improvement does not conform with the standards or requirements of this Declaration, does not conform with the surrounding Improvements and topography or will not protect and enhance the integrity and character of all the Lots and neighboring lots, if any, as a quality residential community, Declarant may refuse approval of the proposed Improvement.

(c) Written Notice of any approval of a proposed Improvement shall be mailed to the owner at the address specified by the owner upon submission of the plans. Such notice shall be mailed, if at all, within thirty (30) days after the date of submission of the plans. If notice of approval is not mailed within such period, the proposed Improvement shall be deemed disapproved by Declarant.
(d) No Lot owner, or combination of Lot owners, or other person or persons, shall have any right to any action by Declarant, or to control, direct or influence the acts of the Declarant with respect to the approval or disapproval of any proposed Improvement. No responsibility, liability or obligation shall be assumed by or imposed upon Declarant by virtue of the authority granted to Declarant in this Section, or as a result of any act or failure to act by Declarant with respect to any proposed Improvement.

(e) Dwelling construction requirements are as follows:

**Lots 142-224, Lots 1-11 Replat 2**

| Minimum Ground Floor Finished Living Area (sq ft): | 1 Story: 1,750 | 1.5 Story: 1,200 | 2 Story: 1,200 |
| Dwelling Setbacks (feet from property line): |  |  |  |
| Front: 25 | | | |
| Side: 5 | | | |
| Street Side: 15 | | | |
| Rear: 25 | | | |

**Architectural Details:**
- Front elevation shall be covered with 50% or more brick and/or stone.
- No wood shake shingles or asphalt shingles less than 300 pounds per square.
- Street side exposed foundation shall be covered with brick or stone.

**Driveways:**
- All driveways shall be constructed of concrete and/or paving stones, except that the approach between the sidewalk and curb shall be constructed of concrete. Additionally, the maximum approach width shall be 22 feet.

**Fencing:**
- No fence shall be installed without prior approval by Declarant.
- All fencing shall be constructed of black wrought iron or aluminum (maximum height of 72") or black vinyl chain link (Maximum height 48").

**Lots 236-259**

| Minimum Ground Floor Finished Living Area (sq ft): | 1 Story: 2,200 | 1.5 Story: 1,900 | 2 Story: 1,900 |
| Dwelling Setbacks (feet from property line): |  |  |  |
| Front: 25 | | | |
| Side: 5 | | | |
| Street Side: 15 | | | |
| Rear: 25 | | | |

**Architectural Guidelines:**
- Front elevation shall be covered with 50% or more brick and/or **natural** stone.
- A maximum of 50% of garage door exposure shall be side-loaded.
- No wood shake shingles or asphalt shingles less than 350 pounds per square.
- Street side exposed foundation shall be covered with brick or stone.
Driveways:
All driveways shall be constructed of concrete and/or paving stones, except that the approach between the sidewalk and curb shall be constructed of concrete. Additionally, the maximum approach width shall be 22 feet.

Fencing:
No fence shall be installed without prior approval by Declarant.
All fencing shall be constructed of black wrought iron or aluminum (maximum height of 72").

Lots 280-289

Minimum Ground Floor Finished Living Area (sq ft):
1 Story: 2,800
1.5 Story: 2,100
2 Story: 2,100

Dwelling Setbacks (feet from property line):
Front: 25
Side: 10
Street Side: 15
Rear: 25

Architectural Guidelines:
Front elevation shall be covered with 50% or more brick and/or natural stone.
100% of garage door exposure shall be side-loaded.
No wood shake shingles or asphalt shingles less than 450 pounds per square.
Street side exposed foundation shall be covered with brick or stone.

Driveways:
All driveways shall be constructed of concrete and/or paving stones, except that the approach between the sidewalk and curb shall be constructed of concrete. Additionally, the maximum approach width shall be 22 feet.

Fencing:
No fence shall be installed without prior approval by Declarant.
All fencing shall be constructed of black wrought iron or aluminum (maximum height of 72").

Lots 128-134, 138-141

Minimum Ground Floor Finished Living Area (sq ft):
1 Story: 1,800
1.5 Story: 1,800
2 Story: N/A

Dwelling Setbacks (feet from property line):
Front: 25 (Front is a specific requirement, i.e. the dwelling must be set at 25 feet)
Side: 5
Rear: 25

Architectural Details:
Modern Cottage is the architectural theme.
A front porch element is required.
See current Saltgrass Design standards, to be provided by Declarant.
Driveways:
All driveways shall be constructed of concrete and/or paving stones, except that the approach (area between street curb and front property line) shall be constructed of concrete and shall be 26 feet wide, equally divided between the sharing lots. The following lots shall share a driveway: 125/126, 127/128, 129/130, 131/132, 133/134, 135/136, 137, 138/139, 140/141.

Fencing:
No fence shall be installed without prior approval from Declarant.
All fencing shall be constructed of black wrought iron or aluminum (maximum height of 72”).
See current Saltgrass Design Standards, to be provided by Declarant.

Notwithstanding the foregoing requirements, the Declarant, in its sole discretion, shall have the right, but not the obligation, to allow variances to the building requirements by granting a specific written variance.

(f) Landscape plans submitted: as per Section (a) above, the plans shall conform to the following standards:

- Plans shall indicate any grade changes, walls and berms.
- Each site shall be landscaped with a mixture of plant materials consisting of a representative sample of shade trees, ornamental trees, evergreen shrubs, deciduous shrubs and perennials/groundcovers.
- Landscaping shall be installed during the first available planting season following substantial completion of the building.
- All swimming pool plans shall be approved by the Declarant and shall not extend more than one foot above ground level.
- Minimum tree size is a 2” caliper B&B.
- No hedges or mass planted shrubs shall be permitted more than ten (10) feet in front of the front building line unless otherwise approved by Declarant.
- No wall shall exceed a height of six (6) feet unless otherwise approved by Declarant.

3. No single-family residence shall be created, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling which does not exceed two and one-half stories in height.

4. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot except one sign per Lot consisting of not more than six (6) square feet advertising a lot as “For Sale”; nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the owner or owners of any Lot or any resident thereof. The foregoing restriction in this Article II, Section 4 shall not apply to the business activities, signs and billboards or the construction and maintenance of buildings, if any, by Declarant, or its agents and assigns, during the development and sale of Lots.

5. No exterior television or radio antenna or satellite receiving dish of any type shall be permitted on any Lot. Notwithstanding the foregoing, an antenna or dish that is designed to receive over-the-air video programming signals that does not exceed one meter in diameter, and that is attached directly to the residence may be permitted provided that the location and size of the proposed antenna or dish is first approved by the Declarant or its assigns. No tree houses, pool sheds, dog houses, windmills, exterior solar heating or cooling devices, or similar structures shall be permitted on any Lot.

6. No repair of any boats, automobiles, motorcycles, trucks, campers or similar vehicles requiring a continuous time period in excess of forty-eight (48) hours shall be permitted on any Lot at any time, nor shall vehicles offensive to the neighborhood be visibly stored, parked or abandoned on any Lot.
No unused building material, junk or rubbish shall be left exposed on the Lot except during actual building operations, and then only in a neat and inconspicuous manner as possible.

7. No boat, camper, trailer, auto-drawn or mounted trailer of any kind, mobile home, truck, aircraft, camper truck or similar chattel shall be maintained or stored on any part of a Lot (other than in an enclosed structure) for more than twenty (20) days within a calendar year. No motor vehicle may be parked or stored outside on any Lot, except vehicles driven on a regular basis by the occupants of the dwelling located on such Lot. No grading or excavating equipment, tractors or semi-tractors/trailers shall be stored, parked, kept or maintained in any yards, driveways or streets. However, this Article II, Section 8 shall not apply to trucks, tractors or commercial vehicles which are necessary for the construction of residential dwellings or other improvements during the period of construction. All residential Lots shall provide at least the minimum number of off street parking areas or spaces for private passenger vehicles required by the applicable zoning ordinances of the City of Omaha, Nebraska.

8. No incinerator, trash burner or fuel tank shall be permitted on any Lot. No garbage or trash can or container shall be permitted outside, except for pickup purposes. No garden lawn or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any dwelling or satisfactory storage facility, except when in actual use. No garbage, refuse, rubbish or cutting shall be deposited on any street, road or Lot. No clothesline shall be permitted outside of any dwelling at any time. Produce or vegetable gardens may only be planted and maintained in rear yards.

9. Exterior lighting installed on any Lot shall either be indirect or of such a controlled focus and intensity as not to disturb the residents of adjacent Lots.

10. No tennis courts shall be allowed on any residential lots.

11. Construction of any Improvement shall be completed within one (1) year from the date of commencement of excavation or construction of the Improvement. Grading plans must be submitted to and approved by Declarant prior to commencement of Improvements to any Lot. Declarant shall review the grading plans in light of commercially recognized development and engineering standards.

12. Commencing with completion of construction of any Improvement on a Lot, a public sidewalk constructed of concrete five (5) feet wide by four (4) inches thick shall be installed and maintained in front of each Lot and upon each street side of each corner Lot. The sidewalk shall be placed a minimum of eight (8) feet and a maximum of seventeen and one-half (17½) feet from the street curb line, in conformance with the master sidewalk plan. The sidewalk alignment shall be approved by Declarant prior to construction. After approval of the sidewalk alignment, the sidewalk shall be constructed by the owner of the Lot prior to the time of completion of the main structure and before occupancy thereof, provided, however, this provision shall vary to comply with any requirements of the City of Omaha.

13. Repair or replacement of driveway approaches shall be of concrete and the responsibility of the Lot Owner. No asphalt overlay of driveway approaches will be permitted.

14. No stable or other shelter for any animal, livestock, fowl or poultry shall be erected, altered, placed or permitted to remain on any Lot, except for one dog house constructed for one (1) dog; provided always that the construction plans, specifications and the location of the proposed structure have been first approved by Declarant, or its assignees. Doghouses shall only be allowed adjacent to the rear of the building, concealed from public view. No dog runs or kennels may be constructed or installed on any Lot. No livestock or agricultural type animals shall be allowed in The Prairies subdivision, including pot-bellied pigs.

15. Any exterior air conditioning condenser unit shall be placed in the rear yard or any side yards so as not to be visible from public view. No grass, weeds or other vegetation will be grown or otherwise permitted to commence or continue, and no dangerous, diseased or otherwise objectionable shrubs or trees will be maintained on any Lot so as to constitute an actual or potential public nuisance, create a hazard or undesirable proliferation, or detract from a neat and trim appearance. Vacant Lots shall
not be used for dumping of earth or any waste materials, and no vegetation on vacant Lots shall be allowed to reach a height in excess of twelve (12) inches.

16. No Residence shall be constructed on a Lot unless the entire Lot, as originally platted, is owned by one owner of such Lot, except parts of two or more platted Lots may be combined into one Lot provided that any proposed Lot combinations or administrative subdivisions must be approved by Declarant.

17. No temporary structure of any character, and no carport, trailer, modular home, open basement, storage shed, outbuilding or shack shall be erected upon or used on any Lot at any time, either temporarily or permanently. An owner may erect a swing set, playground equipment, pool house or other non-prohibited structure on a Lot only after securing the prior written approval of Declarant. No structure or dwelling shall be moved from outside The Prairies to any Lot without the written approval of Declarant.

18. All utility service lines from each lot line to a dwelling or other improvement shall be underground.

19. No tree situated upon any Lot may be moved, removed, cut or destroyed unless complete plans describing the exact tree or trees to be moved, removed, cut or destroyed, and the reason therefore, shall have been submitted to and approved in writing by Declarant in accordance with Section 2 of this Article II. For purposes of this Section, “tree” shall mean and refer to a tree of any type with a diameter larger than one (1) inch at a height of five (5) feet. Unless waived in writing by the Association, each Owner shall repair and maintain in good condition any and all trees, shrubs, and bushes placed in and along the public sidewalk easement area on their Lot. Should any of such trees, shrubs or bushes be removed, die, or deteriorate into a poor condition, the Owner of the Lot shall, at its expense, replace such trees, bushes or shrubs with trees, bushes or shrubs of the same or similar quality. In the event such replacement does not occur upon thirty (30) days written notice from either the Declarant or the Association, then either the Declarant or the Association may cause such replacement to occur and charge the owner of the Lot for such replacement as allowed hereafter.

20. Sufficient sediment control measures, including, but not limited to, installation and maintenance of silt fences, straw bale fences, storm water inlet protection and temporary seeding, to the extent deemed reasonably necessary by Declarant, shall be taken by the Owner or Owner’s builder to ensure that all sediment resulting from any land disturbance or construction operation is retained on the Lot in question. All sediment control measures must be maintained until such Lot has been permanently stabilized with respect to soil erosion. The Lot Owner shall be solely responsible for the cost of any erosion control measures. The Lot Owner shall not materially change the grade or contour of any Lot and shall control the flow of surface water from its Lot so as not to interfere with the drainage of any adjoining or downstream Lot.

ARTICLE III
HOMEOWNERS ASSOCIATION

1. The Association. Declarant has caused or will cause the incorporation of THE PRAIRIES HOMEOWNERS ASSOCIATION, a Nebraska not-for-profit corporation (hereinafter referred to as the “Association”). The Association has as its purpose the promotion of the health, safety, recreation, welfare and enjoyment of the residents of The Prairies, including:

(a) The acquisition, construction, landscaping, improvement, equipment, maintenance, operation, repair, upkeep and replacement of Common Facilities for the general use, benefit and enjoyment of the Members. Common Facilities may include recreational facilities such as swimming pools, tennis courts, health facilities, playgrounds and parks; dedicated and non-dedicated roads, paths, ways and green areas (including landscaping); and signs and entrances for The Prairies. Common Facilities may be situated on property owned or leased by the Association within The Prairies subdivision, on private property subject to an easement in favor of the Association, on public property, or on property dedicated to a Sanitary and Improvement District.
(b) The promulgation, enactment, amendment and enforcement of rules and regulations relating to the use and enjoyment of any Common Facilities, provided always that such rules are uniformly applicable to all Members. The rules and regulations may permit or restrict use of the Common Facilities by Members, their families, their guests, and/or by other persons, who may be required to pay a fee or other charge in connection with the use or enjoyment of the Common Facility.

(c) The exercise, promotion, enhancement and protection of the privileges and interests of the residents of The Prairies; and the protection and maintenance of the residential character of The Prairies.

2. The Prairies Club

(a) Purpose. The Declarant is the owner of Lot 135, The Prairies. The Declarant shall construct a clubhouse, pool and other improvements on Lot 135, The Prairies, which lot and improvements shall be known as The Prairies Club. After construction of such improvements, the Declarant shall remain the owner of The Prairies Club. The purpose of The Prairies Club shall be to provide a facility for Community Recreation as defined in Article I, Section 10 of these Covenants, consisting of the clubhouse, pool, fitness facility and other recreational facilities for the Owners of Improved Lots and their families and guests. Each Owner of an Improved Lot within The Prairies subdivision shall be a member of The Prairies Club. Each Owner of an Improved Lot shall pay monthly membership dues in order to belong to The Prairies Club (“The Prairies Club Dues”). The monthly membership The Prairies Club Dues shall be paid by the Owner of an Improved Lot as part of the Monthly Assessments charged by the Association under these Covenants. The Association shall then segregate such dues and deliver such dues to the Declarant on a monthly basis. The Prairies Club Dues shall be utilized to maintain, operate and pay for The Prairies Club. The initial monthly The Prairies Club Dues shall be set by its Board on an annual basis in accordance with its Bylaws. The Prairies Club Dues shall not be assessed by the Board until such time as The Prairies Club is completed and a Certificate of Occupancy issued. Prior to the year 2020, The Prairies Club Dues are estimated not to exceed One Thousand Dollars ($1,000) per year. In the event the Owner of an Improved Lot fails to pay his or her The Prairies Club Dues, the Declarant or the Association shall have the authority and power to enforce the collection of such The Prairies Club Dues pursuant to these Covenants, further, in the event of such nonpayment, the Association and/or the Declarant shall also have the right to not permit the Owner the use of The Prairies Club during the period when such The Prairies Club Dues are delinquent. The Declarant shall also have the right to establish, change, amend or revise Rules and Regulations for the operation and use of The Prairies Club, which Rules and Regulations shall be in writing and provided to the Owner of an Improved Lot. Each Owner of an Improved Lot shall execute a statement acknowledging the receipt, review and acceptance of such Rules and Regulations, which receipt must be on file with The Prairies Club in order for such Owners of Improved Lots and their families and guests.

(b) Use Restricted to Community Recreation. Lot 135, The Prairies, and the improvements to be constructed thereon by the Declarant as described in Article III, Section 2 of these Covenants, which lot and improvements are described herein as The Prairies Club, shall be used only the Declarant and the Owners of the Improved Lots, and their guests, for Community Recreation as defined in Article I, Section 10, and as a facility for Community Recreation and for no other purpose. The Prairies Club shall not be used for a commercial activity and shall at all times remain a facility for Community Recreation and a non-commercial facility. The Owners of the Improved Lots shall be permitted to reserve and utilize the gathering room within The Prairies Club for recreational gatherings for their families and guests not in excess of eighty (80) persons. The Prairies Club shall not be rented out. The Declarant and/or the Association shall have the right to require a reasonable deposit for the recreational gatherings of the Owners of Improved Lots and their families and guests. In the event the Declarant should ever convey any of its interest in Lot 135, The Prairies, and any of the improvements described herein which constitutes The Prairies Club, such conveyance shall at all times be subject to the use restrictions of these Covenants which
restrict the use of Lot 135, The Prairies and the Improvements thereon, to Community Recreation for the Owners of Improved Lots and their families and guests, and for no other purposes. Notwithstanding any provision contained herein to the contrary, the use restrictions set forth in this Article III, of the Covenants may not be amended without the written approval of the City of Omaha.


(a) Voting Rights. The Association may suspend the voting rights of an Owner for any period during which any assessment against such Owner’s Lot remains unpaid, and for any period of time not to exceed sixty (60) days for any infraction by such Owner, or members of such Owner’s family, or guests or tenants of such Owner, of the published rules and regulations of the Association.

(b) Parking Rights. Ownership of any Lot shall entitle the Owner or Owners thereof to such nonexclusive parking rights as shall be available upon the parking facilities of The Prairies Club.

4. Membership and Voting. Phase I of The Prairies is divided into one hundred thirty-five (135) residential lots and Phase II of The Prairies is divided into one hundred thirty-four (134) residential lots (for purposes of Article II of this Declaration, the term “Lots” shall mean all of the residential lots which are included in the Association, including the Lots as defined in this Declaration). The “Owner” of each Lot shall be a Member of this Association. For purposes of this Declaration, the term “Owner” of a Lot means and refers to the record owner, whether one or more persons or entities, of fee simple title to a Lot, but excluding however those parties having any interest in any of such Lot merely as security for the performance of an obligation (such as a contract seller, the trustee or beneficiary of a deed of trust, or a mortgagee). The purchaser of a Lot under a land contract or similar instrument shall be considered to be the “Owner” of the Lot for purposes of this Declaration. Membership shall be appurtenant to ownership of each Lot, and may not be separated from ownership of each Lot. The Owner of each Lot, whether one or more persons and entities, shall be entitled to one (1) vote on each matter properly coming before the Members of the Association.

Declarant anticipates that additional phases of The Prairies may be developed by Declarant or other developers. From time to time, without the consent or approval of an Owner or Member, the Association may, with Declarant’s approval, be expanded by Declarant to include additional residential lots in any subdivision which is contiguous to any of the Lots, or which is developed as a phase of The Prairies subdivision. Such expansion(s) may be effected from time to time by Declarant’s recordation with the Register of Deeds of Douglas County, Nebraska, of a Declaration of Covenants, Conditions, Restrictions and Easements, setting forth the identity of the additional residential lots (hereinafter the “Subsequent Phase Declaration”), provided that if the Subsequent Phase Declaration is recorded by a person or entity other than Declarant, the inclusion of additional residential lots in the Association must be approved by Declarant. Upon the recordation of any Subsequent Phase Declaration which expands the residential lots included in the Association, the additional lots identified in the Subsequent Phase Declaration shall be considered to be and shall be included in the “Lots” for purposes of this Article, and the owners of the additional residential lots shall be members of the Association with all rights, privileges and obligations accorded or accruing to members of the Association.

Every owner of a Lot which is subject to assessment shall be a member of the Association. Each Lot Owner and the Association is empowered to enforce the Covenants. Membership shall be appurtenant to and shall not be separated from ownership of any Lot which is subject to any assessment.

Members holding one-tenth (1/10) of the votes entitled to be cast represented in person or by proxy shall constitute a quorum.

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 all Owners, including the Declarant. Each Class A Member shall be entitled to one (1) 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 of 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 (1) vote be cast with respect to any one Lot.

Class B: Class B Members shall be the Declarant or its successors and assigns which shall be entitled to thirty (30) votes for each Lot owned by the Declarant or its successors or assigns (in addition to Declarant’s number of votes as a Class A member). The Class B membership shall terminate (with the Declarant or its successors and assigns then still entitled to one (1) vote for each Lot owned by the Declarant or its successors and assigns as a Class A member) upon the occurrence of the first of the following dates: (a) the date on which Declarant no longer owns any Lot; (b) the date Declarant shall elect, in its sole discretion, that the Class B membership cease and be converted to the Class A membership; or (c) December 31, 2030.

5. Purposes and Responsibilities. The Association shall have the powers conferred upon not-for-profit corporations by the Nebraska Nonprofit Corporation Act, and all powers and duties necessary and appropriate to accomplish the Purposes and administer the affairs of the Association. The powers and duties to be exercised by the Board of Directors, and upon authorization of the Board of Directors by the Officers, shall include but shall not be limited to the following:

(a) The acquisition, development, maintenance, repair, replacement, operation and administration of Common Facilities, and the enforcement of the rules and regulations relating to the Common Facilities.

(b) The landscaping, mowing, watering, repair and replacement of parks and other public property and improvements on parks, public property, within or near The Prairies.

(c) The fixing, levying, collecting, abatement, and enforcement of all charges, dues, or assessments made pursuant to the terms of this Declaration.

(d) The expenditure, commitment and payment of Association funds to accomplish the purposes of the Association including, but not limited to, payment for purchase of insurance covering any Common Facility against property damage and casualty, and purchase of liability insurance coverages for the Association, the Board of Directors of the Association and the Members.

(e) The exercise of all of the powers and privileges, and the performance of all of the duties and obligations of the Association as set forth in this Declaration, as the same may be amended from time to time.

(f) The acquisition by purchase or otherwise, holding, or disposition of any right, title or interest in real or personal property, wherever located, in connection with the affairs of the Association.

(g) The deposit, investment and reinvestment of Association funds in bank accounts, securities, money market funds or accounts, mutual funds, pooled funds, certificates of deposit or the like.

(h) The employment of professionals and consultants to advise and assist the Officers and Board of Directors of the Association in the performance of their duties and responsibilities for the Association.
(l) General administration and management of the Association, and execution of such documents and doing and performance of such acts as may be necessary or appropriate to accomplish such administration or management.

(j) The doing and performing of such acts, and the execution of such instruments and documents, as may be necessary or appropriate to accomplish the purposes of the Association.

6. **Mandatory Duties of the Association.** The Association shall:

   (a) Maintain and repair the signs which have or will be installed by Declarant in good repair and neat condition;

   (b) Maintain, repair, and replace as necessary all fences and trees, shrubs, and other natural barriers and green areas constructed on and along the mixed-use lots, so that such are in good repair and neat condition; and

   (c) In the event any Owner of a Lot shall fail to perform and fulfill his obligations and responsibilities under Article III, Section 19 of this Declaration, and if such failure continues for thirty (30) days after written notice to the Owner from the Association, the Association shall perform or have performed such obligation or responsibility. If the Association elects to perform or have performed the responsibilities of the Owner, the cost of such performance plus a fifteen percent (15%) administrative charge shall be assessed against the Owner, and the Owner shall be obligated to promptly pay such sums to the Association. As each such cost shall be made by written demand from the Association for payment by the Owner. If such assessment is not paid within thirty (30) days after written demand from the Association, such assessment shall constitute a lien on the Lot, which lien shall attach, have the priority and be enforceable by the Association in the same manner as liens for assessments and dues, as provided in this Article III.

   (d) Maintain, repair, construct and replace the irrigation system constructed by the District and located within The Prairies.

**ARTICLE IV. COVENANT FOR ASSESSMENTS**

1. **Creation of the Lien and Personal Obligation of Assessments.** The Declarant hereby covenants for each improved Lot and for each Owner of any improved Lot, by acceptance of a deed therefor or by entering into a contract for the purchase thereof, whether or not it shall be so expressed in such deed or in such contract, that it is, and shall be, deemed to covenant and agree to pay to the Association:

   (a) Monthly assessments for the repair, maintenance and improvement of the Common Area, and operational expenses of the Association (the "Association Monthly Assessment"), and

   (b) The collection of The Prairies Club Dues for The Prairies Club pursuant to Article III, Section 2 of these Covenants, and

   (c) Special assessments for capital improvements, and

as such assessments shall be established and collected as hereinafter provided. The special assessments and monthly assessments together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment shall be made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person, persons, or entity who, or which, was the Owner of the property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title, unless expressly assumed by them.

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2. **Purposes of Assessments.** The assessments levied by the Association shall be used exclusively to promote the health, safety, recreation and welfare of the residents of the Properties for the ownership, maintenance, construction, reconstruction and repair of the Common Area and the roadway, utilities and improvements within the Common Area for The Prairie Club dues as set forth in Article III hereof, and other matters as more fully set out in Article III herein.

3. **Monthly Assessments.** The Board of Directors shall have the authority to levy and assess from time to time against an Improved Lot any monthly maintenance Assessment for the purpose of meeting the requirements of Article IV herein.

4. **Special Assessment for Capital Improvements.** The Association may levy special assessments from time to time against an Improved Lot for the purpose of meeting the requirements of Article III herein for the costs of any construction, reconstruction, repair or replacement of a capital improvements on or within the Common Area, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of each class of membership, who shall vote in person or by proxy at a meeting duly called for such purpose.

5. **Notice and Quorum for Any Action Authorized Under Section 1.** Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 of this Article IV shall be sent to all Members not less than ten (10) days or more than fifty (50) days in advance of such meeting. At the first of such meeting called, the presence of Members in person or by proxy, entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. Any such subsequent meeting shall be held within sixty (60) days following the preceding meeting.

6. **Rate of Assessment.** The Association Monthly Assessments shall be paid pro rata by the Owners of all Improved Lots based upon the total number of Improved Lots. The Association Monthly Assessments may be collected on a monthly or other periodic basis by the Association. The Board of Directors of the Association shall fix the amount of the monthly or other periodic assessments against each Improved Lot. Written notice of the assessment shall be sent to every Owner subject thereto. The dates payments are due shall be established by the Board of Directors. The special assessments for capital improvement shall only be assessed against the Improved Lot for which the costs of such construction, reconstruction, repair or replacement of any capital improvements occurs. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association, setting forth whether or not all assessments on a specified Improved Lot have been paid. A properly executed certificate of the Association as to the status of assessments, on a particular Improved Lot shall be binding upon the Association as of the date of its issue by the Association.

7. **Effect of Nonpayment of Assessment; Remedies of the Association.** Any assessment not paid within thirty (30) days after the due date shall be deemed delinquent and shall bear interest at the maximum legal rate allowable by law in the State of Nebraska, which at the time of the execution of these Declarations, is sixteen percent (16%) per annum. Should any assessment remain unpaid more than sixty (60) days after the due date, the Association may declare the entire unpaid portion of said assessment for said year to be immediately due and payable and thereafter delinquent. 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. No Owner may waive or otherwise escape liability for the assessments provided herein by abandonment or title transfer of such Owner’s Lot. The Owner shall be responsible to pay any attorney fees associated with and incurred by the Association in any such legal proceeding.

8. **Subordination of the Lien to Mortgages.** The lien on the assessments provided for herein shall be subordinate to the lien of any first mortgage, first deed of trust, or other initial purchase money security device, and the holder of any first mortgage, first deed of trust, or other initial purchase money
security device, on any Lot may rely on this provision without the necessity of the execution of any further subordination agreement by the Association. Sale or transfer of a Lot shall not affect the status or priority of the lien for assessments made as provided herein. The Association, if authorized by its Board of Directors, may release the lien of any delinquent assessments on any Lot as to which the first mortgage, first deed of Trust or initial purchase money security device therein is in default, if such Board of Directors determines that such lien has no value to the Association. Nor mortgagee shall be required to collect any assessments due. The Association shall have the sole responsibility to collect all assessments due.

9. Abatement of Dues and Assessments. Notwithstanding any other provision of this Declaration, the Board of Directors may abate all or part of the dues or assessments due in respect of any Lot, and shall state all dues and assessments due in respect of any Lot during the period such Lot is owned by the Declaration.

10. Maximum Annual Dues. The maximum Association Monthly Assessments, including The Prairies Club Dues to be paid to The Prairies Club, shall be set by its Board in accordance with its Bylaws. The Board of Directors shall be permitted to raise the annual dues, if necessary; however, such annual dues shall not exceed 125% of the aggregate dues charged in the previous calendar year.

ARTICLE V.
EASEMENTS AND CHARGES

1. Other easements are for in the final plat of Phase II of The Prairies which is filed in the Register of Deeds of Douglas County, Nebraska (Instrument No. 2015037228).

ARTICLE VI.
GENERAL PROVISIONS

1. Except for the authority and powers specifically granted to the Declaration, the Declaration or any owner of a Lot named herein shall have the right to enforce by a proceeding at law or in equity, all reservations, restrictions, conditions and covenants now or hereinafter imposed by the provisions of this Declaration either to prevent or restrain any violation or to recover damages or other dues of such violation. Failure by the Declaration or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity. This Declaration may be amended by Declaration, or any person, firm, corporation, partnership, or entity designated in writing by Declaration, in any manner which it may determine in its full and absolute discretion for a period of five (5) years from the date hereof. Thereafter this Declaration may be amended by an instrument signed by the owners of not less than sixty percent (60%) of the Lots covered by this Declaration.

3. By written consent of the Declaration for a period of five (5) years from the date hereof, any or all of the covenants, conditions, restrictions, and easements as they apply to the Lots may be waived, modified, or amended for any Lot or Lots, in any manner, for such a time period, and on such conditions, if any, which the Declaration may determine in its full and absolute discretion after considering the benefits and detriments which the waiver, modification or amendment will have on The Prairies subdivision and the Owners requesting the waiver. Declaration's decision on any requested waiver, modification or amendment shall be final and there shall be no right of appeal of Declaration's decision. No responsibility, liability or obligation shall be assumed by or imposed upon Declaration by virtue of the authority granted to Declaration in this Section, or as a result of any act or failure to act by Declaration with respect to any requested waiver, modification, or amendment.

4. Declaration, or its successor or assign, may terminate its status as Declaration under this Declaration, at any time, by filing a Notice of Termination of Status as Declaration. Upon such filing, the Association may appoint itself or another entity, association or individual to serve as Declaration, and such appointee shall thereafter serve as Declaration with the same authority and powers as the original Declaration.
5. Invalidation of any covenant by judgment or court order shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed this 7th day of October 2015.

LANOHA REAL ESTATE COMPANY INC., a Nebraska corporation,

By                                      
David F. Lanoha, President

STATE OF NEBRASKA  
COUNTY OF DOUGLAS  

The foregoing instrument was acknowledged before me this 7th day of October 2015, by David F. Lanoha, President of LANOHA REAL ESTATE COMPANY INC., a Nebraska corporation, for and on behalf of the corporation.

Kristina J. Carter  
Notary Public

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Appendix E

Site A – 95 Sales recorded in the Multiple Listing Service in the Prairies Subdivision,
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Appendix F

DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
WEST BAY WOODS 2, REPLAT ONE, A SUBDIVISION
IN DOUGLAS COUNTY, NEBRASKA

THIS DECLARATION, made on the date hereinafter set forth, is made by DAVID F. LANOHA, Trustee of the David F. Lanoha Revocable Trust, hereinafter referred to as the “Declarant”.

PRELIMINARY STATEMENT

The Declarant is the owner of certain real property located within Douglas County, Nebraska and described as follows:

Lots 1 through 74, inclusive, in West Bay Woods 2, Replat One, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska.

Such lots are herein referred to collectively as the “Lots” and individually as each “Lot”.

The Lots are situated in West Bay Woods 2, Replat One, a residential subdivision situated in Douglas County, Nebraska and herein referred to as “West Bay Woods 2, Replat One”. The Declarant desires to provide for the preservation of the values and amenities of West Bay Woods 2, Replat One, for the maintenance of the character and residential integrity of West Bay Woods 2, Replat One and for the acquisition, construction and maintenance of Common Facilities for the use and enjoyment of the residents of West Bay Woods 2, Replat One.

NOW, THEREFORE, the Declarant hereby declares that each and all of the Lots shall be held, sold and conveyed subject to the following restrictions, covenants, conditions and easements, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Lots and the enjoyment of the residents of the Lots. These restrictions, covenants, conditions and easements shall run with such Lots and shall be binding upon all parties having or acquiring any right, title or interest in each Lot, or any part thereof, as is more fully described herein. The Lots are, and each Lot is and shall be subject to all and each of the following conditions and other terms:

ARTICLE I
RESTRICTIONS AND COVENANTS

1. Each Lot shall be used exclusively for single-family residential purposes, except for such Lots or parts thereof as may hereafter be conveyed or dedicated by Declarant, or its successors or assigns, for use in connection with
a Common Facility, or for a church, school or park, or for other non-profit use.

2. No residence, building, fence, wall, driveway, patio, patio enclosure, swimming pool, basketball backboard, dog house, pool house, flag pole, or other external improvement, including landscaping, above or below the ground (herein all referred to as any "Improvement") shall be constructed, erected, placed or permitted to remain on any Lot, nor shall any grading or excavation for any Improvement be commenced, except for Improvements which have been approved by Declarant as follows:

(a) An Owner desiring to erect an Improvement on any Lot shall deliver two sets of construction plans, detailed landscaping plans, and plot plans to Declarant (herein collectively referred to as the "plans"). Such plans shall include a description type, quality, color and use of materials proposed for the exterior of such Improvement. Concurrent with submission of the plans, Owner shall notify the Declarant of the Owner’s mailing address.

(b) Declarant shall review such plans in light of the conditions and restrictions in Article I of this Declaration and in relation to the type and exterior of improvements which have been constructed, or approved for construction, on the Lots. In this regard, Declarant intends that the Lots shall be developed as a residential community with homes constructed of high quality materials. The decision to approve or refuse approval of a proposed Improvement shall be exercised by Declarant in a reasonable manner to promote conformity and harmony of the external design of the improvements constructed within the West Bay Woods 2, Replat One subdivision and to protect the value, character and residential quality of all Lots in a manner consistent with this Declaration. Atypical improvements and home designs such as dome houses, A-frame houses and log cabins will not be approved unless the Declarant determines that construction of these improvements will not be materially inconsistent with the scheme of development contemplated by this Declaration. If Declarant determines that the external design and location of the proposed Improvement does not conform with the standards or requirements of this Declaration, does not conform with the surrounding improvements and topography or will not protect and enhance the integrity and character of all the Lots and neighboring lots, if any, as a quality residential community, Declarant may refuse approval of the proposed Improvement.

(c) Written Notice of any approval of a proposed Improvement shall be mailed to the owner at the address specified by the owner upon submission of the plans. Such notice shall be mailed, if at all, within (30) days after the date of submission of the plans. If notice of approval is not mailed within such a period, the proposed Improvement shall be deemed disapproved by Declarant.

(d) No Lot owner, or combination of Lot owners, or other person or persons shall have any right to any action by Declarant, or to control, direct or
influence the acts of the Declarant with respect to the approval or disapproval of any proposed Improvement. No responsibility, liability or obligation shall be assumed by or imposed upon Declarant by virtue of the authority granted to Declarant in this Section, or as a result of any act or failure to act by Declarant with respect to any proposed Improvement.

(e) Landscape plans submitted: as per section (a) above, the plans shall conform to the following standards:

* Plans shall indicate any grade changes, walls and berms.
* Each site shall be landscaped with a mixture of plant materials consisting of a representative sample of shade trees, ornamental trees, evergreen trees, evergreen shrubs, deciduous shrubs and perennials/groundcovers.
* Selected plant materials should provide a variety of form, shape and color during all four seasons.
* Landscaping shall be installed during the first available planting season following substantial completion of the building.
* All swimming pool plans shall be approved by the Declarant.
* Indicate minimum size for trees: 2" caliper B&B.

The lot owner is encouraged to develop a landscape design and plant palette, which generates and individual identity and reinforce the architectural and site planning of West Bay Woods 2, Replat One.

The streetscape is more than just the “front yard”; it is the total visual image presented from street view. There is no other view that has more impact on the community image than its appearance from the street. The concept of community identity involves, by its very nature, a common character and coherence. To strengthen this identity these standards shall apply to West Bay Woods 2, Replat One.

3. No single-family residence shall be created, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling, which does not exceed two and one-half stories in height.

4. The exposed foundations walls must be constructed of or faced with brick or other material approved in writing by Declarant. All driveways must be constructed of concrete, brick, paving stone, or laid stone. All foundations shall be constructed of concrete, concrete blocks, brick or stone. Fireplace chimneys shall be covered with brick, or other material approved in writing by Declarant. The roof of all Improvements shall be covered with Heritage II or equivalent type shingles, or other material approved in writing by Declarant. Hardboard, pressed wood, bonded wood and the like will not be approved by Declarant for coverage of any roof.

5. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot except one sign per Lot
consisting of not more than six (6) square feet advertising a lot as “For Sale”; nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the owner or owners of any Lot or any resident thereof. The foregoing restriction is this Article I, Section 5 shall not apply to the business activities, signs and billboards or the construction and maintenance of buildings, if any, by Declarant, or its agents and assigns, during the development and sale of Lots.

6. No exterior television or radio antenna or satellite receiving dish of any type shall be permitted on any Lot. Notwithstanding the foregoing, an antenna or dish that is designed to receive over-the-air video programming signals that does not exceed one meter in diameter, and that is attached directly to the residence may be permitted provided that the location and size of the proposed antenna or dish is first approved by the Declarant or its assigns. No tree houses, tool sheds, dollhouses, windmills, exterior solar heating or cooling devices, or similar structures shall be permitted on any Lot.

7. No repair of any boats, automobiles, motorcycles, trucks, campers or similar vehicles requiring a continuous time period in excess of forty-eight (48) hours shall be permitted on any Lot at any time; nor shall vehicles offensive to the neighborhood be visibly stored, parked or abandoned on any Lot. No unused building material, junk or rubbish shall be left exposed on the Lot except during actual building operations, and then only in as neat and inconspicuous a manner as possible.

8. No boat, camper, trailer, auto-drawn or mounted trailer of any kind, mobile home, truck, aircraft, camper truck or similar chattel shall be maintained or stored on any part of a Lot (other than in an enclosed structure) for more than twenty (20) days within a calendar year. No motor vehicle may be parked or stored outside on any Lot, except vehicles driven on a regular basis by the occupants of the dwelling located on such Lot. No grading or excavating equipment, tractors or semitractors/trailers shall be stored, parked, kept or maintained in any yards, driveways or streets. However, this Article I, Section 8 shall not apply to trucks, tractors or commercial vehicles which are necessary for the construction of residential dwellings or other Improvements during the period of construction. All residential Lots shall provide at least the minimum number of off street parking areas or spaces for private passenger vehicles required by the applicable zoning ordinances of the City of Omaha, Nebraska.

9. No incinerator, trash burner or fuel tank shall be permitted on any Lot. No garbage or trash can or container shall be permitted outside, except for pickup purposes. No garden, lawn or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any dwelling or suitable storage facility, except when in actual use. No garbage, refuse, rubbish or cutting shall be deposited on any street, road or Lot. No clothesline shall be
permitted outside of any dwelling at any time. Produce or vegetable gardens may only be planted and maintained in rear yards.

10. Exterior lighting installed on any Lot shall either be indirect or of such a controlled focus and intensity as not to disturb the residents of adjacent Lots.

11. No hedges or mass planted shrubs shall be permitted more than ten (10) feet in front of the front building line unless otherwise approved by Declarant. No fence may be installed without the prior approval of the Declarant. In all events, installed fences must comply with applicable set back requirements imposed by the City of Omaha. All fences must be constructed of black wrought iron, wood or PVC, except that all fences, (approved by Declarant) on Lots 1 through 22, inclusive, must be constructed of black wrought iron. No chain link (including plastic coated chain link) fences shall be permitted. No fences or walls shall exceed a height of six (6) feet unless otherwise approved by Declarant.

12. No tennis courts shall be allowed on any residential lots.

13. No swimming pool may extend more than one foot above ground level.

14. Construction of any Improvement shall be completed within one (1) year from the date of commencement of excavation or construction of the Improvement. Grading plans must be submitted to and approved by Declarant prior to commencement of Improvements to any Lot. Declarant shall review the grading plans in light of commercially recognized development and engineering standards.

15. Commencing with completion of construction of any Improvement on a Lot, a public sidewalk constructed of concrete five (5) feet wide by four (4) inches thick shall be installed and maintained in front of each Lot and upon each street side of each corner Lot. The sidewalk shall be placed a minimum of four (4) feet and a maximum of seventeen and one-half (17.5) feet from the street curb line, in conformance with the master sidewalk plan. The sidewalk alignment shall be approved by Declarant prior to construction. After approval of the sidewalk alignment, the sidewalk shall be constructed by the owner of the Lot prior to the time of completion of the main structure and before occupancy thereof, provided, however, this provision shall vary to comply with any requirements of the City of Omaha.

16. Driveway approaches between the sidewalk and curb on each Lot shall be constructed of concrete. Should repair or replacement of such approach be necessary, the repair or replacement shall also be of concrete. No asphalt overlay of driveway approaches will be permitted.
17. No stable or other shelter for any animal, livestock, fowl or poultry shall be erected, altered, placed or permitted to remain on any Lot, except for one dog house constructed for one (1) dog; provided always that the construction plans, specifications and the location of the proposed structure have been first approved by Declarant, or its assigns. Doghouses shall only be allowed adjacent to the rear of the building, concealed from public view. No dog runs or kennels may be constructed or installed on any Lot. No livestock or agricultural-type animals shall be allowed in West Bay Woods 2, Replat One subdivision, including pot-bellied pigs.

18. Any exterior air conditioning condenser unit shall be placed in the rear yard or any side yards so as not to be visible from public view. No grass, weeds or other vegetation will be grown or otherwise permitted to commence or continue, and no dangerous, diseased or otherwise objectionable shrubs or trees will be maintained on any Lot so as to constitute and actual or potential public nuisance, create a hazard or undesirable proliferation, or detract from a neat and trim appearance. Vacant Lots shall not be used for dumping of earth or any waste materials, and no vegetation on vacant Lots shall be allowed to reach a height in excess of twelve (12) inches.

19. No Residence shall be constructed on a Lot unless the entire Lot, as originally platted, is owned by one owner of such Lot, except parts of two or more platted Lots may be combined into one Lot provided that any proposed Lot combinations or administrative subdivisions must be approved by Declarant.

20. No temporary structure of any character, and no carport, trailer, modular home, open basement, storage shed, outbuilding or shack shall be erected upon or used on any Lot at any time, either temporarily or permanently. An owner may erect a swing set, playground equipment, pool house or other non prohibited structure on a Lot only after securing the prior written approval of Declarant. No structure or dwelling shall be moved from outside West Bay Woods 2, Replat One to any Lot without written approval of Declarant.

21. All utility service lines from each lot line to a dwelling or other Improvement shall be underground.

22. No tree situated upon any Lot may be moved, removed, cut or destroyed unless complete plans describing the exact tree or trees to be moved, removed, cut or destroyed and the reason therefore, shall have been submitted to and approved in writing by Declarant in accordance with Section 2 of this Article I. For purposes of this Section, “tree” shall mean and refer to a tree of any type with a diameter larger than one (1) inch at a height of five (5) feet. Unless waived in writing by the Association, each Owner shall repair and maintain in good condition any and all trees, shrubs, and bushes placed in and along the public sidewalk easement area on their Lot. Should any of such trees, shrubs or bushes be removed, die, or deteriorate into a poor condition,
the Owner of the Lot shall, at its expense, replace such trees, bushes or shrubs with trees, bushes or shrubs of the same or similar quality. In the event such replacement does not occur upon thirty (30) days written notice from either the Declarant or the Association, then either the Declarant or the Association may cause such replacement to occur and charge the owner of the Lot for such replacement as allowed hereinafter.

23. Sufficient sediment control measures, including, but not limited to, installation and maintenance of silt fences, straw bale fences, storm water inlet protection and temporary seeding, to the extent deemed reasonably necessary by Declarant of the Architectural Control Committee, shall be taken by the Owner or Owner’s builder to ensure that all sediment resulting from any land disturbance or construction operation is retained on the Lot in question. All sediment control measures must be maintained until such Lot has been permanently stabilized with respect to soil erosion.

ARTICLE II
HOMEOWNER’S ASSOCIATION

1. The Association. Declarant has caused or will cause the incorporation of WEST BAY WOODS 2, REPLAT ONE HOMEOWNERS ASSOCIATION, a Nebraska not for profit corporation (hereinafter referred to as the “Association”). The Association has as its purpose the promotion of the health, safety, recreation, welfare and enjoyment of the residents of West Bay Woods 2, Replat One including:

(a) The acquisition, construction, landscaping, improvement, equipment, maintenance, operation, repair, upkeep and replacement of Common Facilities for the general use, benefit and enjoyment of the Members. Common Facilities may include recreational facilities such as swimming pools, tennis courts, health facilities, playgrounds and parks, dedicated and nondedicated roads, paths, ways and green areas (including landscaping); and signs and entrances for West Bay Woods 2, Replat One. Common Facilities may be situated on property owned or leased by the Association within the West Bay Woods 2, Replat One subdivision, on private property subject to an easement in favor of the Association, on public property, or on property dedicated to a Sanitary and Improvement District.

(b) The promulgation, enactment, amendment and enforcement of rules and regulations relating to the use and enjoyment of any Common Facilities, provided always that such rules are uniformly applicable to all Members. The rules and regulations may permit or restrict use of the Common Facilities by Members, their families, their guests, and/or by other persons, who may be required to pay a fee or other charge in connection with the use or enjoyment of the Common Facility.
(c) The exercise, promotion, enhancement and protection of the privileges and interests of the residents of West Bay Woods 2, Replat One, and the protection and maintenance of the residential character of West Bay Woods 2, Replat One.

2. **Membership and Voting.** The first phase of West Bay Woods 2, Replat One is divided into seventy-four (74) separate residential lots (for purposes of Article II of this Declaration, the term “Lots” shall mean all the residential lots which are included in the Association, including the Lots as defined in this Declaration). The “Owner” of each Lot shall be a Member of this Association. For purposes of this Declaration, the term “Owner” of a Lot means and refers to the record owner, whether one or more persons or entities, of fee simple title to a Lot, but excluding however those parties having any interest in any of such Lot merely as security for the performance of an obligation (such as a contract seller, the trustee or beneficiary of a deed of trust, or a mortgagee). The purchaser of a Lot under a land contract of similar instrument shall be considered to be the “Owner” of the Lot for purposes of this Declaration. Membership shall be appurtenant to ownership of each Lot, and may not be separated from ownership of each Lot. The Owner of each Lot, whether one or more persons and entities, shall be entitled to one (1) vote on each matter properly coming before the Members of the Association.

Declarant anticipates that additional phases of West Bay Woods 2, Replat One may be developed by Declarant or other developers. From time to time, without the consent or approval of an Owner or Member, the Association may, with Declarant’s approval, be expanded by Declarant to include additional residential lots in any subdivision which is contiguous to any of the Lots, or which is developed as a phase of the West Bay Woods 2, Replat One subdivision. Such expansion(s) may be effected from time to time by Declarant’s recordation with the Register of Deeds of Douglas County, Nebraska, of a Declaration of Covenants, Conditions, Restrictions and Easements, setting forth the identity of the additional residential lots (hereinafter the “Subsequent Phase Declaration”), provided that if the Subsequent Phase Declaration is recorded by a person or entity other than Declarant, the inclusion of additional residential lots in the Association must be approved by the Declarant. Upon the recordation of any Subsequent Phase Declaration which expands the residential lots included in the Association, the additional lots identified in the Subsequent Phase Declaration shall be considered to be and shall be included in the “Lots” for purposes of this Article II, and the owners of the additional residential lots shall be members of the Association with all rights, privileges and obligations accorded or accruing to members of the Association.

3. **Purposes and Responsibilities.** The Association shall have the powers conferred upon not for profit corporations by the Nebraska Nonprofit Corporation Act, and all powers and duties necessary and appropriate to accomplish the Purposes and administer the affairs of the Association. The powers and duties to be exercised by the Board of Directors, and upon
authorization of the Board of Directors by the Officers, shall include but
not be limited to the following:

(a) The acquisition, development, maintenance, repair, replacement,
operation and administration of Common Facilities, and the
enforcement of the rules and regulations relating to the Common
Facilities.

(b) The landscaping, mowing, watering, repair and replacement of parks
and other public property and improvements on parks, public property,
within or near West Bay Woods 2, Plat One.

(c) The fixing, levying, collecting, abatement, and enforcement of all
charges, dues, or assessments made pursuant to the terms of this
Declaration.

(d) The expenditure, commitment and payment of Association funds to
accomplish the purposes of the Association including, but not limited
to, payment for purchase of insurance covering any Common Facility
against property damage and casualty, and purchase of liability
insurance coverage for the Association, the Board of Directors of the
Association and the Members.

(e) The exercise of all of the powers and privileges, and the performance
of all of the duties and obligations of the Association as set forth in
this Declaration, as the same may be amended from time to time.

(f) The acquisition by purchase or otherwise, holding or disposition of
any right, title or interest in real or personal property, wherever
located, in connection with the affairs of the Association.

(g) The deposit, investment and reinvestment of Association funds in bank
accounts, securities, money market funds or accounts, mutual funds,
pooled funds, certificates of deposit or the like.

(h) The employment of professionals and consultants to advise and assist
the Officers and Board of Directors of the Association in the
performance of their duties and responsibilities for the Association.

(i) General administration and management of the Association, and
execution of such documents and doing and performance of such acts
as may be necessary or appropriate to accomplish such administration
or management.

(j) The doing and performing of such acts, and the execution of such
instruments and documents, as may be necessary or appropriate to
accomplish the purposes of the Association.
4. **Mandatory Duties of the Association.** The Association shall:

(a) Maintain and repair the signs which have or will be installed by Declarant in good repair and neat condition;

(b) Maintain, repair, and replace as necessary all fences and trees, shrubs, and other natural barriers and green areas constructed on and along the mixed-use lots, so that such are in good repair and neat condition; and

(c) In the event any Owner of a Lot shall fail to perform and fulfill his obligations and responsibilities under Article I, Section 22 of this Declaration, and if such failure continues for thirty (30) days after written notice to the Owner from the Association, the Association shall perform or have performed such obligation or responsibility. If the Association undertakes to perform or have performed the responsibilities of the Owner, the cost of such performance plus a fifteen percent (15%) administrative charge shall be assessed against the Owner, and the Owner shall be obligated to promptly pay such sums to the Association. Assessment of such costs shall be made by written demand from the Association for payment by the Owner. If such assessment is not paid within thirty (30) days after written demand from the Association, such assessment shall constitute a lien on the Lot, which lien shall attach, have the priority and be enforceable by the Association in the same manner as liens for assessments and dues as provided in this Article II.

5. **Imposition of Dues and Assessments.** The Associations may fix, levy and charge the Owner of each Subdivision Lot with dues and assessments (herein referred respectively as "dues and assessments") under the following provisions of this Declaration. Except as otherwise specifically provided, the dues and assessments shall be fixed by the Board of Directors of the Association and shall be payable at the times and in the manner prescribed by the Board.

6. **Abatement of Dues and Assessments.** Notwithstanding any other provision of this Declaration, 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 Declarant.

7. **Liens and Personal Obligations for Dues and Assessments.** The assessments and dues, together with interest thereon, costs and reasonable attorneys' fees, shall be the personal obligation of the Owner of each Lot at the time when the dues or assessments first become due and payable. The dues and assessments, together with interest thereon, costs and reasonable attorneys' fees, shall also be a charge and continuing lien upon the Lot in respect of which the dues and assessments are charged. The personal obligations for delinquent assessments shall not pass to the
successor in title to the Owner at the time the dues and assessments become delinquent unless such dues and assessments are expressly assumed by the successors, but all successors shall take title subject to the lien for such dues and assessments, and shall be bound to inquire of the Association as to the amount of any unpaid assessments or dues.

8. **Purpose of Dues.** The dues collected by the Association may be committed and expended to accomplish the purposes of the Association described in Section 1 of this Article, and to perform the powers, responsibilities, and duties of the Association described in Section 3 and Section 4 of this Article.

9. **Maximum Annual Dues.** Unless excess dues have been authorized by the Members in accordance with Section 10, below, the aggregate dues which may become due and payable in any year shall not exceed the greater of:

   (a) Sixty and no/100 Dollars ($60.00) per Lot.

   (b) In each calendar year beginning on January 1, 2007, one hundred twenty-five percent (125%) of the aggregate dues charged in the previous calendar year.

10. **Assessments for Extraordinary Costs.** In addition to the dues, the Board of Directors may levy an assessment or assessments for the purpose of defraying, in whole or in part, the costs of any acquisition, construction, reconstruction, repair, painting, maintenance, improvement, or replacement of any Common Facility, including fixtures and personal property related thereto, and related facilities. The aggregate assessments in each calendar year shall be limited in amount to Two Hundred and no/100 Dollars ($200.00) per Lot.

11. **Excess Dues and Assessments.** With the approval of sixty percent (60%) of the Members of the Association, the Board of Directors may establish dues and/or assessments in excess of the maximums established in this Declaration.

12. **Uniform Rate of Assessment.** Except for assessments as provided in Article II, Section 4, Subparagraph (c), assessments and dues shall be fixed at a uniform rate as to all Lots, but dues may be abated as to individual Lots, as provided in Section 6, above.

13. **Certificate as to Dues and Assessments.** The Association shall, upon written request and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the dues and assessments on a specified Lot have been paid to the date of request, the amount of any delinquent sums, and the due date and amount of the next succeeding dues, assessment or installment thereof. The dues and
assessments shall be and become a lien as of the date such amounts first become due and payable.

14. Effect of Nonpayment of Assessments—Remedies of the Association. Any installment of dues or assessments which is not paid when due shall be delinquent. Delinquent dues or assessment shall bear interest from the due date at the rate of sixteen percent (16%) per annum, compounded annually. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot or Lots, and pursue any other legal or equitable remedy. The Association shall be entitled to recover as a part of the action and shall be indemnified against the interest, costs and reasonable attorneys’ fees incurred by the Association with respect to such action. No Owner may waive or otherwise escape liability for the charge and lien provided for herein by non-use of the Common Area or abandonment of his Lot. The mortgagee of any Lot shall have the right to cure any delinquency of an Owner by payment of all sums due, together with interest, costs and fees. The Association shall assign to such mortgagee all of its rights with respect to such lien and right of foreclosure and such mortgagee may thereupon be subrogated to any rights of the Association.

15. Subordination of the Lien to Mortgagee. The lien of dues and assessments provided for herein shall be subordinate to the lien of any mortgage, contract or deed of trust given as collateral for a home improvement or purchase money loan. Sale or transfer of any Lot shall not affect or terminate the dues and assessment lien.

ARTICLE III
EASEMENTS AND CHARGES

1. In the event that ninety percent (90%) of all Lots within the subdivision are not improved within five (5) years after the date on which Qwest Communications files notice that it has completed installation of telephone lines to the Lots in the subdivision (herein the “Subdivision Improvement Date”) then the telephone company may impose a connection charge on each unimproved Lot in the amount of Four Hundred Fifty and no/100 Dollars ($450.00). A Lot shall be considered as unimproved if construction of a permanent structure has not commenced on a Lot. Construction shall be considered as having commenced if a footing inspection has been requested on the Lot in question by officials of the City or other appropriate governmental authority. Should such charge be implemented by the telephone company and remain unpaid, then such charge may draw interest at the rate of twelve (12%) per annum commencing after the expiration of sixty (60) days from the time all of the following events shall have occurred: (1) the Subdivision Improvement Date, and (2) the telephone company sends each owner of record a written statement or billing for Four Hundred Fifty and no/100 Dollars ($450.00) for each unimproved Lot.
2. Other easements are provided for in the final plat of West Bay Woods 2, Replat One which is filed in the Register of Deeds of Douglas County, Nebraska (Instrument No. 2005135210).

ARTICLE IV.
GENERAL PROVISIONS

1. Except for the authority and powers specifically granted to the Declarant, the Declarant or any owner of a Lot named herein shall have the right to enforce by a proceeding at law or in equity, all reservations, restrictions, conditions, and covenants now or hereinafter imposed by the provisions of this Declaration either to prevent or restrain any violation or to recover damages or other dues of such violation. Failure by the Declarant or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity. This Declaration may be amended by Declarant, or any person, firm, corporation, partnership, or entity designated in writing by Declarant, in any manner which it may determine in its full and absolute discretion for a period of five (5) years from the date hereof. Thereafter this Declaration may be amended by an instrument signed by the owners of not less than sixty percent (60%) of the Lots covered by this Declaration.

3. By written consent of the Declarant for a period of five (5) years from the date hereof, any or all of the covenants, conditions, restrictions, and easements as they apply to the Lots may be waived, modified, or amended for any Lot or Lots, in any manner, for such a time period, and on such conditions, if any, which the Declarant may determine in its full and absolute discretion after considering the benefits and detriments which the waiver, modification or amendment will have on the West Bay Woods 2 subdivision and the Owner requesting the waiver. Declarant’s decision on any requested waiver, modification or amendment shall be final and there shall be no right of appeal of Declarant’s decision. No responsibility, liability or obligation shall be assumed by or imposed upon Declarant by virtue of the authority granted to Declarant in this Section, or as a result of any act or failure to act by Declarant with respect to any requested waiver, modification, or amendment.

4. Declarant, or its successor or assign, may terminate its status as Declarant under this Declaration, at any time, by filing a Notice of Termination of Status as Declarant. Upon such filing, the Association may appoint itself or another entity, association or individual to serve as Declarant, and such appointee shall thereafter serve as Declarant with the same authority and powers as the original Declarant.
5. Invalidation of any covenant by judgement or court order shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused these present to be executed this 29 day of November 2005.

David F. Lanoha, Trustee of the David F. Lanoha Revocable Trust

STATE of NEBRASKA )
COUNTY OF DOUGLAS )

The foregoing instrument was acknowledged before me this 29 day of November 2005, by David F Lanoha, Trustee of the David F. Lanoha Revocable Trust.

Kirstine K. Hohl
Notary Public

GENERAL NOTARY-State of Nebraska
KIRSTINE K. HOHL
My Comm. Exp. Sept. 03, 2008
## Appendix G

Site B – 81 Sales recorded in the Multiple Listing Service in the West Bay Woods II Subdivision, Pages 1-3, July 12, 2013 – July 12, 2019, Retrieved from https://oabrmls.paragonrels.com

<table>
<thead>
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</table>
Endnotes

1 For the purpose of this study, the use of primary “stakeholders” shall mean anyone who has both “an interest in something” and also, who is “involved in or affected by a course of action” as a key player. (Webster, 1828). Therefore, this term would apply to land developers, architects, draftsmen, home builders, bankers, appraisers, real estate agents, and buyers. It should be noted that this study seeks to establish inclusion for interior designers as primary stakeholders. An example of a secondary stakeholder would include each tradesman and supplier who are part of the team of professionals necessary to complete a single facet of a home.

2 Space planning in home design means the overall interior floor plan layout, flow, function, and delineation of each space in a home floor plan according to how the space will be used. Space planning also includes planning for furnishings.

3 Finish Selection in home design equals the materials, products and finishes integrated into the home. For example, appliances, stone, carpet, paint, lights and plumbing fixtures, etc.

4 A Comparative Market Analysis (CMA) is a data collection method used by real estate agents to give an estimate of home value based on publicly recorded sales price figures of similar homes in the same area.

5 Intrinsic Value in this study shall mean that which cannot be measured monetarily.

6 Extrinsic Value in this study shall mean that which can be measured monetarily.

7 Semi-custom homes are homes similar in nature, however, to a degree, the floorplan can be adjusted to suit the needs of the end user. A one-of-a-kind original custom home is designed and built specifically to meet the needs of the end user. Most design projects in the residential sector fall into the category of semi-custom or one-of-a-kind custom homes due to the increased budgets and customization in design needed for these homes.

8 A one of a kind original custom home is designed and built specifically to meet the needs of the end user. Most design projects in the residential sector fall into the category of semi-custom or one-of-a-kind custom homes due to the increased budgets and customization in design needed for these homes.

9 “Graph Theory” is a form of mathematics. See Gross and Yellen (2005) for application specifics.

10 “Hedonic pricing model” is an attempt to quantify price by parts of a whole. In this case, the value of a home or its price per square foot based on size, location, and other variables included herein. Hedonic pricing model first introduced by Court (1939) and utilized by Rosen (1974).