

By-Laws

WEATHERSTONE UNIT OWNERSHIP ASSOCIATION, INC.

CHAPEL HILL, NORTH CAROLINA

ARTICLE 1 - PLAN OF UNIT OWNERSHIP

1. Unit Ownership: The property located in Orange County, State of North Carolina, and more particularly described in the Declaration to which these By-Laws are attached, has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act" by the Declaration recorded in the office of the Register of Deeds of Orange County, State of North Carolina, simultaneously herewith, and such Property shall hereinafter be known as WEATHERSTONE.

2. Applicability of By-Laws: The provisions of these By-Laws are applicable to the Property of WEATHERSTONE and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the buildings and all other improvements thereon, including the units and the common areas and facilities owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are submitted to the provisions of said Chapter 47A of the North Carolina General Statutes, entitled "Unit Ownership Act".

3. Application: All present and future owners, mortgagees, lessees and occupants of Units and their employees, agents, guests and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, these By-Laws and the Rules and Regulations made pursuant hereto and any amendment to these By-Laws upon the same being passed and duly set forth in an Amendment to the By-Laws duly recorded.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws and any Rules and Regulations made pursuant hereto and the provisions of the Declaration, as they may be amended from time to time, will be complied with and are accepted and ratified.

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ARTICLE II - ASSOCIATION OF UNIT OWNERS

1. Composition and Powers: WEATHERSTONE UNIT OWNERSHIP ASSOCIATION, INC., shall be composed of all the unit owners of the project, including, Declarant, Tomorrow's Concepts, Inc., so long as Declarant retains ownership of one or more of the project units. The Association shall have all of the powers with respect to the operation and regulation of the condominium project conferred upon the Association or which may be conferred upon the Association by or pursuant to a) the provisions of Chapter 47A of the General Statutes of North Carolina, being the Unit Ownership Act of North Carolina, and b) the WEATHERSTONE Declaration of Unit Ownership filed of record in the Office of Register of Deeds, Orange County, North Carolina, to which Declaration these By-Laws are appended. Except as otherwise provided for herein allowing for the exclusive control by Declarant of the acts, decisions and resolutions of the Association until such time as Thirty-seven (37) of the Fifty-two (52) WEATHERSTONE units have been sold or until three (3) years from and after date of the filing of record of the aforesaid Declaration, whichever event comes first, the acts, decisions and resolutions of the Association shall be effective upon adoption by vote of a majority of unit owners as defined by Chapter 47A of the General Statutes of North Carolina, such majority of unit owners being the owners of more than fifty percent (50%) of the aggregate interest in the common areas and facilities as established by the Declaration, assembled at a duly called meeting of the unit owners.

2. Present existence of Association of Unit Owners: WEATHERSTONE UNIT OWNERSHIP ASSOCIATION, hereinafter referred to as "Association" or "Unit Owners", shall be in and have an existence from and after the filing of the Articles of Incorporation with the Secretary of State and the filing of the Articles, the Declaration, and the By-Laws in the Office of the Register of Deeds of Orange County. Declarant shall hold an initial meeting of the Association at any time at his selection within thirty (30) days from and after the date of filing of the Declaration for the purpose of designating an initial Board of

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Directors and for the purpose of transacting all other matters required for the organization of the Association. In the event that there is a unit owner or there are unit owners other than Declarant at the time of the holding of such initial meeting of the Association, such meeting shall be held upon ten (10) days' written notice given by Declarant to such other unit owner or unit owners.

3. Annual Meetings: An annual meeting of the Unit Owners shall be held at 8:00 o'clock P.M., on the third Tuesday of March of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next day following not a legal holiday, for the purpose of electing members of the Board of Directors (except as initially limited by the terms, and provisions of Article III, Section 2) and for transacting such other business as may be properly brought before the meeting.

4. Substitute Annual Meetings: If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

5. Special Meetings: Special meetings of the Unit Owners may be called at any time by the Board of Directors or upon the written request of unit owners owning not less than twenty-five percent (25%) of the aggregate interest in the common areas and facilities.

6. Notice of Meetings: Written notice stating the place, day and hour of the meeting shall be delivered or mailed no less than ten (10) not more than thirty (30) days before the stated date of such meeting, either personally or by mail at the direction of the Board of Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of Directors on which the vote of Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership

Act. In the case of a special meeting the notice of meeting shall specifically state the purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

7. Quorum: The presence in person or by proxy at any meeting of the voting members as defined in Section 8 of this Article having a majority of the total votes (51 or more of 100 votes) shall constitute a quorum. Unless otherwise expressly provided for herein or in the Declaration, any action may be taken at any meeting of the Unit Owners at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the voting members present, either in person or by proxy, and at any adjourned meeting at which a quorum is present any business may be transacted, which might have been transacted at the original meeting.

The voting members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting members to leave less than a quorum.

8. Voting Right: There shall be one person or entity with respect to each unit who or which shall be entitled to vote at any meeting of the Unit Owners. Such person or entity shall be known and hereafter referred to as a "voting member". Such voting member may be the owner or one of the group comprising all of the owners of a unit, or may be some other person who need not be an owner designated by such owner or owners to act as proxy on his, her, its or their behalf. Such designation shall be made in writing to the Board of Directors and shall be revocable at any

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time by actual notice to the Board of Directors of the death or judicially declared incompetence of any designator, or by written notice to the Board of Directors by the owner or owners. The total number of votes of all voting members shall be one hundred (100), and each owner or group of owners (including Declarant or its designee if Declarant shall then hold title to one or more units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the common areas and facilities applicable to his, her, its or their unit ownership as set forth in Paragraph 3 (h) of the Declaration.

10. Waiver of Notice: Any Unit Owner at any time may waive notice of any meeting of the Unit Owners in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Unit Owner at any meeting of the Unit Owners shall constitute a waiver of notice by him of the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Unit Owners are present at any meeting of the Unit Owners, no notice shall be required and any business may be transacted at such meeting.

11. Informal Action by Unit Owners: Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the WEATHERSTONE Minute Book.

ARTICLE III - BOARD OF DIRECTORS

1. General Powers: The business and property of WEATHERSTONE shall be managed and directed by the Board of Directors or by such Executive Committee as the Board may establish pursuant to these By-Laws.

2. Number, Term and Qualifications: The initial Board of Directors of WEATHERSTONE shall be comprised of three (3)

Directors to be designated by Declarant at the initial meeting of the Association as referred to in Article II, Section 2. The initial Board of Directors so designated shall serve until such time as seventy percent (70%) of the WEATHERSTONE units (37 of the 52 units) have been sold or until three (3) years from and after date of the filing of record of the Declaration for WEATHERSTONE, whichever event comes first, and the initial Board of Directors so designated by Declarant shall not be subject to change as to composition or size by any vote of the Association during such period of time. If fifty percent (50%) of the units have been sold at a time prior to three (3) years from and after date of filing of record of the WEATHERSTONE Declaration, the Board of Directors at that time shall be increased in size from three (3) Directors to five (5) Directors, with the additional two (2) Directors to be elected by the then existing unit owners other than Declarant at a special meeting called for such purpose. At such time when seventy percent (70%) of the WEATHERSTONE units (37 of the 52 units) have been sold or three years from and after date of filing of record of the WEATHERSTONE Declaration, whichever event first occurs, then the three (3) Directors initially designated by Declarant shall resign, and at a special meeting called for such purposes, three (3) successor Directors and, if the Board of Directors is at that time a three-director board, an additional two (2) directors, shall be elected, with such election to be by the unit owners, including Declarant, if then a unit owner.

The size of the Board of Directors thereafter may be increased or decreased from time to time upon the affirmative vote of the unit owners owning 66-2/3% of the aggregate interest in the common areas and facilities, provided that said Board shall not be less than five (5) in number. Each Director shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Each member of the Board shall be one of the unit owners or co-owners or a spouse of a unit owner or co-owner, provided, however, that in the event an owner or co-owner

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is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, trustee or beneficiary of such trust or manager of such other legal entity shall be eligible to serve as a member of the Board.

3. Election of Directors: Except as provided in Section 4 of this Article, the Directors shall be elected at the annual meeting of Unit Owners, and those persons who receive the highest number of votes shall be deemed to have been elected.

4. Vacancies: A vacancy occurring in the Board of Directors, including directorships not filled by the Unit Owners, may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director; but a vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting members may elect a Director at any time to fill any vacancy not filled by the Directors.

5. Compensation: The Board of Directors shall receive no compensation for their services unless allowed and provided for by a resolution of the Unit Owners passed by the affirmative vote of the Unit Owners owning 66-2/3% of the aggregate interest in the common areas and facilities.

6. Executive Committees: The Board of Directors may, by resolution, adopted by a majority of the Directors fixed by these By-Laws, designate three or more Directors to constitute an Executive Committee, which committee to the extent provided for in such resolution shall have and may exercise all of the authority of the Board of Directors in the management of WEATHERSTONE.

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

(a) Operation, care, upkeep and maintenance of the common areas and facilities, including the exteriors of the several buildings.

(b) Determination of the common expenses required for the affairs of WEATHERSTONE, including without limitation, the operation and maintenance of the Property.

(c) Collection of the common charges from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.

(e) At the direction of the Unit Owners declared by the affirmative vote of Unit Owners owning 66-2/3% of the aggregate interest in the common areas and facilities, the adoption and amendment of such reasonable Rules and Regulations as may be deemed necessary for the use, enjoyment, care, conservation and beautification of the Property and for the health, comfort, safety and general welfare of the Unit Owners and the occupants of the Property. Written notice of such rules and Regulations shall be given to all Unit Owners and occupants and the entire Property shall at all times be maintained subject to such Rules and Regulations. Declarant, as Owner of one hundred percent (100%) of the aggregate interest in the common areas and facilities as of the time of the filing of the Declaration for WEATHERSTONE to which Declaration these By-Laws are appended, shall promulgate and issue an initial set of Rules and Regulations, which from and after such promulgation shall be and continue in force and effect until such time as they may be amended by the Board of Directors as herein provided. A copy of such initial Rules and Regulations shall be furnished by Declarant to each Unit Owner at the time of such owner acquiring his, her, or its ownership interest in the WEATHERSTONE unit.

(f) Opening of bank accounts on behalf of WEATHERSTONE and designating the signatories required therefor.

(g) Maintaining and repairing any unit (in addition to the exteriors of the several buildings) if such maintenance or repair is necessary in the opinion of the Board of Directors or by operation of applicable restrictions or ordinance or regulation

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to protect the common areas and facilities or any other portion of any building and the owner of such unit in disrepair has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board of Directors shall levy a special assessment against such owner for the costs of said maintenance or repair.

(h) Entering any unit when necessary in connection with any maintenance or repair or construction for which the Board of Directors is responsible; provided, however, that such entry shall be made during hours with as little inconvenience to the occupant as practicable, and any damage caused thereby shall be repaired by the Board of Directors and such expense shall be treated as a common expense.

(i) Signing all agreements, contracts, deeds, vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined to be necessary as evidenced by written resolution of the Board of Directors.

(j) Applying for and obtaining the issuance of contracts of insurance for the Property, including the individual units, pursuant to the provisions of Paragraph 12 of the Declaration.

(k) Making repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws and the Declaration after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

8. Managing Agent: The Board of Directors of WEATHERSTONE may engage the services of any person, firm or corporation to act as managing agent at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize including but not limited to the duties listed in subdivisions (a), (c), (d), (f), (g), (h), (j) and (k) of Section 7 of Article III. The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these By-Laws other than the powers set

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forth in subdivisions (b), (e) and (i) of Section 7 of Article III.

ARTICLE IV - MEETINGS OF DIRECTORS

1. Organizational Meeting: The first meeting of the members of the Board of Directors shall immediately follow the initial meeting of the Unit Owners Association. It shall not be necessary for notice to be given to the three (3) initial members of the Board of Directors designated by Declarant in order to legally constitute such meeting, provided a quorum is present.

2. Regular Meetings: A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Directors may designate by resolution the time and place within the State of North Carolina for the holding of a regular meeting of the Board of Directors.

3. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board of Directors or by any two Directors.

4. Notice of Meetings: Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

5. Waiver of Notice: Any member of the Board of Directors at any time may waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of 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.

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6. Quorum: A majority of the number of directors fixed by these By-Laws as amended from time to time shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

7. Manner of Action: Except as otherwise provided for in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A vote of a majority of the number of Directors fixed by the By-Laws shall be required to adopt a resolution constituting an Executive Committee. Vacancies in the Board of Directors may be filled as provided in Article III, Section 4 hereof.

8. Organization: Each meeting of the Board of Directors shall be presided over by the Chairman of the Board, and in the absence of the Chairman, by any person selected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, the Assistant Secretary, or in the absence of both officers, any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.

9. Informal Action of Directors: Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the Minutes of the Meeting, whether done before or after the action so taken.

10. Minutes: The Board of Directors shall keep written minutes of all its proceedings.

11. Fidelity Bonds: The Board of Directors may require all officers and employees of WEATHERSTONE handling or responsible for WEATHERSTONE funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a common expense.

12. Liability of the Board of Directors: The members of the Board of Directors 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 members of the Board of Directors against all contractual liability to

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others arising out of contracts made by the Board of Directors on behalf of WEATHERSTONE unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of WEATHERSTONE except to the extent they are Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid liability in favor of the 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 bears to the interests of all the Unit Owners in the common areas and facilities. Every contract made by the Board of Directors or by the managing agent on behalf of WEATHERSTONE shall provide that the members of the Board of Directors, or the managing agent, 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 each 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.

UNIT V - OFFICERS

1. Number: The principal officers of WEATHERSTONE UNIT OWNERSHIP ASSOCIATION, shall consist of a Chairman of the Board, a Secretary, a Treasurer, and such Vice-Chairmen, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person except for the offices of Chairman and Secretary. The Treasurer of WEATHERSTONE UNIT OWNERSHIP ASSOCIATION may retain the services of a bookkeeper or may act as bookkeeper for the Association at a compensation determined by the Board of Directors as evidenced by the Board's written resolution.

2. Election and Term: The officers of WEATHERSTONE shall be elected by the Board of Directors from and among the

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Unit Owners. It is not required that an officer, other than the Chairman of the Board, be a Director. Such elections may be held at the regular meeting of the Board of Directors. Each officer shall hold office for a period of one year, or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. No officer may hold the same office for more than three consecutive terms.

3. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4. Compensation: No officer shall receive any compensation from WEATHERSTONE for acting as such, except for the Treasurer in the event of the approval for compensation by the Board of Directors as provided for in Paragraph 1 of this Article.

5. Chairman of the Board: The Chairman of the Board shall be the principal executive officer of WEATHERSTONE and, subject to the control of the Board of Directors, shall supervise and control the management of WEATHERSTONE. The Chairman, when present, shall preside at all meetings of the Board of Directors and of the Unit Owners and, in general, shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Directors.

6. Vice Chairman: In the absence or disability of the Chairman, the Vice Chairman, and if there be more than one, the Vice Chairman designated by the Board of Directors, shall have the powers and perform the duties of the Chairman. In addition, each Vice Chairman shall perform such other duties and shall have such other powers as shall be prescribed by the Chairman of the Board of Directors.

7. Secretary: The Secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Directors. The Secretary shall give, or cause to be given, all notices required by law and by these By-laws. The Secretary shall have general charge of the Minute Books and records of both the Unit Owners and the Board of Directors, and shall sign such

Instruments as may be required and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be designated from time to time by the Chairman of the Board or by the Board of Directors.

8. Treasurer: The Treasurer shall have custody of all WEATHERSTONE funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Directors. The Treasurer shall keep full and accurate records of the finances of WEATHERSTONE in books especially for that purpose.

The Treasurer shall cause to be prepared and distributed to all Unit Owners and members of the Board of Directors on or before the last day of the third month following the close of each fiscal year a true statement of the assets and liabilities of WEATHERSTONE as of the close of each fiscal year, and of the results of its operations and of changes in surplus of WEATHERSTONE for such fiscal year, all in reasonable detail. The statements so prepared shall be kept available for inspection by any Unit Owner for a period of three (3) years. The Treasurer shall also prepare and file all reports and returns required by Federal, State, or local law and shall generally perform all other duties as may be designated from time to time by the Chairman of the Board or by the Board of Directors.

9. Assistant Secretaries and Treasurers: The Assistant Secretaries and Assistant Treasurers, if any, shall have all the powers and perform all of the duties of the office of Secretary and Treasurer respectively, and in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer respectively or by the Chairman of the Board or by the Board of Directors.

ARTICLE VI - OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Fixing of Common Charges: The Board of Directors shall from time to time and at least annually, prepare a budget for WEATHERSTONE, determine the amount of the common charges payable by the Unit Owners to meet the common expenses of WEATHERSTONE, and allocate and assess such common charges among the Unit Owners according to

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their respective interests in the common areas and facilities. The common charges for the common areas and facilities shall include, among other things:

(a) Costs of all insurance policies and premiums on all policies of insurance required to be or which have been obtained by the Board of Directors, including specifically but not limited to fire and extended casualty coverage insuring the several buildings and units comprising WEATHERSTONE, though not the contents thereof, and liability insurance relative to the use, operation and occupancy of WEATHERSTONE.

(b) Water and sewer charges, for common areas, if any.

(c) Expenses incurred in the maintenance of the grounds and maintenance and/or replacement of the parking lots, roadways, recreational facilities, building exteriors, and utility lines, including any master television antenna or antennas.

(d) Common area electric and lighting costs.

(e) All other reasonable expenses and costs which may be incurred incident to the use and occupancy of the common areas of WEATHERSTONE by the several unit owners thereof and which may be incurred relative to the promotion of the health, safety, welfare and recreation of the residents thereof, and which may be incurred incident to the operation of WEATHERSTONE.

The common expenses may also include amounts as the Board of Directors may deem proper for working capital of WEATHERSTONE, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The Board of Directors shall advise all Unit Owners promptly as determined by the Board of Directors, and shall furnish copies of each budget on which such common charges are based to all Unit Owners and to their mortgagees, upon request.

2. Special Assessment for Capital Improvements: In addition to the common charges authorized above, the Board of Directors, by and with the assent of Unit Owners owning in excess of fifty percent (50.0%) of the aggregate interest in the common areas and facilities, may levy in any year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction,

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repair or replacement of a described capital improvement situated upon or relating to the common areas, including the necessary fixtures and personal property related thereto. Any action authorized under Section 2 of this Article shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Unit Owners not less than ten (10) days nor more than thirty (30) days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite majority of the vote of all Unit Owners, those Unit Owners who were not present in person or by proxy, may give their assent in writing, provided the same is given and obtained not later than thirty (30) days from the date of such meeting.

3. Payment of Common Charges and Special Assessments: All Unit Owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article on the first day of each month and shall be obligated to pay the special assessments at such time or times as the Board of Directors may determine.

No Unit Owner shall be personally liable for the payment of any part of the common charges or special assessments assessed against his Unit subsequent to the sale, transfer or other conveyance by him of such unit together with any interest in the common areas and facilities as defined in the Declaration. A purchaser of a Unit shall be jointly liable with the seller for the payment of common charges and special assessments assessed against such unit prior to the acquisition by purchaser of such unit, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor.

Notwithstanding the provisions set forth hereinabove, a mortgagee or other purchaser of a unit at a foreclosure sale of such unit shall not be liable for and such unit shall not be subject to a lien for the payment of common charges and special assessments assessed prior to the foreclosure sale. Such unpaid common charges and special assessments shall be deemed to be common charges and special assessments collectible from all of

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the Unit Owners including such purchaser, his heirs, successors, or assigns.

4. Creation of Lien and Personal Obligation for Common Charges and Special Assessments: Each Unit Owner of WEATHERSTONE, by acceptance of a deed or instrument of conveyance for a unit located therein, whether or not it shall be so expressed in any such deed or instrument of conveyance, is deemed to covenant and agree to pay to WEATHERSTONE UNIT OWNERSHIP ASSOCIATION all common charges assessed and special assessments for capital improvements, such assessments for common charges and special assessments to be fixed, established and collected from time to time as hereinabove provided. Each common charge and special assessment, together with interest thereon after default and costs of collection, including reasonable attorneys' fees, shall be a charge on the unit in question and if not promptly paid according to these By-laws, shall be a continuing lien upon the property against which each such common charge or special assessment is made. Each, together with interest thereon after default and costs of collection, including reasonable attorneys' fees, shall further be the personal obligation of the person, persons or entity who or which was the owner of such property at the time when the common charge or special assessment became due and owing.

5. Effect of Nonpayment of Common Charges and Special Assessments - Remedies of the Association: Any common charge or special assessment which is not paid when due shall be delinquent. If the common charge or special assessment is not paid within thirty (30) days after the due date, such common charge or special assessment shall bear interest from the due date at the maximum legal rate per annum, and the Board of Directors may bring an action at law for recovery of such against the Unit Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such common charge or special assessment. No Unit Owner may waive or otherwise avoid liability for the common charge or special assessment provided for herein by non-use of the common

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area or abandonment of the Unit. In any action brought by the Board of Directors to foreclose on a unit because of unpaid common charges or special assessments, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Directors, acting on behalf of all Unit Owners, or on behalf of any one or more individual Unit Owners if so instructed, shall have the power to purchase said Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant thereto and convey or otherwise deal with the same, subject however, to applicable restrictions of record and the provisions of the Declaration. A suit to recover money judgment for unpaid common charges or special assessments may be maintained without foreclosing or waiving the lien securing the same. In addition to the remedies hereinabove provided, the Board of Directors shall have the right to suspend the privilege of the defaulting Unit Owner to use and enjoy any of the common facilities of WEATHERSTONE for such period of time as the default shall continue.

6. Statement of Common Charges: The Board of Directors shall promptly provide any Unit Owner so requesting a written statement of all unpaid common charges and special assessments due from such Unit Owner.

7. Abatement and Enjoinment of Violations by Unit Owners: The violation of any Rule or Regulation adopted by the Board of Directors or the breach of any By-Law contained herein or the breach of any provision of the Declaration shall give to the Board of Directors, in addition to the other rights set forth in these By-Laws: (a) the right to enter the Unit in which or as to which such violation or breach exists and summarily 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 thereby shall not be deemed guilty in any manner of trespass; and (b) the right to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such

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breach.

SEC. 366 PAGE 587

8. Maintenance and Utilities:

(a) All maintenance and repair to any Unit, structural or non-structural, ordinary or extraordinary (other than maintenance of and repair to any common areas and facilities and repair which is not necessitated by the negligence, misuse or neglect of the owner of the Unit) shall be made by the owner of such Unit. Each Unit Owner shall own and be responsible for the maintenance, repair and replacement of the equipment within his unit including but not limited to the following: hot water heater, electric panel and service, furnace, air conditioner, plumbing fixtures and pipes or drains which may become clogged. Water and sewer services shall be provided by Orange Water and Sewer Authority directly to each unit through a separate meter, and each unit owner shall be required to pay the water and sewer bills charged to his unit. Electricity shall be supplied by Duke Power Company directly to each unit through a separate meter, and each unit owner shall be required to pay the bills for electricity consumed or used in his unit. The electricity serving the common areas and facilities shall be separately metered, and the Board of Directors shall pay all bills for electricity consumed in any portions of the common areas and facilities as a common expense.

(b) All maintenance, repairs and replacements to the common areas and facilities, whether located inside or outside of the units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expenses shall be charged to such Unit Owner) shall be made by the Board of Directors and shall be charged to all the Unit Owners as a common expense.

9. Additions, Alterations and Improvements by Unit Owners:

No Unit Owner shall make any interior or exterior structural addition, alteration or improvement in or to his Unit without the prior written consent thereto given by the Board of Directors, such consent not to be unreasonably withheld. The Board of Directors shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in or to such Unit Owner's unit and

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within the categories set forth hereinabove within thirty (30) days after such request, and failure to do so within the stipulated time will constitute a consent by the Board of Directors to the proposed addition, alteration or improvement; provided, however, that no Unit Owner shall make any exterior structural addition, alteration or improvement affecting the appearance of his Unit without the prior written consent of the Unit Owners as determined by the affirmative vote of the Unit Owners owning 66 2/3 of the aggregate interest in the common areas and facilities.

10. Use of Common Areas and Facilities: A Unit Owner shall not place or cause to be placed in or upon any of the common areas and facilities, other than a patio or porch to which such Unit Owner has sole access and other than the areas designated as storage areas, any furniture, packages, or objects of any kind.

11. Use Restrictions: In addition to those certain limitations and restrictions upon use set forth in the Declaration, including specifically but not limited to those set forth in Paragraphs 6 and 16 of said Declaration, the Property shall be held, sold and conveyed subject to use restrictions as follows:

(a) No noxious or offensive activity shall be carried on upon any portion of the common areas or facilities or within any Unit nor shall anything be done thereon or therein which may be or become an annoyance or nuisance.

(b) No one shall interfere with or otherwise restrict the free right of passage of the Unit Owners, their agents, servants, tenants, guests or employees over driveways or passageways leading to their respective units or to their respective parking spaces.

(c) No television antenna shall be permitted on the roof of any of the Units, ~~save and except for the master antenna erected by~~ ~~Declarant,~~ this restriction not being applicable to any interior antenna or any cable system which might be made available through WEATHERSTONE UNIT OWNERSHIP ASSOCIATION.

12. Approval of Payment Vouchers: Either the duly elected Treasurer acting alone or the duly appointed Managing Agent acting alone may approve payment vouchers and make payment of same

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for expenses incurred for reason of contractual undertakings or contractual services rendered for and to the project so long as each of such expense vouchers does not exceed the sum of One Thousand Dollars (\$1,000.00). A listing of such contractual indebtedness payment vouchers approved and paid by the Treasurer or Managing Agent shall be submitted to the Board of Directors quarterly for review and reaffirmation by the Board of Directors as to its approval for payment of same. All payment vouchers for expenses incurred other than as above set forth shall require the signatures of any two officers of WEATHERSTONE UNIT OWNERSHIP ASSOCIATION.

ARTICLE VII - RECORDS AND AUDITS

The Board of Directors, through its Secretary, Treasurer, Managing Agent or Bookkeeper, as the case may be, shall be responsible for keeping and maintaining detailed records of the actions of the Board of Directors, minutes of the regular and special meetings of the Board of Directors, minutes of the annual and/or special meetings of the Unit Owners, and all financial records and books of account of WEATHERSTONE UNIT OWNERSHIP ASSOCIATION. Such records and books of account shall include a chronological listing of receipts and expenditures, as well as a separate account for each Unit, which account, among other things, shall contain the amount of each common charge assessment and the amount of each special assessment against such Unit, the date when due, the amounts paid thereon, and the remaining unpaid balance. The financial records and books of account shall be available for examination at convenient hours on business days and the Unit Owners shall be advised accordingly. All financial records and books of account of WEATHERSTONE UNIT OWNERSHIP ASSOCIATION shall be kept and maintained in accordance with good and accepted accounting practices, and the Board of Directors shall cause to be made at least annually an outside, independent audit of such financial records and books of account.

ARTICLE VIII - AMENDMENTS AND RECORDATION

The administration of WEATHERSTONE UNIT OWNERSHIP ASSOCIATION shall be governed by these By-Laws, a true copy of which has been appended to the Declaration for WEATHERSTONE

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Secretary at Law
Secretary Not
Board of Directors
P.O. Box 121

filed of record in the Office of the Register of Deeds of Orange County. No modification, amendment or repeal of these By-Laws shall be valid unless set forth in an Amendment to the Declaration and such Amendment is duly filed of record in the Office of the Register of Deeds of Orange County. The affirmative vote of Unit Owners owning 66 2/3 percent of and in the common areas and facilities shall be required to so modify, amend or repeal a By-Law. All Unit Owners shall be bound to abide by any such modification or amendment upon the same being duly passed and set forth in an Amendment to the Declaration, duly recorded, as provided for herein.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed in its corporate name with corporate seal attached, this the 30th day of June, 1981.

TOMORROW'S CONCEPTS, INC.

By: *R. T. Wood*
President



Attest: *Henry B.*
Secretary

WOODS BROTHERS, INC.

By: *R. T. Wood*
President



Attest: *John M. Wood*
Secretary

NORTH CAROLINA
ORANGE COUNTY

Charles G. Beemer, P.A.
Attorney at Law
University Mall
Chapel Hill, N.C.
(919) 979-8331

I, Charles G. Beemer, A Notary Public, do hereby certify that David J. Brown, personally came before me this day and acknowledged that he is Secretary of Tomorrow's Concepts, Inc. and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by said Secretary.

Witness my hand and official seal, this the 30th day of June, 1981.

Charles G. Beemer
Notary Public

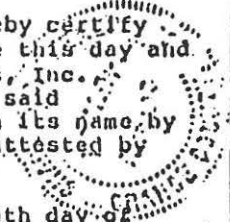
My commission expires: 8/25/81

NORTH CAROLINA

BOOK 366 PAGE 591

ORANGE COUNTY

I, Charles G. Beemer, A Notary Public, do hereby certify that John Michael Woods, personally came before me this day and acknowledged that he is Secretary of Woods Brothers, Inc. and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by said Secretary.



Witness my hand and official seal, this the 30th day of June, 1981.

Charles G. Beemer
Notary Public

My commission expires: 8/25/81

STATE OF NORTH CAROLINA—ORANGE COUNTY

THE FOREGOING CERTIFICATE IS OF Charles C. Beemer

NOTARY PUBLIC OF THE DESIGNATED GOVERNMENTAL UNITS IS (ARE) CERTIFIED TO BE

THIS THE 1st DAY OF July A.D. 1981

BETTY JUNE HAYES, REGISTER OF DEEDS

BY:

Betty June Hayes
REGISTER OF DEEDS

RETURN: _____

FILED
BOOK 366 PAGE 569

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BETTY JUNE HAYES
REGISTER OF DEEDS
ORANGE COUNTY, N.C.

Charles G. Beemer, P.A.

Esquire at Law

Orange County, N.C.

Orange County, N.C.

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