

EXHIBIT "F"

BYLAWS OF EASTWOOD CONDOMINIUM

ASSOCIATION, INC. ("ASSOCIATION")

ARTICLE I

General Provisions

Section 1.1. Name. These Bylaws provide for the governance of the Condominium by the Unit Owners Association pursuant to the requirements of Section 47C-3-106 of the North Carolina Condominium Act. The name of the Unit Owners Association shall be the name of the Condominium followed by the words "Association" (hereinafter "Association" or "Unit Owners Association").

Section 1.2. Office. The office of the Condominium, the Unit Owners Association, and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws are attached as Exhibit F, or if not defined therein, the meanings specified for such terms in Section 47C-1-103 of the Condominium Act. The following terms have the following meanings in the condominium instruments:

(a) "Board of Directors" or "Board" means the executive organ established pursuant to Article 3 of these Bylaws and as defined in Section 47C-1-103(13) of the Act.

(b) "Common Element Interest" means the number allocated to each Unit by Exhibit E to the Declaration which establishes each Unit's undivided interest in the Common Elements, common expenses and votes in the Unit Owners Association.

(c) "Condominium instruments" shall be a collective term referring to the Declaration, Bylaws, and Plats and Plans, and documents recorded pursuant to the Condominium Act. Any exhibit, schedule or certification accompanying a condominium instrument and recorded simultaneously therewith shall be deemed an integral part of that condominium instrument. Any amendment or certification or any condominium instrument shall, from the time of the recordation of such amendment or certification, be deemed an integral part of the affected condominium instrument.

(d) "Period of Declarant Control of the Association" means the period a Declarant may appoint or remove officers and directors of the Association. Regardless of the period declared in the Declaration, the Period of Declarant Control terminates no later than the earlier of (i) 120 days after the date on which Units to which seventy-five percent or more of the aggregate Common Element Interests appertain have been conveyed to Unit owners other than the Declarant; (ii) two years after Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add new Units was last exercised.

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(e) "Common Expenses" means expenses made by or financial liabilities of the Association, together with any allocations to reserves.

(f) "Majority Vote" means a simple majority (more than fifty percent) of the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage vote means that percentage vote with respect to the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage vote of the Mortgagees means a vote by the Mortgagees of condominium Units to which such percentage of the total number of votes appertain.

(g) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, or business trusts including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a first mortgage or first deed of trust ("Mortgage") encumbering a condominium Unit in the Condominium which has notified the Unit Owners Association of its status and has requested all rights under the condominium instruments. For purposes of Article 8 only, when any right is to be given to a Mortgagee, the Board of Directors shall also give such right to any public or private secondary mortgage market entity participating in purchasing or guaranteeing Mortgages if the Board has notice of such participation.

(h) "Officer" means any person holding office pursuant to Article 4 of these Bylaws.

(i) "Unit Owners Association" or "Association" means the non-profit corporation of all the Unit owners owning condominium Units in the Condominium.

ARTICLE 2

Unit Owners Association

Section 2.1. Composition. The Unit Owners Association shall consist of all Unit owners (which shall include all Residential Unit Owners and Parking Unit Owners as those terms are defined in the Declaration, but subject to the voting procedures and limitations on Parking Unit Owners as established in the Declaration, it being intended that except with respect to Parking Lot Issues as that term is defined in the Declaration, the term Unit Owners as used in these Bylaws shall mean Residential Unit Owners only). For all purposes the Unit Owners Association shall act merely as an agent for the Unit owners as a group. The Unit Owners Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or managing agent, if any.

Section 2.2. Annual Meetings. The annual meetings of the Association shall be held on weekdays (other than legal holidays) at least thirty days before the beginning of each calendar year.

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Section 2.3. Place of Meeting. Meetings of the Unit Owners Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit owners as may be designated by the Board of Directors.

Section 2.4. Special Meetings. (a) The President shall call a special meeting of the Unit Owners Association: (i) if so directed by resolution of the Board of Directors; (ii) after the termination of the period of Declarant control, upon a petition signed and presented to the Secretary by Unit owners of not less than twenty percent of the aggregate Common Element Interests; or (iii) while the Declarant is a Unit owner, upon request of the Declarant. Such resolution, petition or request must (1) specify the time and place at which the meeting is to be held, (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.5 of these Bylaws, or else specify that the Secretary shall designate the date of the meeting, (3) specify the purposes for which the meeting is to be held, and (4) be delivered to the Secretary. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the period of Declarant Control, the Unit owners shall elect a Board of Directors of at least three members of which at least a majority of whom shall be Unit Owners who shall take office upon election. Not later than sixty days after conveyance of twenty-five percent of the Units (including the Units which may be created pursuant to special rights) to Unit owners other than Declarant, at least one Member and not less than twenty-five percent of the members of the Board shall be elected by Unit Owners other than the Declarant. Not later than sixty days after the conveyance of fifty percent of the Units (including Units which may be created pursuant to special Declarant rights) to Unit Owners other than Declarant, not less than thirty-three percent of the members of the Board shall be elected by Unit Owners other than Declarant. Declarant control shall terminate no later than the earlier of: (i) One hundred and twenty days after conveyance of seventy-five percent of the Units (including the Units which may be created pursuant to special Declarant rights) to Unit Owners other than the Declarant; (ii) two years after Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development rights to add new Units was last exercised.

Section 2.5. Notice of Meetings. The Secretary shall notify each Unit Owner of each annual or regularly scheduled meeting of the Unit Owners at least fifteen but not more than thirty days, and of each special meeting of the Unit Owners at least ten but not more than twenty days, prior to such meeting, stating the time, place and purpose thereof. The giving of a notice of meeting in the manner provided in this section and Section 11.1 of the Bylaws shall be considered service of notice.

Section 2.6. Quorum and Adjournment of Meetings. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit owners representing twenty-five percent or more of the total Common Element Interest shall constitute a quorum at all meetings of the Unit Owners Association. If at any meeting of the Unit Owners Association a quorum is not present, Unit Owners of a majority of the Common Element Interests who are present at such meeting in person or by proxy may: (i) recess the meeting to such date, time and place as such Unit Owners may agree not more than forty-eight hours after the time the original meeting was called, whereupon the Secretary shall make reasonable efforts to notify Unit Owners of such date time and place.

Section 2.7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows: (a) roll call (proof of quorum); (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) appointment of inspectors of election (when so required); (h) election of directors (when so required); (i) unfinished business; and (j) new business; provided, however, that balloting for election of directors may commence at any time.

Section 2.8. Conduct of Meetings. The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Condominium Act or the condominium instruments.

Section 2.9. Voting. (a) The total votes in the Association are allocated to Units by the Declaration. The votes allocated to a Unit may be cast by the Unit Owner of that Unit. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote for such Unit shall be the person named in the certificate executed by all of the owners of such a Unit and filed with the Secretary (if such a certificate is on file) or, in the absence of such named person from the meeting the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present, the votes allocated to that Unit may be cast only in accordance with the vote of a majority in interest of the multiple owners.

(b) Except where a greater number is required by the Condominium Act or by the condominium instruments, a Majority Vote is required to adopt decisions at any meeting of the Unit Owners Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Unit Owners Association to cast the votes to which such Units are entitled.

(c) No Unit Owner may vote at any meeting of the Unit Owners Association or be elected to or serve on the Board of Directors if payment by such Unit Owner of any financial obligation to the Association is delinquent more than sixty days and the amount necessary to bring the account current has not been paid at the time of such meeting or election.

Section 2.10. Proxies. A vote may be cast in person or by proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person presiding over the meeting of the Association. A proxy is void if it is not dated and terminates one year after its date, unless it specifies a shorter term. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Such proxies may be granted by any Unit Owner in favor of only another Unit Owner, an officer, the Declarant or such Unit Owners' mortgagee or attorney. Only instructed proxies may be granted by any Unit Owner to the managing agent. No person other than the Declarant, the managing agent or an officer shall cast votes as a proxy for more than one Unit not owned by such person.

ARTICLE 3
Board of Directors

Section 3.1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by the Condominium Act or the condominium instruments required to be exercised and done by the Association. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each Unit Owner for the common expenses.

(b) Make assessments against Unit owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of installment payment of the annual assessment for common expenses.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium, including the Common Elements.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

(e) Collect the assessments against the Unit Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

(f) Adopt and amend any rules and regulations; provided, however, that such rules and regulations shall not be in conflict with the Condominium Act or the condominium instruments.

(g) Open bank accounts on behalf of the Unit Owners Association and designate the signatures thereon.

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the rules and regulations, act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Unit Owners of and litigation against the Unit Owners Association involving a claim in excess of ten percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article 6 of these Bylaws, pay the premiums therefore, adjust and settle and claims thereunder.

(k) Keep books and records in accordance with Section 47C-3-118 of the Condominium Act.

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(l) Pay the cost of all authorized services rendered to the Unit Owners association and not billed to Unit Owners of individual Units or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.

(m) Notify a Mortgagee of any default hereunder by the Unit Owner of the Unit subject to such Mortgage, in the event such default continues for a period exceeding sixty days.

(n) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements; provided, however, that (except during the period of Declarant Control) either a Majority Vote obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, or a vote in writing by Unit Owners of Units to which more than twenty-five percent of the votes in the Unit Owners Association appertain, shall be required to borrow any sum in excess of ten percent of the total annual assessment for common expenses for that fiscal year. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (n) is not repaid by the Unit Owners Association, a Unit Owner who pays to the creditor a percentage of the total amount due equal to such Unit Owner's Common Element Interest in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit owners condominium Unit, and the Association shall not be entitled to assess the Unit for payment of the remaining amount due such creditor.

(o) Acquire, hold and dispose of condominium Units and mortgage the same without the prior approval of the Unit Owners Association if such expenditures and hypothecation are included in the budget adopted by the Unit Owners Association.

(q) Do such other things and acts not inconsistent with the Condominium Act or the condominium instruments which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association (including but not limited to all of the powers set forth in Section 47C-3-102 of the Act not otherwise set forth above).

Section 3.2 Managing Agent. The Board of Directors may contract with or employ any person, firm or corporation, including the Developer or an affiliate or the Developer, to serve as management agent for the Project and the Association, at a compensation established by the Board of Directors.

Section 3.3 Number and Term of Office

(a) Designated members. During the period of Declarant control, the Declarant shall be entitled to designate directors not elected pursuant to Section 2.4 of these Bylaws. The initial Board of Directors shall consist of three persons. The term of each designee shall be fixed by the Declarant. At the special meeting required by subsection 2.4 (b), a number of the directors designated by the Declarant shall resign if necessary so that a majority of the requisite percentage of directors shall have been elected in accordance with subsection 2.4 (b). The persons elected shall serve for the remainder of the terms of office of the resigning directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office for generally one-third of the directors shall expire at each of the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. At the expiration of the term of office of all directors designated by the Declarant or elected at the special

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meeting held pursuant to subsection 2.4 (b), all successor directors shall be elected to serve for a term of three years.

Section 3.4. Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors at the meeting at which such Board of Directors shall have been elected. No notice shall be necessary to the newly-elected directors in order legally to constitute such meeting if a majority of the entire Board of Directors is present at the meeting.

Section 3.5. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every three months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting.

Section 3.6. Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days notice to each director, given personally or by mail, telegraph or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two directors.

Section 3.7. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by such director of the time, place and purpose of such a meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.8. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn or recess the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.9. Compensation. No director shall receive any compensation from the Condominium for acting as such.

Section 3.10. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Condominium Act or the condominium instruments.

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Section 3.11. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting of all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.12. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners Association.

(a) The officers and directors shall not be liable to the Unit Owners Association or any Unit Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners Association shall indemnify and hold harmless each of the officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners Association. The liability of any Unit Owner arising out of any contract made by the Officers or Board of Directors, or out of the indemnification of the Officers or directors, or the damages as a result of injuries arising in connection with the Common Elements solely by virtue of ownership of a Common Element Interest therein or for liabilities incurred by the Unit Owners Association, shall be limited to the total liability multiplied by such Unit Owner's Common Element Interest. Every agreement made by the Officers, the Board of Directors or a managing agent on behalf of the Unit Owners Association shall, if obtainable, provide that the Officers, the directors or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners). The Unit Owners Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was an Officer or director or the Association against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by such person in connection with, such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Unit Owners Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by the elements or by the Unit Owner of any Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Unit Owners Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order or directive of any governmental authority.

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Section 3.14. Common or Interested Directors. Each director shall exercise such directors powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners Association and any of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board or Directors or any committee thereof which authorizes or approves the contract or transaction, or because such directors vote is counted for such purpose, if any of the conditions specified in any of the following subsections exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to at least a majority of the Unit Owners, and the Unit owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Unit Owners Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such director of the Unit Owners Association were not an officer or director of such other corporation, firm or association or not so interested.

ARTICLE 4 Officers

Section 4.1. Designation and Duties. The principal Officers of the Unit Owners Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new board and shall hold office at the pleasure of the Board of Directors. The Association shall publish the names and addresses of all officers of the Association within thirty (30) days of their election.

Section 4.3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4.4. President. The President shall be the chief executive officer of the Unit Owners Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see that all

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orders and resolutions of the Board are carried into effect; and appoint committees from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If the President is unable to act, the Board of Directors shall appoint some other director to act in the place of the Vice President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; have charge of such books and papers as the Board may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the places to which all notices to Unit Owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall : be responsible for Unit Owners Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Association or the managing agent, in such depositories as may from time to time be designated by the Board; and in general, perform all the duties incident to the office of treasurer.

Section 4.8. Execution of Documents. Unless authorized by a resolution of the Board of Directors: (i) all agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for expenditures or obligations in excess of \$500 and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors; and (ii) all such instruments for expenditures or obligations not in excess of \$500 may be executed by any one person designated by the Board of Directors.

Section 4.9. Compensation of Officers. No Officer shall receive any compensation from the Unit Owners Association for acting as such Officer.

Section 4.10. Association Records. Notwithstanding anything else herein, or in the Declaration or Bylaws to the contrary, the Officers of the Association are authorized to take such actions as they deem reasonable and necessary to assure that the Association is in compliance with the duties set forth in Section 47C-3-118 of the Act.

ARTICLE 5

Operation of the Property

Section 5.1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be the calendar year beginning January 1 and ending December 31 unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget

(1) At least sixty days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Unit Owners Association containing an estimate of the total

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amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Condominium Act, the condominium instruments or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. Within thirty days after adoption of any proposed budget, a summary notice shall be sent to each Unit Owner which sets forth the amount of the common expenses and any special assessment payable by each Unit Owner and shall set a date for a meeting of the Unit Owners to consider ratification of the budget, said meeting to be not less than fourteen nor more than thirty days after mailing of the summary. At said meeting (which shall not require that a quorum be present) the budget shall be considered as ratified unless a majority of all the Unit Owners reject the proposed budget. In the event the proposed budget is rejected, the budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Directors. The budget as ratified shall constitute the basis for determining each Unit Owner's assessment for the common expenses of the Condominium.

(c) Assessment and Payment of Common Expenses.

(1) Subject to the provisions of subsection 9.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to such Unit Owner's respective Common Element interest, except for Limited Common Expenses which shall be assessed against each Unit Owner benefited in proportion to the relative Common Element Interest of such Units inter se, which shall be assessed against the Units benefited in proportion to the relative Unit share of such Units, inter se, as provided in subsection (h) and shall be a lien against each Unit Owner's Unit as provided in Section 9.2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors (or managing agent, if any), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners, and to each mortgagee requesting the same, and itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for that fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Unit Owners, be credited according to each Unit Owners Common Element Interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, or be distributed to the Unit Owners. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their

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Common Element Interests and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(2) Any common expenses paid or incurred in making available the same off-site amenities or paid subscription television service to some or all of the Unit Owners shall be assessed equally against the condominium Units involved, and (ii) any common expenses paid or incurred in providing metered utility services to some or all of the Units shall be assessed against each condominium Unit involved based on its actual consumption of such services. It is understood however, that until such time as a majority vote of the Association shall vote otherwise, the Association shall budget for, and procure the use of, the facilities of the Eastwood Village Apartments (pool, clubhouse and other related facilities as provided) for all of the Unit and Unit Owners of the Condominium, and the cost of such services shall be assessed, incurred and paid for as a common expense to all of the Unit Owners equally, and without regard for whether or not individual Unit Owners avail themselves of the use of such amenities.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations (including losses due to insurance deductibles), contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except for the normal maintenance expenses shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against such reserves. Unless otherwise determined by a vote of two-thirds of the directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives. If regular annual maintenance extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to the Unit Owners. If the reserves are inadequate for any reason, including non-payment of any Unit Owners assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Common Element Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any further assessment on Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than seven days after the delivery of such notice of further assessment. All Unit Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in subsection (c).

(e) Initial Budget and Initial Capital Payment. (i) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this section, for the period commencing thirty days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in subsection (c).

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the

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estimated monthly assessment for common expenses for such purchasers Unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Unit Owners Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owners obligation to pay the allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of the monthly payment which is due more than ten days after such new annual or adjusted budget is adopted.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund or held for each Unit Owner in accordance with such Unit Owners Common Element Interest.

Section 5.2. Payment of Common Expenses. Each Unit Owner shall pay the common expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1 hereof. No Unit Owner may be exempted from liability for the assessment for common expenses by reason of waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for common expenses due from any Unit Owner which remains unpaid for more than thirty days from the due date for payment thereof. If a Unit owner is delinquent for more than sixty days, the Board of Directors shall file a lien of record in the office of the Clerk of Superior Court for Buncombe County, North Carolina, in manner provided in Article 8 of Chapter 44 of the General Statutes, unless the Board decides by a two-thirds vote not to do so. Any assessment, or installment thereof, not paid within fifteen days after due shall have added a late fee in the amount of fifteen dollars, or such other amount as may be established from time to time by the Board of Directors. Any past due common expense assessment or installment thereof bears interest thereof at the rate established by the Association not exceeding eighteen percent per year.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Unit Owners Association. The Unit Owners Association shall be responsible for the maintenance, repair and replacement of all the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration, whether located inside or outside of the Units, the cost of which shall be charged to all Unit Owners as a common expense; provided, however, that the Board of Directors may elect not to do so if in the opinion of a majority

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of the Board of Directors such maintenance, repair or replacement was necessitated by the negligence, misuse or neglect of a Unit Owner and provided, further, that each Unit Owner shall perform normal maintenance on the limited Common Elements appurtenant to such Unit Owners Unit and any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given such Unit Owner permission to utilize, including without limitation the items enumerated in subsection (b).

(b) By the Unit Owner.

(1) Each Unit Owner shall keep the Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition. Each Unit Owner shall perform this responsibility in such a manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Unit Owners Association is responsible.

(2) The Unit Owner of any Unit to which a Limited Common Element is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition and shall also make all repairs caused by the Unit Owner's misuse or neglect. All structural repair or replacement shall be made by the Unit Owners Association as a common expense, as provided in subsection (a).

(3) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 5.6. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations, or improvements costing in excess of one thousand dollars (\$1,000.00) the making of such additions, alterations or improvements requires a Majority Vote, and the Board of Directors shall assess all Unit Owners for the cost thereof as a common expense. Any additions, alterations or improvements costing less than \$1,000.00 may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute a common expense, depending on the nature of the additions, alterations or improvements. The dollar amount requiring a majority vote of the Directors may be increased or decreased upon a unanimous vote of the Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to the Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter any common element or the exterior of a Unit, including the doors and windows, without the prior written consent of the Board of Directors.

Section 5.8. Restrictions on Use of Units and Common Elements; Rules and Regulations.

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(a) Restrictions. Each Unit and the Common Elements shall be occupied and used as follows:

(1) Except as provided in the Declaration, no Residential Unit shall be used for other than housing and the related common purposes for which the Property was designed. No Residential Unit shall be used for non-residential purposes except Units may be used for in-house professional occupations including real estate sales, architecture, engineering, journalism and marketing. Likewise, no Unit may be used for purposes not permitted by the applicable zoning. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of condominium Units.

(2) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No Unit owner shall permit anything to be done or kept in any Unit which would cause the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste shall be permitted on the Common Elements.

(3) No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then cost of such compliance shall be a common expense.

(4) No Unit owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for such storage, if any, by the condominium instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Elements except with the prior written consent of the Board of Directors.

(5) Except with respect to Units owned by Declarant, no portion of any Unit (other than the entire Unit) shall be leased for any period. Except with respect to Units owned by Declarant, no Unit Owner shall lease a Unit other than in accordance with the specific terms set forth in Section 6.6 of the Declaration of the Condominium.

(6) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited within any Unit or upon the Common Elements, except that the keeping of orderly domestic pets (e.g dogs, cats and caged birds) in keeping with the requirements of the Rules and Regulations.

(7) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, in front of or about any Unit or Common Element without the prior written approval of the Board of Directors.

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(8) Except with respect to Units owned by Declarant, no Unit shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly, or any other type of revolving or periodic occupancy by multiple Unit Owners, cooperators, licensees, or timesharing participants.

(b) Changes to Rules and Regulations. Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request.

Section 5.9. Right of Access. By acceptance of the deed of conveyance, each Unit Owner thereby grants a right of access to the Unit, as provided by the Condominium Act and the Declaration, to the Board of Directors or the managing agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in the Unit or in a Common Element to which access is obtained through the Unit threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical systems or the Common Elements in the Unit or elsewhere on the Property or to correct any condition which violated any Mortgage; provided, however, that request for entry is made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether or not the Unit Owner is present. Each Unit Owner shall provide a working copy of all Unit keys to the Unit Owners Association.

Section 5.10. Utility Charges; User Fees. The cost of utilities serving the Condominium not individually metered to a Unit may be common expenses allocated pursuant to Section 5.1 hereof.

Section 5.11. Parking Garages and Parking Units. Except with respect to Declarant, Parking Units shall only be owned by the owners of Residential Units and only used for the parking of Automobiles by owners or occupants of a Residential Unit. For purposes of this restriction, and for the purpose of definition within these Bylaws, the term "Automobiles" shall include domestic cars, trucks, motorcycles, sport utility vehicles and small trucks. The term "Automobiles" shall not include: I) commercial-use vehicles and trucks, and any motorized vehicle with a carrying capacity and/or size designation greater than or equal to 3/4ths of a ton, ii) any vehicle which is not in a condition to be normally operated or that does not have a current registration tag, and iii) recreational vehicles or related equipment, including any oversized boat, houseboat, oversized trailer, motor home or "camper" vehicle. For purpose of this subsection a vehicle or other equipment shall be "oversized" if it is not capable of fitting within a single Parking Unit within a Parking Garage with the door of the Parking Unit being closed.

ARTICLE 6 Insurance

Section 6.1. Authority to Purchase; Notice.

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(a) Except as otherwise provided in Section 6.5 hereof, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable cost. The Board of Directors shall promptly furnish to each Unit Owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Unit Owners Association, in compliance with Section 47C-3-113 of the Condominium Act.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Declarant, the Unit Owners Association, the Board of Directors, the managing agent or the Unit Owners, and their respective guests, invitees, tenants, agents and employees and, in the case of the Unit Owners, the members of their households;

(2) Such policy shall not be canceled, invalidated or suspended due to the conduct of any Unit Owner (including such Unit owners guests, invitees, tenants, agents and employees) or of any member, officer or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect, and neither shall have so cured within sixty days after such demand;

(3) Such policy may not be canceled or substantially modified (including cancellation for non payment) without at least sixty days prior written notice to the Board of Directors, the managing agent and all Mortgagees.

(c) The Declarant, so long as Declarant shall own any Unit, shall be protected by all such policies as a Unit Owner.

(d) All policies of insurance shall be written by reputable companies licensed or qualified to do business in the State of North Carolina.

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense; provided, however, that the Association may, pursuant to subsection 5.5 (a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse or neglect of a Unit Owner against such Unit Owner.

Section 6.2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), debris removal and water damage endorsement, insuring the entire Property (including without limitation all of the Units and the fixtures initially installed therein by the Declarant, and replacements thereof up to the value of those initially installed by the Declarant, but not including furniture, wall coverings, improvements and additions, furnishings or other personal property supplied or installed by Unit owners), together with all air conditioning and heating equipment and other service machinery contained therein and covering the interest of the Unit Owners Association, the Board of Directors and all Unit Owners and their Mortgagees, as their interests may appear, in an amount equal to one hundred percent of the then current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such

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coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property, owned by the Unit Owners Association.

(b) Such policy shall also provide:

(1) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) The following endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Unit Owner of their agents when such act or neglect is not within the control of the insured, or the Unit Owners collectively, nor by any failure of the insured, or the Unit Owners collectively; nor by any failure of the insured, or the Unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the Unit Owners collectively, have no control); (ii) "cost of demolition"; (iii) "contingent liability from operation of building laws or codes"; (iv) "increased cost of construction"; and (vi) "agreed amount" or elimination of coinsurance clause; and

(3) That any "no other insurance" clause expressly exclude individual Unit Owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual Unit Owners policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual Unit owners or their Mortgagees, unless otherwise required by law.

Section 6.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director, the managing agent, each Unit owner and the employees of the Unit Owners Association against any liability to the public or to the Unit Owners (and their guests, invitees, tenants, agents and employees) arising out of, or incident to the ownership or use of the Common Elements.

Section 6.4. Other Insurance. The Board of Directors shall obtain and maintain adequate fidelity coverage to protect against dishonest acts by Officers and Directors and such other insurance as the Board of Directors deems reasonable and necessary.

Section 6.5. Separate Insurance. Each Unit Owner shall have the right to obtain insurance for such Unit owners benefit, at such Unit Owners expense, covering the Unit and such Unit Owners personal property and personal liability, as well as any improvements made to the Unit by such Unit Owner (under coverage normally called "improvements and betterments coverage"); provided, however, that no Unit shall be entitled to exercise this right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a Unit Owner. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this section.

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Section 6.6. Insurance Trustee. (a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the Unit Owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article 7.

(b) The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insured and their beneficiaries thereunder.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4, in the event of damage to or destruction of all or any part of any building as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including without limitation any damaged Units, and the floor coverings, fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the Unit owners up to the value of those initially installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners Association). Notwithstanding the foregoing, each Unit owner shall have the right to supervise the redecoration of their Unit.

Section 7.2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including without limitation any damaged Units and any floor coverings and fixtures and appliances initially installed by the Declarant, and the replacements thereof installed by the Unit Owners up to the value of those initially installed by the Declarant, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Unit unless covered by insurance obtained by the Unit Owners Association) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the insurance trustee determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a common expense and a special assessment therefore shall be levied.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of Property, subject to any modification required by changes in applicable governmental regulations, and using contemporary building materials and

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technology to the extent feasible; provided, however, that other action may be taken if approved by at least fifty one percent of the Mortgagees.

Section 7.3. Disbursements of Construction Funds. The proceeds of insurance collected on account of casualty, and the sums received by the insurance trustee from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair as determined by the Board of Directors (in the event that the total fund is less than \$50,000.00) or in a commercially reasonable manner, employing the original architectural firm of the Building (in the event that the total fund is equal to or in excess of \$50,000.00).

Section 7.4. When Reconstruction Is Not Required. If the Board of Directors elects not to repair insubstantial damage to the Common Elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed or credited, as the Board of Directors may decide, to all Unit Owners in proportion to their respective Common Element Interests. If the Condominium shall be terminated pursuant to Section 47C-2-118 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the insurance trustee among all Unit Owners in proportion to their respective Common Element Interests, after first paying out of the share of each Unit owner, to the extent sufficient therefore, the amount of any unpaid liens on the Unit in the order of priority of such liens.

ARTICLE 8

Mortgages

Section 8.1. Notice of Board of Directors. A Unit Owner who mortgages the Unit shall notify the Board of Directors of the name and address of the Mortgagee and, upon request, shall file a conformed copy of the note and Mortgage with the Board.

Section 8.2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any Unit Owner of a default in paying an assessment for common expenses (which remains uncured for sixty days) or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such Unit. Each Mortgagee shall also be promptly notified of any casualty when required by Section 6.2 (c) hereof, of all actions taken under Article 7 and of any taking in condemnation or by eminent domain pursuant to Section 47C-1 -107 of the Condominium Act and actions of the Unit Owners Association with respect thereto.

Section 8.3. Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all Mortgagees at least seven days prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend the condominium instruments.

ARTICLE 9

Compliance and Default

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Section 9.1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Act, condominium instruments and Rules and Regulations, as any of the same may be amended from time to time. In addition to the remedies provided in Section 47C-3-116 of the Condominium Act, a default by a Unit Owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the managing agent, to the following relief.

(a) Additional Liability. Each Unit owner shall be liable to the Unit Owners Association or to any affected Unit owner for the expense of all maintenance, repair or replacement rendered necessary by such Unit owners act, neglect or carelessness or the act, neglect or carelessness of any member of such Unit owners family or such Unit owners guests, invitees, tenants, agents or employees, but only to the extent that such expense is not covered by an insurance policy carried by the Board of Directors. Such liability shall include any increased casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a failure to comply with the Condominium Act, the condominium instruments and the Rules and Regulations by any Unit owner (or any member of such Unit owners family or such Unit owners guests, invitees, tenants, agents or employees) may be assessed against such Unit owners Unit.

(b) No waiver of rights. The failure of the Unit Owners Association, the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the condominium instruments or the Condominium Act shall not constitute a waiver of the right of the Association, the Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the condominium instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the condominium instruments or the Condominium Act or at law or in equity.

(c) Interest. In the event of a default by any Unit Owner in paying any sum assessed against the Unit other than for common expenses which continues for a period in excess of fifteen days, interest at a rate of eighteen (18%) percent per annum or such greater rate not to exceed the maximum permissible interest rate allowed by law may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(d) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any provision of the condominium instruments or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (ii) to use self-help to remove or cure any violation of the Common Elements

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or in any Unit; or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, continuance of any breach.

(e) Legal Proceedings. Failure to comply with any of the terms of the condominium instruments and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association, the Board of Directors, the managing agent or, if appropriate, by any aggrieved Unit owner and shall not constitute an election of remedies.

(f) Charges. In accordance with Section 47C-3-102(11) and 47C-3-107.1 of the Condominium Act, the Board of Directors may levy reasonable charges against Unit owners for violations of the Condominium Act, the condominium instruments or the Rules and Regulations by the Unit owner, the members of such Unit Owners family, or such Unit Owners guests, invitees, tenants, agents or employees. Charges are special assessments and shall be collectible as such.

Section 9.2. Lien of Assessments.

(a) Lien. The total annual assessment of each Unit Owner for common expenses or any special assessment, or any other sum duly levied (including without limitation charges, interest, and late charges), made pursuant to these Bylaws and remaining unpaid for a period of thirty days or longer shall constitute a lien on that Unit when filed of record in the Office of the Clerk of Superior Court of Buncombe County, North Carolina, pursuant to Section 47C-3-116 of the Act.

(b) Acceleration. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire remaining balance declared immediately due and payable, upon written notice being given to the defaulting Unit Owner.

(c) Enforcement. The lien for assessments may be enforced and foreclosed pursuant to the terms of 47C-3-116 of the North Carolina General Statutes.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

ARTICLE 10

Amendments to Bylaws

10.1 Amendments. Amendments to these Bylaws shall be proposed and adopted in the following manner.

(a) Amendments to these Bylaws may be proposed by the Board of Directors acting upon a vote of the majority of the Directors or by Members of the Association owning a majority of the Units, whether meeting as members or by instrument in writing signed by them.

(b) Upon any amendment to these Bylaws being proposed by said Board of Directors or members, such proposed amendment shall be transmitted to the President or other officer of the Association in absence of the President, who shall thereupon call a special joint meeting of the Board

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of Directors not earlier than twenty (20) days nor later than thirty (30) days from receipt by such officer of the proposed amendment, and it shall be the duty of the Secretary to give each Director and Member written or printed notice of such meeting in the same form and the same manner as required for notice of any Members' meeting.

(c) In order for such Amendment to become effective, the same must be approved by an affirmative vote of a majority of the Board of Directors and by an affirmative vote of the Members owning not less than 75% of the Units in the Condominium; provided, however, that until the expiration of the Declarant's Right of Control, Section 2.9, 3.3, and 10.1 may not be amended without the prior written consent of the Declarant.

ARTICLE 11 Miscellaneous

Selection 11.1. Notices. All notices, demands, bills, and statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid, or if notification is of a default or lien, sent by registered or certified United States mail, return-receipt requested, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit owner, or (ii) if to the Unit Owners Association, the Board of Directors or to the managing agent, at the principal office of the Unit Owners Association or at such other address as shall be designated by notice in writing to the Unit owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designated an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 11.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 11.3. Gender. The use of masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 11.4. Construction. These condominium instruments are intended to comply with all of the applicable provisions of the Condominium Act and shall be so interpreted and applied. The failure to comply strictly with the time periods required by the condominium instruments, unless also required by the Condominium Act, shall not invalidate any action of the Board of Directors or the Unit Owners Association in the absence of a written objection by the Declarant or a Unit Owner within ten days after the failure to comply. Should any of the terms of these Bylaws conflict with any of the provisions of the Act, the provisions of the Act shall control unless the Act permits these Bylaws to override the Act, in which event these Bylaws shall control. In case of any conflict between the provisions of these Bylaws and the Declaration, the Declaration shall control. If any term, provision, limitation, paragraph or clause of these Bylaws or application thereof to any person

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or circumstance is judicially held to be invalid, such determination shall not affect the enforceability, validity or affect the remainder of these Bylaws, or the application thereof to any other person or circumstance.

EXHIBIT A - BYLAWS
EASTWOOD CONDOMINIUM
INITIAL CONDOMINIUM RULES

1. Public Areas

- A. Children shall not play in the public areas.
- B. No bicycles, scooters, or similar vehicles, or other personal property of Owners or tenants, shall be allowed to stand in the public areas.
- C. Pets shall be carried at all times in the public areas of the Building.
- D. No smoking, cooking or barbecuing, nor solvents, petroleum-based products or other chemicals of similar nature, shall be permitted in or upon the Common Elements, including the Limited Common Elements, such as balconies and Parking Garage Shared Limited Common Elements.

2. Windows and Balconies

- A. Awnings and/or window boxes may be used in or about the Building only with the advance written consent of the Association, and the type, color and method of attachment must be approved by the Association.
- B. Nothing shall be projected or shaken out of any window of the Building, nor placed upon the windowsills without the express approval of the Association.
- C. Except such signs as may be erected by the Developer in furtherance of sale of condominium units, no sign, notice, advertisement, or illumination shall be inscribed or exposed on or out any window or other part of the Building, except such as shall have been approved in writing by the Association.
- D. Each Owner or tenant shall keep the storm windows and the interior face of his exterior windows clean. In case of refusal or neglect of an Owner or tenant, after 10 days notice in writing from the Association or the Managing Agent to clean the windows, such cleaning may be done by the Association or Managing Agent, which shall have the right to enter the Unit for such purpose and to charge the cost of such cleaning to the Owner or tenant.
- E. Nothing may be hung from any Unit balcony or Unit balcony railing (including, but not limited to laundry, towels and rugs), at any time.

3. Trash and Recycling

- A. Garbage and refuse from all Units shall be disposed of regularly but only at such times and in such manner as the Association may direct.
- B. Only bagged trash shall be placed in the trash areas. Only bagged recyclable paper, glass, plastic, and metals shall be placed in the recycling areas.

4. Disturbances

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- A. No Owner or tenant shall make, permit, or cause disturbing noises, smells, or vibrations, in the building or do or permit anything to be done therein which unreasonably disturbs other occupants or unreasonably interferes with the right, comfort, or convenience of other Owners.
 - B. No Owner or tenant shall play upon or suffer to be played upon any musical instrument or permit to be operated any device connected to speakers, such as a CD player, phonograph, radio, VCR, computer, or television in said Owner's or tenants Unit between the hours of midnight and the following 8:00 a.m., if the same shall disturb or annoy any other occupants of the Building. In any event, Owners and tenants shall at all times comply with all governmental laws and ordinances regarding sound and noise.
 - C. No construction or repair work or other installation involving noise, smell, or vibration shall be conducted in any Units except on weekdays and Saturdays (not including legal holidays) and only between the hours of 8:30 a.m. and 5:30 p.m.
5. Pets
- A. Only Residential Owners or their tenants may keep up to a total of two pets (but then only domestic dogs, cats or birds) in the Building without the permission of the Association, and then only so long as the keeping of such pets does not interfere with the rights or convenience of other Owners. No other pets, animals, livestock, or poultry of any kind are allowed.
 - B. Owners shall clean and dispose of any pet litter or soiling in the Building. Repeated occurrences of soiling in the common areas shall result in the removal of the offending pet from the Building.
6. Individual Units
- A. No group exhibition of any Unit or its contents shall be conducted, nor shall any auction sale be held in a Unit without the consent of the Association.
 - B. The agents of the Association, and any contractor or workman authorized by the Association, may enter any unit in any reasonable hour of the day for the purpose of inspecting such Unit to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or other pests. If the Association takes measures to control or exterminate any such pests in a Unit, the cost thereof shall be payable by the Owner of that Unit.
 - C. Toilets, sinks, bathtubs, showers, dishwashers, washing machines, and other water apparatus in the Units shall not be used for any purposes other than those for which they were constructed. Owners or their tenants shall exercise proper care to insure that floor are kept clear of standing or running water. Running water shall not be left unattended or allowed to overflow any appliance or fixture. All dishwashers, washing machines, and other water-using appliances shall have integral automatic overflow cut-off switches. The cost of repairing any damage resulting from the violation of this rule shall be paid for by the Owner or tenant in whose Unit it shall

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- have been caused.
- D. The Association shall have a pass key to all Units in the Building. No Owner or tenant shall alter any lock or install a new lock without the permission of the Association.
7. Firearms and Fireworks
- A. No discharge of firearms or fireworks shall be permitted in or from the Building.
8. Complaints
- A. Complaints regarding the maintenance or administration of the Building shall be made in writing to the Board of Directors.
9. Security
- A. Unit Owners or their tenants shall not distribute keys to the Building to persons other than family members or other individuals residing in the Building.
10. Parking
- A. The parking areas located on the Condominium property but not within the Parking Garages is a Common Element of the Condominium. The Association can create rules and regulations, in its sole discretion regarding the use of these parking spaces. All vehicles improperly parked within the parking areas are subject to towing at the owners expenses.
- B. All Unit Owners agree to comply with any rule and regulation respecting use of the parking areas, as established by the Association. Failure to comply with any of these Parking Rules, or any such rules and regulations established by the Association will subject such Unit Owner to have parking privileges and rights revoked.
11. Balconies.
- A. No smoking, cooking, barbequing or fire pots are permitted on terraces, decks or balconies, including Unit balconies.
- B. The Association may create additional safety rules of use for balconies.
12. Consent revocable
- A. Any consent or approval given under these rules by the Owners shall be revocable at any time.