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Shuford, Frue, & East
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Asheville, N. C. 28301

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STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

DECLARATION OF CONDOMINIUM

THIS DECLARATION OF UNIT OWNERSHIP, made and executed this the 7th day of _____ May _____, 1981, by DEHON CONSTRUCTION, INC., a North Carolina corporation, having its principal office and place of business in Transylvania County, North Carolina, hereinafter called "Developer", on behalf of itself, its grantees, successors and assigns;

W I T N E S S E T H :

WHEREAS, Developer owns certain real property located in Dunn's Rock Township, Transylvania County, North Carolina, as hereinafter set forth and described, together with other property immediately adjacent thereto, all as shown on Exhibit "F" attached hereto and incorporated by reference; and

WHEREAS, it is not the intention of Developer to subject all of said property to this Declaration of Condominium but only that portion as set forth and described and known as Cluster C of the Sherwood Forest Condominiums, as hereinafter specifically set forth and described. Cluster C of Sherwood Forest Condominiums is the third condominium of a series of condominiums which the Developer proposes to create, each of which, if developed, will be located within (but not necessarily encompassing all) the real property set forth and described in Exhibit "F" as hereinabove referred to. All the condominiums are being developed under a common plan, providing maintenance and other services through a common administration. Each parcel or tract of land, with the improvements thereon or to be placed thereon, which may be submitted to the condominium form of ownership pursuant to this common plan, shall constitute a separate condominium and shall be designated consecutively beginning with Sherwood Forest Condominium Cluster A. Each cluster shall have an association of unit owners composed of all of the owners of condominium units in that cluster. It is contemplated these clusters shall be unincorporated associations. It is contemplated that the general authority and responsibility for the operation and administration for the condominium shall be vested in the Sherwood Forest Condominium Association. This Association, like the Cluster Associations, will be an unincorporated association. At such time as the Cluster Associations transfer their authority and responsibility for the operation and administration of the condominium to the Sherwood Forest Condominium Association, the respective Cluster Associations will have only minimal responsibility for operation and administration with their principal function being to select the members of the Board of Directors of Sherwood Forest Condominium Association. The authority and responsibility of each of the Cluster Associations and of the Sherwood Forest Condominium Association shall be as described in this declaration and the bylaws of the Cluster Association and the Sherwood Forest Condominium Association.

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AND WHEREAS, Developer owns the real property hereinafter described and by these presents shall submit to condominium ownership, the initial cluster of Sherwood Forest Condominiums.

WHEREAS, Developer has improved said property by constructing thereon a four-unit multi-family structure known as Cluster C of Sherwood Forest Condominiums, which structure is built principally of masonry and wood, and consists of four attached units, all of which is more particularly shown on drawings hereto attached as Exhibit "B", which will be removed by the Register of Deeds upon recording of this Declaration and filed in the Unit Ownership File in his office; and

WHEREAS, Developer hereby establishes by this Declaration a plan under Chapter 47A of the General Statutes of North Carolina, for the individual ownership of the real property estates consisting of the area or space contained in each of the apartment units in said multi-family structure, and the co-ownership by the individual and separate owners thereof, as tenants in common of all of the remaining real property which is hereinafter defined and referred to herein as the "Common Areas and Facilities".

NOW, THEREFORE, Developer, being the fee simple owner of that real estate located in Transylvania County, North Carolina, and hereinafter more particularly described, hereby submits said property and improvements for condominium ownership:

All of that certain parcel of land designated as Cluster C as shown on a Plat of Sherwood Forest Condominiums, Cluster C, recorded in Plat File 2 Slide 7-A in the Transylvania County Public Registry, reference to which is hereby made for a more particular description. Together with a right of ingress, egress and regress to and from N.C. Highway 276 over that certain sixty (60) foot right-of-way as shown on said Plat and as shown on a Plat recorded in Plat File 1 Slide 186, in said Registry.

The property hereinabove described subject to this Declaration of Condominium shall be further subject to the covenants, restrictions, limitations and conditions hereinafter set forth and said real property and improvements thereon shall be subject to this declaration which shall constitute a covenant running with the land and shall be binding upon the Developer, its successors in interest and assigns, and upon all subsequent owners of all or any part of said real property, including their grantees, successors in interest or assigns.

ONE: Developer, in order to establish a plan of condominium ownership for the above-described property and improvements, hereby covenants and agrees that it hereby divides said real property into the following separate freehold estates:

- a. Four separately designated and legally described freehold estates consisting of the spaces or areas, being the area or space contained in the exterior or party walls of each of the four apartment units in said multi-family structure constructed on said property, said spaces being defined and referred to herein, as "apartment spaces". The terms, "apartment space" and "apartment unit" as used in this Declaration both mean "condominium unit" as defined in Section 47A-3 of the General Statutes of North Carolina, specifically including in each such unit the ownership of all space within the interior finish of all exterior walls or party walls of said unit and the space from the top of the floor joists in each floor to the bottom of the roof joists in each ceiling, including the finish of any exposed beams or interior roof areas, together with all attachments thereto in any way related to the operation of said unit,

including open porch, patio and utility area. Ownership of any second-story unit shall include the right in common with the owner of the other second-story unit to use of the stairway leading from the lower level to the upper level and the ceiling, floor, joists and other materials dividing the lower level from the upper level and the space occupied by all of the same. Each unit shall also own any exterior steps leading into the same. Where an "apartment space" has an open porch adjacent to it or has above or below it enclosed or enclosable usable space, and owner may, at or after time of purchase, enclose said open porch or enclosable usable space and improve (at the owner's expense) and use the interior of such space as an addition to said "apartment space", in which event such enclosed space shall not be regarded as outside said "apartment space" as above defined nor as a part of the "common areas and facilities", as herein-after defined; provided, however, that any enclosure of open porches or adjacent usable space shall be approved by the Developer if approval is sought by purchaser upon entering into a purchase contract and prior to closing of initial purchase or, if approval is sought after initial purchase, by the Board of Directors of Sherwood Forest Cluster Association if said Cluster C is not then a constituent member of Sherwood Forest Cluster Association, or by the Board of Directors of Sherwood Forest Cluster Association if Cluster C is then a constituent member of Sherwood Forest Cluster Association.

- b. One (1) freehold estate consisting of the remaining portion of the real property as described and referred to herein as the "common areas and facilities", which definition includes the multi-family structure and the property upon which it is located as described herein, and specifically includes, but is not limited to, the land, roof, main walls, slabs, foundations, pipes, wires, conduits, telephone lines, lines for the transmission of electricity, sewerage or other utilities and public conveniences serving more than one apartment space, and any exterior stairways, parking spaces, sidewalks and paved areas, shall mean the entire tract described herein upon which is located Cluster C as shown on the plans filed for record with this Declaration, except the four separately designated condominium units hereinabove referred to (said units being sometimes called "apartment spaces" or "apartment units"). The "common areas and facilities" shall be for the use of all of the "apartment spaces" as herein designated and shown on survey attached hereto, subject to such restrictions as may be set out in the bylaws of the rules and regulations adopted pursuant thereto.

TWO: For the purpose of this Declaration, the ownership of each "apartment space" shall include the respective, undivided interest in the common areas and facilities specified and established in Item 4 hereunder, and each said "apartment space", together with said undivided interest, is defined and hereinafter referred to as a "family unit".

THREE: The individual "apartment spaces" hereby established, and which shall be individually conveyed by Developer, are shown in detail on the survey attached hereto as Exhibit "A" and the plans (Declaration Drawings) prepared by William Hunter O'Cain, Architect, attached hereto as Exhibit "B", and which are incorporated by reference as a part of this Paragraph. Said plans fully and accurately depict the location of the building on the land and also the layout, location, elevations, unit numbers, and dimensions of units as actually built, and the areas and location of the common areas and facilities affording access to each unit. The individual "apartment spaces" are further enumerated and described in Exhibit "C" attached hereto.

FOUR: The undivided interest in the "common areas and facilities" hereby declared and established, and which shall be conveyed with each respective "apartment space" is as follows:

<u>APARTMENT NO.</u>	<u>PERCENTAGE OF UNDIVIDED INTEREST</u>
A	25.00
B	25.00
C	25.00
D	25.00
	<u>100.00</u>

Developer, its successors and assigns, by this Declaration, and all future owners of said "family units" by their acceptance of their deeds, covenant and agree that the undivided interests in the "common areas and facilities" and the fee title to the respective "apartment spaces" conveyed therewith shall not be separated or separately conveyed, and each such undivided interest shall be conclusively deemed to be conveyed or encumbered with its respective "apartment space" even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the "apartment space". The foregoing percentages of undivided interest in the "common areas and facilities" have been arrived at pursuant to Section 47A-6 of the General Statutes of North Carolina and shall not be changed except with the written consent of all "family unit" owners expressed in a duly recorded amendment to this Declaration.

FIVE: The proportionate shares of the separate owners of the respective "family units" in the profits and common expenses in the "common areas and facilities" as well as their proportionate representation for voting purposes in the Sherwood Forest Cluster Association, shall be the same percentage that the "apartment space" included in such "family unit" owns in the "common areas and facilities".

SIX: Developer, its successors and assigns, by this Declaration, and all future owners of said "family units", by their acceptance of their deeds, covenant and agree as follows:

- (a) That the "common areas and facilities" shall remain undivided and no owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the condominium.
- (b) That the "apartment spaces" shall be occupied and used by the respective owners only as a private dwelling for the owner, his family, tenants and social guests and for no other purpose; provided, however, that Developer reserves the right to use units owned by it for office and demonstration purposes.
- (c) That the owner of the respective "apartment spaces" shall not be deemed to own pipes, wires, conduits, or other public utility lines and public convenience facilities running through said respective "apartment spaces" which are utilized for or serve more than one "apartment space", except as tenants in common with the other "family unit" owners as heretofore provided in Item 4 and each "apartment space" shall be subject to the easement for passage of same.
- (d) That the owners of the respective "apartment spaces" agree that if any portion of the "common areas and facilities" encroaches upon the "apartment spaces", a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event the multi-family structure is partially or totally destroyed, and then rebuilt, the owners of "apartment spaces" agree that minor encroachment of the "common areas and facilities" due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

(e) That an owner of a "family unit" shall automatically, upon becoming the owner of the same, be a member of Sherwood Forest Cluster C Association and shall remain a member of said Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease.

(f) That the owners of "family units" covenant and agree that the administration and maintenance of the condominium, including the sale, lease, or mortgaging of any "family unit" shall be in accordance with the provisions of this Declaration, the bylaws of the Sherwood Forest Cluster C Association and such rules and regulations as may hereinafter be enacted pursuant to said bylaws, which bylaws, rules and regulations are attached hereto as Exhibit "E" and that failure of a "family unit" owner, his tenants and other occupants of a "family unit" to comply with same shall be grounds for an action to recover sums due for damages or for injunctive relief, or both, in an action brought by said Association or any other "family unit" owner.

(g) That this Declaration shall not be revoked or any of the provisions herein amended unless all of the owners of all "family units" in the Cluster and the holders of all mortgages or deeds of trust covering the same unanimously agree to such revocation or amendment by duly recorded instruments.

(h) That no owner of a "family unit" may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas and facilities, or by the abandonment of this "family unit".

(i) That the Developer retains the right to utilize portions of the "common areas and facilities" for affording utilities and public conveniences to adjacent properties owned by the Developer and to said end may grant easements to other persons, firms and corporations over and across said "common areas and facilities" for such utilities and public conveniences.

SEVEN: Section 47A-22 ("liens for unpaid common expenses; recordation; priorities; foreclosure"), Section 47A-23 ("liability of grantor and grantee of unit for unpaid common expenses"), Section 47A-24 ("insurance on property; right to insure units"), Section 47A-25 ("damage to or destruction of property; repair or restoration; partition sale on resolution not to restore"), and Section 47A-26 ("Actions as to common interest; service of process on designated agent; exhaustion of remedies against association"), of the General Statutes of North Carolina are hereby incorporated by reference and made a part of this Declaration.

EIGHT: Arthur M. Dehon, Jr., whose address is Dehon Construction, Inc., Post Office Box 156, Cedar Mountain, Transylvania County, North Carolina, is hereby designated as initial agent for the service of process pursuant to Section 47A-13(7) of the General Statutes of North Carolina. His appointment may be revoked, and another agent appointed, in the manner provided by the bylaws.

NINE: The following exhibits are attached hereto and made a part of this Declaration:

Exhibit A: Survey of description shown in this Declaration showing the location thereon of the multi-family structure known as Cluster C of Sherwood Forest Condominiums, as prepared by Robert E. Parker, Registered Land Surveyor.

Exhibit B: Declaration Drawings (plans for Cluster).

Exhibit C: Description of Units.

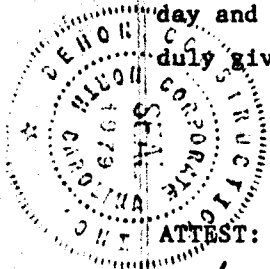
Exhibit D: Certificate of Architect.

Exhibit E: Bylaws and initial Rules and Regulations of Sherwood Forest Cluster C Association.

Exhibit F: Legal description of proposed total project.

When this Declaration is recorded, Exhibits A, B and D will be recorded separately in the Unit Ownership file in the Office of the Register of Deeds of Transylvania County.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed in its corporate name by its duly authorized officers, this the day and year first above written, all by resolution of its Board of Directors duly given.



DEHON CONSTRUCTION, INC.

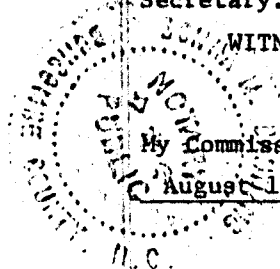
By: [Signature]
President

[Signature]
Secretary

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, a Notary Public of said State and County, certify that Sondra D. Gragg personally came before me this day and acknowledged that she is _____ Secretary of DEHON CONSTRUCTION, INC., a North Carolina corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal, and attested by herself as its _____ Secretary.

WITNESS my hand and Notarial Seal, this 7th day of May, 1981.



My Commission Expires:
August 19, 1984

[Signature]
NOTARY PUBLIC

STATE OF NORTH CAROLINA, COUNTY OF TRANSYLVANIA

The foregoing certificate of Donna M. Denning

Notar(y) Public is/are certified to be correct. This instrument was presented for registration and recorded in this office in Book 3, page 517
This 7 day of May, 1981, at 4:30 o'clock P.M.

[Signature]
Register of Deeds

By: _____
Deputy Register of Deeds

EXHIBIT C

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CLUSTER C OF SHERWOOD FOREST CONDOMINIUMS - DESCRIPTION OF UNITS

LOWER UNIT A (WEST)

LIVING ROOM/DINING ROOM COMBINATION WITH FIREPLACE (392 SF) WITH ADJACENT KITCHEN WITH LAUNDRY (110 SF), ADJACENT SCREENED PORCH (100 SF) AND DECK (145 SF); MASTER BEDROOM (196 SF) WITH ADJACENT DRESSING AREA, WALK-IN CLOSET, AND MASTER BATH; SECOND BEDROOM (140 SF), SECOND FULL BATHROOM, OUTSIDE ENTRANCE DECK AND (15 SF) OUTSIDE STORAGE ENCLOSURE.

LOWER UNIT B (EAST)

LIVING ROOM/DINING ROOM COMBINATION WITH FIREPLACE (392 SF) WITH ADJACENT KITCHEN WITH LAUNDRY (110 SF), ADJACENT SCREENED PORCH (100 SF) AND DECK (145 SF); MASTER BEDROOM (196 SF) WITH ADJACENT DRESSING AREA, WALK-IN CLOSET, AND MASTER BATH; SECOND BEDROOM (140 SF), SECOND FULL BATHROOM, OUTSIDE ENTRANCE DECK AND (15 SF) OUTSIDE STORAGE ENCLOSURE.

UPPER UNIT C (WEST)

LIVING ROOM/DINING ROOM COMBINATION WITH FIREPLACE (392 SF) WITH ADJACENT KITCHEN WITH LAUNDRY (110 SF), ADJACENT SCREENED PORCH (100 SF) AND DECK (145 SF); MASTER BEDROOM (196 SF) WITH ADJACENT DRESSING AREA, WALK-IN CLOSET, AND MASTER BATH; SECOND BEDROOM (140 SF), SECOND FULL BATHROOM, OUTSIDE ENTRANCE DECK AND (15 SF) OUTSIDE STORAGE ENCLOSURE.

UPPER UNIT B (EAST)

LIVING ROOM/DINING ROOM COMBINATION WITH FIREPLACE (392 SF) WITH ADJACENT KITCHEN WITH LAUNDRY (110 SF), ADJACENT SCREENED PORCH (100 SF) AND DECK (145 SF); MASTER BEDROOM (196 SF) WITH ADJACENT DRESSING AREA, WALK-IN CLOSET, AND MASTER BATH; SECOND BEDROOM (140 SF), SECOND FULL BATHROOM, OUTSIDE ENTRANCE DECK AND (15 SF) OUTSIDE STORAGE ENCLOSURE.

BYLAWS OF SHERWOOD FOREST CLUSTER C ASSOCIATIONARTICLE IPlan of Unit Ownership

Section 1: The project, located in Transylvania County, North Carolina has been submitted to unit ownership as provided in Chapter 47A of the General Statutes of North Carolina as Cluster C of Sherwood Forest Condominiums.

Section 2: The provisions of these bylaws are applicable to the project and the occupancy and use thereof. The term "project" as used herein shall include the land described above, the improvements constructed thereon and all easements, rights and appurtenances belonging thereto.

Section 3: All present or future owners, tenants, future tenants, or their employees or any other person that might occupy and use the facilities of the project in any manner, are subject to the provisions of these bylaws and to rules and regulations adopted pursuant hereto.

Section 4: The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these bylaws and the provisions of rules and regulations adopted pursuant hereto and all amendments hereafter made to the same from time to time, are accepted, ratified and will be complied with.

Section 5: The term "Developer" as used in these bylaws shall mean Dehon Construction, Inc., a North Carolina corporation, and its successors and assigns, which corporation is the developer of Sherwood Forest Condominiums and improvements incident thereto.

ARTICLE IIVoting, Majority of Owners, Quorum, Proxies

Section 1: Voting shall be based on unit ownership as provided in the Declaration of Unit Ownership of the Cluster for which this Association is formed. Where a condominium unit is owned by more than one owner, the owners thereof shall designate, by agreement in writing filed with the Board of Directors of the Association, the person entitled to cast the vote for that condominium unit.

Section 2: As used in these bylaws, the term "majority of owners" shall mean those owners holding fifty-one percent (51%) of the votes in accordance with the percentages assigned in the Declaration of Unit Ownership and as set forth in Section 1 of this Article II.

Section 3: Except as otherwise provided in these bylaws, the presence in person or by proxy of a majority of owners as defined in Section 2 of this Article shall constitute a quorum.

Section 4: Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary before the appointed time of each meeting.

ARTICLE III

Administration

Section 1: The owners of the units will constitute the association of owners known as Sherwood Forest Cluster C Association (hereinafter referred to as "Association"), which Association will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments, and arranging for the management of the project, which may be pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 2: Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3: The first annual meeting of the Association shall be held on the 1st day of July, 1981. Thereafter, the annual meetings of the Association shall be held on the 1st day of July of each succeeding year, unless this shall be a Sunday or legal holiday, in which case the meeting shall be held on the next business day. At such meetings, there shall be elected by ballot of the owners a board of directors in accordance with the requirements of Section 5 of Article IV of these bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 4: It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice thereof unless by consent of two-thirds (2/3rds) of all the owners, and said two-thirds (2/3rds) must be present either in person or by proxy.

Section 5: It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is held to each owner of record at least ten (10) but not more than sixty (60) days prior to such meeting. Notice shall be mailed, postage prepaid, to the owner's address within the project or at such other address as an owner shall have specified to the Association in writing. The mailing of a notice in the manner provided in this section shall be considered notice served.

Section 6: If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called.

Section 7: The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll Call.
- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of Officers.
- (e) Report of Committees.
- (f) Election of Inspectors of Election (when so required).
- (g) Election of Directors (when so required).
- (h) Unfinished business.
- (i) New business.

ARTICLE IVBoard of Directors

Section 1: The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) persons nor more than five (5) as may be determined from time to time by the owners. Each member of the Board of Directors shall be either the owner of a unit, have an interest therein, or in the event of corporate ownership, be an officer or designated agent of the corporation, except that the Developer may from time to time designate non-residents of the project to serve as Directors of the Association to serve until such time as the Developer has sold all units owned by Developer in the Cluster.

Section 2: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these bylaws directed to be exercised and done by the owners.

Section 3: In addition to the duties elsewhere imposed by these bylaws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and protection of the project and the common areas and facilities, including but not limited to the servicing, maintenance, repair and replacement of all common areas and facilities;
- (b) Designation and dismissal of personnel necessary for the maintenance and operation of the project and the common areas and facilities;
- (c) Fiscal management of the Association, including the determination of and collection of the annual assessments against the unit owners in accordance with the Declaration of Unit Ownership and these bylaws, in particular Article VI hereof.

Said responsibilities shall be carried out in harmony and compatibility with the principle that the Cluster with reference to which this Association is formed is one of a number of such projects to be developed by Developer as a part of Sherwood Forest Condominiums and that it is intended that the affairs of this project shall be conducted in such a manner as to be compatible with and integrated into the affairs of other projects within Sherwood Forest Condominiums and Sherwood Forest Association when established, as specified in Article XI of these bylaws.

Section 4: The Board of Directors may, on behalf of the Association, contract with or employ any person, firm or corporation, including the Developer or an affiliate of the Developer, to serve as management agent for

the project and the Association, at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to the duties listed in Section 3 of this Article IV.

Section 5: The Developer shall designate the members of the Board of Directors of the Association until such time as Developer has sold all units in the Cluster or until July 1, 1981, whichever event shall first occur. Upon the happening of the first of said events, Developer shall notify the owners of all units within the Cluster of a special meeting of the Association for the purpose of electing Directors of the Association and such other matters as may be specified in said notice. Said notice shall give at least fifteen (15) days notice of said meeting. At said meeting, the term of office of at least one director shall be fixed to expire upon the date of the first annual meeting of the Association, the term of office of at least one director shall be fixed to expire upon the date of the second annual meeting of the Association, and the term of at least one director shall be fixed to expire upon the date of the third annual meeting of the Association. No director shall be elected for a longer term than three years. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three years. The directors shall hold office until their successors have been elected and hold their first meeting.

Section 6: Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the then remaining directors even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association.

Section 7: At any regular or special meeting duly called, any one or more of the directors previously elected by the owners may be removed, with or without cause, by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 8: The first meeting of a newly elected Board of Directors shall be held within five (5) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole board shall be present.

Section 9: 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. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such meeting.

Section 10: Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each director given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), 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 a majority of the directors.

Section 11: Before or at any meeting of the Board of Directors, any director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 12: At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business and acts of the majority of the directors present at a meeting at which a quorum is present shall be acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, the business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13: The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds; provided, however, that this provision

shall not require that the Treasurer be bonded if, under the terms of any management agreement in effect from time to time, the person, firm or corporation serving as management agent is responsible for collecting and disbursing assessment funds and is required to account to the Association for said funds at least annually. The premiums on necessary fidelity bonds shall be paid by the Association.

Section 14: No member of the Board of Directors shall receive any compensation for serving in said capacity.

ARTICLE V

Officers

Section 1: The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2: 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.

Section 3: 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 called for such purpose.

Section 4: The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of an association, including but not limited to the powers to appoint committees from among the unit owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5: The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other members of the board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6: The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the Office of Secretary.

Section 7: The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association, and shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association, in such depositories as may from time to time be designated by the Board of Directors; provided, however, that the Treasurer shall not be responsible for such of the foregoing matters as have been delegated to the management agent pursuant to the provisions of Article IV, Section 4 of these bylaws.

Section 8: All agreements, contracts, deeds, leases, checks, notices and other instruments to be executed on behalf of the Association shall be executed by any two officers of the Association or by such other person(s), firm(s) or corporation(s), including the management agent, as may be designated by the Board of Directors.

Section 9: No officer shall receive any compensation for serving in said capacity.

ARTICLE VI

Fiscal Management of the Association

Section 1: The Board of Directors of the Association shall fulfill its duties of fiscal management of the Association according to the following provisions:

(a) The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

(1) Current maintenance and administrative expenses, which shall include all receipts and expenditures with reference to the year for which the budget is made, including a reasonable allowance for current contingencies and working funds other than expenditures chargeable to reserves, and including amounts necessary to make up any deficits in common expenses for any prior year. Any balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.

(2) A reserve fund for the purpose of performing major items of maintenance, effective replacements or addition of structural elements and mechanical equipment of the project, improvements, and for such other purposes as may from time to time appear to be necessary or appropriate.

(3) A general operating reserve for the purpose of providing a measure of financial stability during periods of special stress, which may be used to meet deficiencies from time to time as a result of delinquent payment of assessments by owners of family units in the project and other contingencies.

(4) Insurance policies obtained and maintained pursuant to Section 7 of this Article VI.

(b) The Board of Directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts. Said budget shall be based upon the costs set forth in any management agreement in effect pursuant to the provisions of Article IV, Section 4 to the extent that said agreement is applicable to the accounts established in Section 1(a) of this Article VI. If no such agreement is in effect, the budget shall be determined by the Board of Directors, except that the amount for each budgeted item may not be increased by more than fifteen (15%) percent over the preceding year's budget unless approved by unit owners entitled to cast not less than sixty (60%) percent of the votes of the entire membership of the Association.

Section 2: Copies of the budget and proposed assessments shall be transmitted to each member on or before December 1 preceding the calendar year for which the budget is made. If the budget is amended subsequently, a copy of the amended budget shall be furnished to each member.

Section 3: Assessments against the unit owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 31 preceding the year for which the assessments are made. Such assessments shall be due in twelve equal installments payable monthly on the first day of each calendar month during said year. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time during the year by the Board of Directors; subject, however, to the limitations imposed by the foregoing Section 1(b) of this Article VI. The unpaid assessment, as amended, for the remaining portion of the calendar year shall be divided by the number of months remaining in the year and such increased amount shall be payable monthly for the balance of the installments for the budgeted year.

Section 4: If a unit owner shall be in default in the payment of an installment upon an assessment, the Association may accelerate the remaining installments of the current year's assessment upon notice to the unit owner, and then the unpaid balance of the current year's assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery of the notice of the apartment owner or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall occur first.

Section 5: Assessments for common expenses or emergencies that cannot be paid from the annual assessments for common expenses shall be made only after notice of the need for such is given to the unit owners concerned. After such notice, and upon approval in writing by persons entitled to cast more than one-half of the votes of the apartment owners concerned, the assessment shall become effective, and it shall be due after thirty (30) days' notice in such manner as the Board of Directors of the Association may require in the notice of assessment.

Section 6: All unpaid assessments shall bear interest at the rate of eight (8%) percent per annum after thirty (30) days from the time the same are due. In addition, delinquent unit owners shall be liable for the costs to the Association, including reasonable attorneys' fees, of collection of such unpaid assessments. Unpaid assessments may be collected by the Association pursuant to the provisions of Section 47A-22 of the General Statutes of North Carolina and during the pendency of an action brought thereunder the unit owner shall be required to pay reasonable rental to the Association and the Association may obtain the appointment of a receiver to collect the same.

Section 7: The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the entire Buildings (including all of the units and the bathroom and kitchen fixtures initially installed therein by the Developer, but not including furniture, furnishings or other personal property supplied or installed by unit owners) and covering the interest of the Association, the Board of Directors and all unit owners and their mortgagees, as their respective interests may appear, in such amount as the Board of Directors may deem appropriate and (2) such other insurance as the Board of Directors may determine to be appropriate. All such policies shall provide that adjustment of loss shall be made with the Board of Directors or its designated representatives. All policies of physical damage insurance shall contain a standard North Carolina mortgage clause in favor of each mortgagee of a unit which clause shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially

modified without at least ten (10) days' prior written notice to all of the insureds, including all mortgagees of units. Duplicate originals of all policies of physical damage insurance and all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of units at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the buildings, including all of the units and all of the common areas and facilities therein, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Directors shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Directors may from time to time determine, covering each member of the Board of Directors, the management agent, the manager, and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another.

Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner.

Section 8: In the event the project is damaged or destroyed by fire or other disaster, the Board of Directors shall be responsible for repairing and restoring the same, using insurance proceeds resulting from the disaster for said purpose of assessing the unit owners for any deficiency, unless the project is more than two-thirds (2/3rds) destroyed by said disaster and the owners of three-fourths (3/4ths) of the units duly and promptly resolve not to proceed with repair and restoration, in which event the Board of Directors shall be responsible for settling the affairs of the project and the Association in accordance with the provisions of Section 47A-25 of the General Statutes of North Carolina.

ARTICLE VIIObligations of the Owners

Section 1: All owners are obligated to pay annual assessments imposed by the Association to meet all current expenses of and reserve funds established with reference to the project and premiums due on insurance obtained by the Association under the terms of Article VI, Section 7, of these bylaws. The assessments shall be payable monthly in advance on the first day of each month. All assessments shall be made in proportion to the percentages of undivided interest stated in Item 4 of the Declaration of Unit Ownership for the Cluster with respect to which this Association is formed. Any share that any unit owner may have in any of the above reserve funds or in any of the assets of the Association shall not be transferred or otherwise encumbered except as an appurtenance to the condominium unit.

Section 2: The obligations of the owners as to maintenance and repair are as follows:

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may cause.

(b) All the repairs of internal installations of the unit, such as lines for the transmission of electricity, telephone, water, sewerage and other utilities serving only the owner's unit, air conditioners, sanitary installations, doors, windows, glass and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault.

Section 3: All units shall be utilized only for permanent residential purposes by a single family except with the written consent and prior approval of the Association; provided, however, that Developer reserves the right to use units owned by it for office and demonstration purposes.

Section 4: An owner shall not make structural modifications or alterations within his unit without previously notifying the Association in writing, through the management agent, if any, or through the President of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within ten (10) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 5: All family units shall be subject to the following rights of entry:

(a) An owner shall grant a right of entry to the management agent or to any other person authorized by the Board of Directors of the Association in case of any emergency originating in or threatening his or any other unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

(c) The Board of Directors or its designated representative shall have right of entry to any unit for the purpose of curing any violation, breach or default under these bylaws and the Rules and Regulations established hereunder.

Section 6: In order to afford residents of the project a congenial community, permanent in nature, and to protect the value of all units within the project, all members of the Association, their families, tenants and guests shall abide by the Rules and Regulations which are attached hereto and incorporated herein by reference. Either a majority of the Board of Directors or a majority of the owners, at a regular meeting or duly called special meeting, may modify, alter, amend, add to or revoke said Rules and Regulations in whole or in part, except that the Developer's consent to any such amendment shall be necessary prior to December 31, 1999.

ARTICLE VIII

Conveyances

The sale, leasing and mortgaging of family units in the project shall be subject to the following provisions:

Section 1: No unit owner may dispose of any unit or any interest therein by sale or by lease without the approval of the Board of Directors or its designated representative, except as provided herein. The approval of the Board of Directors shall be obtained in the manner hereinafter provided.

(a) Any owner intending to make a sale or lease of his family unit or any interest therein shall give notice to the Board of Directors or its designated representative, together with the name and address of the intended purchaser or lessee and such other information as the Association reasonably may require and the terms of the proposed transaction. The giving of such notice shall constitute a warranty and representation by the owner to the Association and any purchaser or lessee produced by the Association as hereinafter provided, that the owner believes the proposal to be bona fide in all respects. This section shall not apply to seasonal rentals.

(b) Within thirty (30) days after receipt of such notice, the Board of Directors or its designated representative shall either approve the transaction or furnish a purchaser or lessee approved by the Board of Directors or its designated representative (and give notice thereof to the person desiring to sell or lease his family unit) who will accept the transaction upon terms as favorable to the seller as the terms stated in the notice, except that a purchaser or lessee furnished by the Board of Directors or its designated representative may have not less than thirty (30) days subsequent to the date of approval within which to close the transaction. The approval of the Board of Directors of the Association or its designated representative shall be in recordable form, signed by any two members of the Board or its designated representative and shall be delivered to the purchaser or lessee. The failure of the Association to act within such thirty (30) day period shall be deemed to constitute approval, following which the Association nevertheless shall prepare and deliver written approval in recordable form, as aforesaid. The owner giving such notice shall be bound to consummate the transaction with such purchaser or lessee as may be approved and furnished by the Association.

Section 2: No owner may mortgage or encumber his unit nor any interest therein without the approval of the Association except to a bank, life insurance company, savings and loan association, or by purchase money mortgage by an approved purchaser. The approval of any other mortgage or other encumbrance may be upon conditions determined by the Board of Directors of the Association or its designated representative.

Section 3: No judicial or foreclosure sale of a family unit nor any interest therein shall be valid unless (a) the sale is to a purchaser approved by the Board of Directors of the Association or its designated representative, which approval shall be in recordable form and shall be delivered to the purchaser and recorded in the office of the Register of Deeds of Transylvania County, North Carolina, or (b) a sale is a result of a public sale with open bidding.

Section 4: In the event proceedings are instituted to foreclose any mortgage or deed of trust on any family unit, the Board of Directors or its designated representative, acting on behalf of one or more of the owners or the Association, shall have the right to redeem from the mortgagee or holder of the deed of trust for the amount due thereon or to purchase such family unit at the foreclosure sale for the amount set forth to be due by the mortgagee or holder of the deed of trust in the foreclosure proceedings, and should the debtor fail to redeem from such mortgage or deed of trust, and in case of such redemption by the Association, the Association thus redeeming shall take and have absolute fee simple title to the property redeemed, free from any claim of right of such debtor and any grantee, his heirs or assigns, of such debtor and every person claiming by, through or under such debtor. Nothing herein contained shall preclude a mortgage institution, bank, savings and loan association, life insurance company, or any other recognized lending

institution from owning a mortgage or deed of trust on any family unit, and such lending institution shall have an unrestricted absolute right to accept title to the family unit in settlement and satisfaction of said mortgage or deed of trust or to foreclose the mortgage or deed of trust in accordance with the terms thereof and the laws of North Carolina, and to bid upon said family unit at the foreclosure sale, provided said lending institution owning said mortgage or deed of trust shall give to the Association, its successors or assigns, written notice by certified mail of the said default mailed at least thirty (30) days prior to the institution of foreclosure proceedings, during which thirty (30) days the Association, its successors or assigns shall have the right to cure such default by payment to such mortgagee or holder of all sums due upon such default and following such payment, such mortgagee or holder shall be required to waive such default, and if such default is not cured as aforesaid, and should the Association, its successors or assigns, fail to purchase such mortgage or deed of trust, together with any cost incident thereto, from such mortgagee or holder, or fail to redeem such mortgage or deed of trust, then and in that event the mortgagee or holder taking title on such foreclosure sale may acquire such family unit and occupy the same and let, re-let, sell and re-sell the same without complying with these restrictions limiting the ownership and occupancy of said property to persons approved by the Association. If the Association, its successors or assigns, should redeem such mortgage or deed of trust or cure such default, it shall have a lien against the unit so redeemed for all sums expended in connection therewith, and shall have the same rights to collect such sums as in the case of a past due assessment.

Section 5: The Board of Directors or its designated representative may by instrument in writing and in recordable form waive the restrictions appearing in Section 4 of this Article VIII which may limit the right of foreclosure under power of sale by any noteholder or lending institution in favor of such noteholder or lending institution under such terms as the Board of Directors or its designated representative may, in its discretion, deem advisable.

Section 6: No unit owner shall execute any deed, deed of trust, mortgage, lease or other instrument conveying or encumbering his unit without including therein all interests appurtenant thereto and any such conveyance or encumbrance shall be conclusively deemed to include such interests.

Section 7: The Board of Directors shall not exercise any right to purchase or redeem any unit under the terms of this Article VIII on behalf of and for the benefit of the Association without the prior approval of three-fourths (3/4ths) of the other unit owners, but this limitation shall not be deemed to prohibit or preclude the Board of Directors from assigning such rights to any person(s), firm(s) or corporation(s) other than the Association without such consent.

Section 8: Any unit owner may convey and transfer his unit by gift, will or intestary without complying with the procedures set forth in this Article VIII, but upon and after such a conveyance and transfer said unit shall remain subject to all of the terms and conditions of the Declaration of Unit Ownership, these bylaws and Rules and Regulations adopted hereunder.

Section 9: In the event that the Association shall purchase or otherwise acquire the legal title to any family unit, such title shall be vested in the Board of Directors as Trustee for each of the remaining unit owners in the percentages established in the Declaration of Unit Ownership.

Section 10: Any sale, mortgage or lease which is not authorized pursuant to these bylaws or for which authorization has not been obtained pursuant to the terms of these bylaws, shall be voidable at the election of the Board of Directors of the Association.

ARTICLE IX

Mortgagees

Section 1: An owner who mortgages his unit, or places a deed of trust or any other encumbrance thereon, shall notify the Association through the management agent, if any, or the President of the Board of Directors in the event there is no management agent, of the name and address of such mortgagee or lien holder; and the Association shall maintain such information as a portion of the official records of the Association.

Section 2: The Association or the management agent, if any, shall, at the request of a mortgagee or lien holder of a unit or at the request of an attorney searching title in connection with the purchase or encumbrance of a unit, report any unpaid assessments due from the owner of such unit.

ARTICLE XAgent for Service of Process

The Board of Directors shall at all times maintain a duly appointed process agent within Transylvania County, North Carolina, as required by G.S. 47A-26. The Association may at any time revoke the appointment of any such agent, and appoint a successor, by an instrument duly recorded in the Office of the Register of Deeds for Transylvania County.

ARTICLE XICreation of Sherwood Forest Cluster Association

Section 1: It is understood that Developer is planning to develop additional condominiums on tracts of land adjacent to or near the tract covered by the Declaration of Unit Ownership for the Cluster with reference to which this Association is established. In order to provide uniformity of management and to reduce the costs of administration to owners of individual units, a separate Sherwood Forest Cluster Association has been created and will be enlarged from time to time to include representatives from this Association and representatives from any additional associations which may come into being as a result of the construction of additional clusters. This Cluster will become a member of said Sherwood Forest Cluster Association as of January 1 1982.

Section 2: On January 1 1982, the said Sherwood Forest Cluster Association shall assume responsibility for the maintenance and upkeep of units within the Cluster with reference to which this Association has been formed. Thereafter, this Association and the units within said Cluster shall become liable for an appropriate proportional share of the annual expenses and cost of maintenance incurred by Sherwood Forest Cluster Association. Said proportional share shall be allocated to and among the individual units within this Cluster in accordance with the percentages set forth in Item 4 of the Declaration of Unit Ownership for this Cluster.

Section 3: In order to provide more efficient and economical management and maintenance of the Cluster with reference to which this Association is formed, the Board of Directors of this Association is specifically empowered to designate Sherwood Forest Cluster Association as its agent for the purpose of entering into a management and maintenance contract and performing all management and maintenance duties of this Association as set forth in these bylaws; provided, however, that the constituent member associations of said Sherwood Forest Cluster Association shall have bylaws, Rules and Regulations

in substantial conformity with the bylaws, Rules and Regulations of this Association and the President of each constituent member association shall be a voting member of the Board of Directors of said Sherwood Forest Cluster Association.

ARTICLE XII

Liability of Officers and Directors of the Association

The officers and members of the Board of Directors of the Association, designated or elected as provided in these bylaws, shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each of the officers and members of the Board of Directors against all contractual liability to others arising out of contracts made by the officers and 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 Declaration of Unit Ownership or of these bylaws. It is intended that the officers, members of the Board of Directors, shall have no personal liability with respect to any contract made by them on behalf of the project. It is also intended that the liability of any unit owner arising out of any contract made by the officers and Board of Directors or out of the aforesaid indemnity in favor of the officers and members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities. Every agreement made by the officers, members of the Board of Directors, the management agent or by the manager on behalf of the project shall provide that the officers, members of the Board of Directors, management agent or manager, as the case may be, are acting only as agents for the unit owners and shall have no personal liability thereunder (except as unit owners), and that such unit owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all unit owners in the common areas and facilities.

ARTICLE XIIICompliance

These bylaws are set forth to comply with the requirements of Chapter 47A of the General Statutes of North Carolina. In case any of these bylaws conflict with the provisions of said chapter, it is hereby agreed and accepted that the provisions of said chapter will apply.

ARTICLE XIVAmendments to Bylaws

Section 1: These bylaws may be amended in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(b) A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by:

(1) Not less than 66 2/3% of the entire membership of the Board of Directors and by not less than 66 2/3% of the votes of the entire membership of the Association; or

(2) Not less than 80% of the votes of the entire membership of the Association; and

(3) Prior to December 31, 1981, by and with the consent and approval of the Developer.

Section 2: All unit owners shall be bound to abide by any amendment upon the same being passed and duly set forth in a written amendment duly recorded in the Transylvania County, North Carolina, Public Registry.

Section 3: No future amendment to the bylaws of this Association shall be retroactive to the extent that any mortgage or deed of trust executed on any apartment unit shall be in any way affected thereby unless the lending institution, or the holder of the note secured by said mortgage or deed of trust, agrees in writing to the terms of such agreement.

SHERWOOD FOREST CLUSTER RULES AND REGULATIONS

All owners of units within Sherwood Forest condominiums, their families, tenants and guests, shall abide by the following rules and regulations:

1. Members shall promptly pay all assessments levied by the Association, when the same shall become due. Unpaid assessments shall bear interest at 8% per annum after thirty (30) days.
2. Members shall maintain in good condition and repair all interior surfaces and fixtures of their condominium unit. All plumbing and electrical repairs within a unit shall be the responsibility of the owner of that unit and shall be paid for by the owner. No structural alterations shall be made without the prior approval of the Association. The Association shall be responsible for maintenance and repairs to the exterior of units, grounds and common areas.
3. Members shall promptly pay all bills for utilities metered separately to their unit.
4. In accordance with the Condominium Declaration, members shall not use their unit for any purpose other than a single family residence.
5. Members shall maintain their unit in a clean and sanitary manner at all times.
6. Pets may be kept only under rules and regulations established by the Association. No dogs, cats or other domestic household pets shall be allowed to run at large in the common areas. All pets must be kept on a leash when outside the unit, and the owner of each pet is required to clean up after the pet in order to properly maintain the common areas or use the areas designated. The Association must give its prior approval of all pets, especially with regard to size, weight and breed. In general, one dog, cat or other domestic household pet per unit, weighing not more than twenty-five pounds, will be permitted.
7. No member shall permit anything to be done to his unit, or keep anything in his unit which will increase the insurance rates of other units or the cluster.

8. No owner shall make or permit any disturbing noises in the building by himself, his family, tenants, employees, agents and visitors, nor do or permit anything by such persons that will interfere with the rights, comforts, or convenience of other owners. No immoral, improper, offensive or unlawful use shall be made of any unit or the common grounds and all valid laws, ordinances and regulations of all governmental bodies having jurisdiction shall be observed. No owner shall play upon, or suffer to be played upon, any musical instrument or operate or suffer to be operated a phonograph, television set, radio or musical instrument in his unit between the hours of eleven o'clock P.M. and the following eight o'clock A.M., if the same shall disturb occupants of other units. No owner shall give nor permit to be given vocal or instrumental instruction at any time in his unit.

9. No exterior radio or television aerial shall be installed by any owner. Any aerial erected on the roof or exterior walls of a building by any owner is subject to removal without notice.

10. Each member shall permit the Board of Directors of the Association or the Management Agent, or their representatives or agents, to enter any unit for maintenance, repair or replacement of any item within the unit or in the common areas. In furtherance of this provision, the Association or its representative may retain a pass key to the premises so as to permit maintenance personnel to enter the unit in case of an emergency or the prolonged absence of the owner. No owner shall alter any lock or install a new lock on any of the premises without the written consent of the Association or the Association's representative. In case such consent is given, the owner shall provide the Association or its representative with an additional key for the use of the Association or its representative in order to gain necessary access to the premises.

11. No sign, advertisement, notice or any lettering shall be exhibited, inscribed, painted or affixed by any owner on any part of the outside or inside (if visible from the outside) of his unit or cluster except in accordance with uniform rules established by the Association. Any sign, advertisement, notice or lettering so displayed in violation of this regulation shall be subject to removal without notice. This regulation shall not apply to the Developer.

12. No children under fifteen years of age shall be allowed to reside permanently or visit for more than fifteen consecutive or thirty cumulative days in any calendar year in any unit except with the prior written consent of the Association.

13. No awnings or other projections shall be attached to the outside walls of the building and no other modifications shall be permitted to the exterior.

14. All garbage and refuse must be placed in containers with tops closed.

15. No clothes lines shall be permitted outside the utility yard.

16. Members shall not park, and shall not permit their guests and other invitees to park any vehicles other than conventional passenger cars on any part of the common areas and facilities. Vehicle maintenance is not permitted on unit or common areas.

17. No apartment owner or resident shall direct, supervise or in any manner attempt to assert any control over any employees of the Association or the Management Agent.

18. No member shall rent or sub-lease his unit, or any portion thereof, without the prior written consent of the Association or its representative. Any lessee must be approved by the Association or its representative. No unit, or any portion thereof, shall be rented or leased more than twice within any calendar year. This section shall not apply to seasonal rentals.

19. Sidewalks and entrances must not be obstructed and shall not be used for any purpose other than ingress and egress to and from the premises. One properly placed pot or one umbrella stand is permissible.

20. No owner shall allow anything whatever to fall from the window or doors of his unit, nor shall sweep or throw from the premises any dirt or other substance into any of the common grounds and areas.

21. No garbage cans, supplies, milk bottles or other articles shall be placed in any common areas, nor shall anything be hung from the exterior of windows, window sills or balconies. Neither shall any linens, cloths, clothing, curtains, rugs or mops be shaken or hung from any of the windows or doors.

22. Routine enforcement of these rules and regulations shall be the responsibility of the Board of Directors and/or the Management Agent and they shall have full authority to implement, interpret, and apply these rules and regulations in accordance with established procedures.

23. No new planting nor changes in existing planting or landscaping may be made without prior approval by the Board of Directors. Plots for growing flowers or vegetables are available through the Management Agent.

24. All members, guests of members, and anyone else using or visiting any unit or the common areas and facilities shall conform to and abide by all terms, conditions and obligations imposed by the Declaration of Unit Ownership, the Bylaws of this Association, these Rules and Regulations, any Management Agreement which has been or may be entered into, and any other documents or amendments thereto executed pursuant to the Declaration of Unit Ownership, Bylaws of this Association or these Rules and Regulations.

EXHIBIT "F"

2. Lying and being in Dunns Rock Township, Transylvania County, N. C.

BEGINNING at a stake which stands in the middle of Robin Hood Road in a bridge and at a point in said bridge directly above the point of intersection of the middle of Robin Hood Road with the south bank of Little River; and runs thence with said beginning corner thus established and with the middle of Robin Hood Road South 10° 02' 06" West 167.85 feet to a stake; and runs thence still with the middle of said road South 18° 47' 02" West 97.10 feet to a stake; and runs thence with Robin Hood Road North 86° 22' 31" East 201.74 feet to a stake; and runs thence in an eastern direction on a curve to the right on a radius of 742.923 feet, an arc distance of 143.774 feet to a stake; and runs thence in a south-easterly direction on a curve to the right on a radius of 93.659 feet, an arc distance of 115.162 feet to a stake; and runs thence South 12° 05' 09" East 37.32 feet to a stake; and runs thence in a southeasterly direction on a curve to the left on a radius of 138.527 feet, an arc distance of 108.875 feet to a stake; and runs thence South 89° 13' 57" East 33.55 feet to a stake; and runs thence in a southeasterly direction on a curve to the right on a radius of 118,260 feet, an arc distance of 89,991 feet to a stake; and runs thence South 47° 13' 32" East 37.94 feet to a stake; and runs thence South 74° 05' 31" East 84.86 feet to a stake; and runs thence South 69° 35' 39" East 391.70 feet to a stake; and runs thence in a southeasterly direction on a curve to the right on a radius of 222.287 feet, an arc distance of 134.817 feet to a stake in the middle of the branch; and runs thence with the branch the following three courses and distances, to wit: North 13° 20' 55" East 198.83 feet to a stake; and runs thence North 03° 16' 52" East 179.52 feet to a stake; and runs thence North 31° 08' 45" West 294.14 feet to a stake on the south bank of Little River; and runs thence with the south bank of Little River the following courses and distances, to wit: North 69° 25' 14" West 152.40 feet to a stake; North 83° 33' 40" West 159.16 feet to a stake; South 89° 52' 48" West 234.32 feet to a stake; North 89° 46' 27" West 209.14 feet to a stake; and North 84° 17' 54" West 306.60 feet to the BEGINNING. *over*

Subject to easements, restrictions and rights of way of record and to 1980 taxes to be prorated at closing. *7 i*

And being the 10.893-acre tract as shown on a plat by Robert E. Parker, dated February 22, 1980 and designated as the Sherwood Forest Condominium Area, which said plat is duly recorded in the Office of the Register of Deeds for Transylvania County in Plat Book _____ at Page _____.