

**BYLAWS
OF
MEADOWMONT VILLAGE CONDOMINIUM
OWNERS ASSOCIATION, INC.**

ARTICLE I

General Provisions

Section 1. Plan of Ownership. The property is located in the Town of Chapel Hill, Orange County, North Carolina, and more particularly described in the Declaration of Condominium for the Meadowmont Village Condominiums ("Declaration") formed pursuant to the provisions of Chapter 47C of the North Carolina General Statutes entitled "North Carolina Condominium Act." The Declaration is being recorded in the Office of the Register of Deeds of Orange County, North Carolina, and provides for twenty-four (24) residential condominium units (each a "Unit" and collectively, the "Units").

Section 2. Applicability of Bylaws. These Bylaws are adopted pursuant to the provisions of Chapter 55A of the North Carolina General Statutes, entitled, the "North Carolina Nonprofit Corporation Act". The provisions of these Bylaws, and rules and regulations made pursuant hereto and any amendment to these Bylaws, are applicable to the property of the condominium and to the use and occupancy thereof. The term "property" as herein used shall include those portions of building and all other improvements and structures therein and all easements, rights and appurtenances belonging thereto, all of which are submitted to the provisions of the North Carolina Condominium Act, including the Units and Common Elements, as defined in the Declaration.

Section 3. Application. All present and future owners, mortgagees, lessees, occupants of units and employees of owners and tenants and their families and any other persons who may use the facilities of the property in any manner are subject to the following instruments recorded or to be recorded in the Office of the Register of Deeds of Orange County, North Carolina: (i) the Declaration, (ii) the Declaration of Master Protective Covenants for Meadowmont Village, ("Master Covenants"), (iii) the Declaration of Covenants, Conditions and Restrictions and Easements for Mixed Use Buildings ("Mixed Use Covenants"), (iv) the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Meadowmont, and (v) the Declaration of Covenants and Restrictions of The Meadowmont

Community Association, Inc. and Meadowmont Development Company, a North Carolina Joint Venture.

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 Bylaws and provisions of the Declaration as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II Declarant

Control Period

Section 1. Definition of Declarant Control Period. For purposes of these Bylaws, "Declarant Control Period" means the period prior to the earliest of: (i) the dates and events specified in Section 47C-3-103(d) of the Act, or (ii) the date specified by the Declarant in a notice to the Association that the Declarant Control Period is to terminate on that date.

Section 2. Selection of Directors and Officers. Subject to the limitations on the Declarant Control Period of this Article II, the Declarant shall select the officers and directors of the Association during the Declarant Control Period.

Section 3. Limitations on Declarant's Rights. Not later than the termination of the Declarant Control Period, a special meeting of the Association shall be held at which the Owners (as defined in the Declaration) will elect a Board of Directors, at least a majority of which must be Owners, to serve terms as provided in these Bylaws.

ARTICLE III

Owners

Section 1. Organizational Meeting. If not held before, the initial meeting of the Association shall be held on the first Tuesday in December, 2001.

Section 2. Annual Meetings. The annual meeting of the Owners for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at 10 o'clock, a.m., on the first Tuesday in the month of December in each year, commencing with the year 2002 if not a legal holiday, and if a legal holiday, then on the next secular day following. Unless otherwise scheduled, the Owners shall vote at each annual meeting to ratify the proposed annual budget for the Association for the following year.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 4 of this Article III and a substitute annual meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.

Section 4. Special MeetingRS. Special meetings of the Owners may be called at any time by a majority of the members of the Board of Directors, or upon the written request of Owners having at least 20% of the votes in the Association.

Section 5. Place of Meetings. All meetings of Owners shall be held on the property or at such other place within the City of Chapel Hill as may be designated in the Notice of Meeting.

Section 6. Notice of Meetings. Written or printed notices stating the time and place of a meeting of Owners shall be delivered or mailed not less than ten (10) or more than thirty (30) days prior to the date of such meeting to each person entitled to vote at such meeting.

In case of a substitute annual meeting, notice of the meeting need not specifically state the business to be transacted unless it is a matter other than the election of the Board of Directors on which the vote of the Owners is expressly required by the provisions of the North Carolina Condominium Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 7. Quorum. A quorum shall be deemed present throughout any meeting of the Owners until adjourned if the Owners, in person or by proxy, entitled to cast more than twenty percent (20%) of the votes are present at the beginning of such meeting.

Section 8. Voting Rights. There shall be one person with respect of each Unit who shall be entitled to vote at any meeting of the Owners. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be the Owner or some other person designated by such Owner to act as proxy on his or their behalf and who need not be a Owner. Such designation shall be made in writing to the Board of Directors and shall be revocable at any 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 Owners shall be twenty-four (24) and the Owner of each Unit shall possess one vote. An owner of more than one Unit shall possess one vote for each Unit owned.

Section 9. Owners. "Owners" shall mean and refer to those persons who own units in the property subject to the Declaration and are entitled to membership as provided in the Declaration.

Section 10. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes with respect to the offices to be filled shall be deemed to be elected.

Section 11. Proxies. The votes pertaining to any condominium unit may (and shall in the case of any Owner not a natural person or persons) be cast pursuant to a proxy or proxies duly executed by or on behalf of the Owner, or in cases where the Unit is owned by more than one person, by or on behalf of all such persons. No such proxy shall be revocable except as written

notice delivered to the Association by the Owner or by any other such person. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid.

Section 12. Presiding Officer. The President, or in his absence, the Vice-President, shall serve as a chairman of every Owner's meeting unless some other person is elected to serve as Chairman by a majority vote of the votes represented at the meeting. The Chairman shall appoint such persons as he deems appropriate to assist with the meeting.

Section 13. Adjournments. Any meeting of the Owners, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specified time or place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 14. Action of Owners Without a Meeting. Any action which may be taken at a meeting of the Owners may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by a majority of the Owners entitled to vote on the date on which the last Owners signed such approval and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as a unanimous vote of the Owners at a special meeting called for the purpose of considering the action authorized, except in those specific matters for which a vote greater than a majority vote is required by the North Carolina Condominium Act, the Articles of Incorporation, or other applicable documents.

Section 15. Availability of Project Documents. The Association shall assure that current copies of the following documents are readily available for inspection by Owners or by holders, insurers, and guarantors of first mortgages that are secured by Units in the project: (i) the Master Covenants, (ii) the Mixed Use Covenants, (iii) the Declaration, (iv) the Articles of Incorporation, (v) the Bylaws, (vi) the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Meadowmont, (vii) the Declaration of Covenants and Restrictions of The Meadowmont Community Association, Inc. and Meadowmont Development Company, a North Carolina Joint Venture, (viii) the Association's rules concerning the project, and (ix) the Association's books, records, and financial statements. These documents will be available during normal business hours.

Section 16. Availability of Financial Statements. Once the Association has been established for a minimum of one full fiscal year, the Association shall provide for the availability of a financial statement for the preceding fiscal year to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the project on submission of a written request for it. If any such party requests, and agrees to pay the cost of the audit, the financial statement shall be audited by an independent certified public accountant.

Section 17. Termination of Legal Status. The Condominium and the Association may be terminated only by vote or agreement of the Owners to which at least 80% of the votes in the Association are allocated and by written consent of at least 51% of the Eligible Mortgage Holders (as defined in the Declaration). Votes may be cast in person or by proxy at a meeting held in accordance with the provisions of these Bylaws. The failure of any Eligible Mortgage Holder to respond within thirty (30) days to any written request of the Association, sent by registered or certified mail, return receipt requested, for approval of such termination shall constitute an approval by that Eligible Mortgage Holder of the proposed termination.

Section 18. Rights of Action. The Association, and any aggrieved Owner, shall have a right of action against Owners who fail to comply with the provisions of the Declaration, Bylaws, Articles of Incorporation and other rules properly enacted by the Association. Owners shall also have similar rights of action against the Association.

Section 19. Rights of Condominium Mortgage Holders. Insurers or Guarantors. Upon receipt of written request by a holder, insurer or guarantor of a mortgage on any unit in the project, the Association shall furnish timely written notice regarding the following:

- any condemnation or casualty loss that affects either a material portion of the Condominium or the unit securing its mortgage;
- any 60-day delinquency in the payment of assessments or charges owed by the Owner of any unit on which it holds the mortgage;
- a lapse, cancellation or material modification of any insurance policy maintained by the Association; and
- any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

Any interested mortgage holder, insurer, or guarantor shall send a written request to the Association stating both its name and address and the unit number or address of the unit on which it has (or insures or guarantees) the mortgage.

ARTICLE IV

Board of Directors

Section 1. General Powers. The property, affairs and business of the Association shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications. The number of directors shall be no less than three (3) and no more than five (5). Each director shall hold office for one year or

until his death, resignation, retirement, removal or disqualification or his successor is elected and qualifies. No director shall serve for more than three consecutive terms. The initial Board of Directors shall consist of three (3) members, each of whom shall be selected by the Declarant during the Declarant Control Period, subject to the provisions of the North Carolina Condominium Act. The Declarant shall have the right to remove and replace the directors appointed by the Declarant.

Section 3. Election of Directors. Except as provided in Section 2 of this Article, the directors shall be elected at the annual meeting of Owners and the persons who shall receive the highest number of votes shall be the elected directors.

Section 4. Removal of Directors. Subject to the rights reserved to the Declarant during the Declarant Control Period, the Board of Directors or any individual director may be removed from office with or without cause by a vote of fifty-one percent (51%) of the Owners at a meeting in which a quorum is present. If any such directors are so removed, new directors may be elected at the same meeting.

Section 5. Vacancies. Subject to the rights reserved to the Declarant during the Declarant Control Period, a vacancy in the Board of Directors created by reason of the removal of a director may be filled for the unexpired term, and until the Owners shall have elected a successor, by affirmative vote of a majority of the directors remaining in office.

Section 6. Compensation of Directors. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation as determined by the Board of Directors for services rendered in that other capacity.

Section 7. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the condominium and may do all such acts and things authorized by law, including, but not limited to, the authority:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

(b) To establish, make, amend from time to time and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use, and occupancy of the Condominium, subject to the provisions of the Declaration. A copy of such rules and regulations will be delivered or mailed to each Member promptly after adoption.

(c) To keep in good order, condition and repair all the Common Elements and all items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Owners is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

(d) To fix, determine, levy, and collect annual assessments to be paid by each of the Owners towards the gross expenses of the Condominium and to adjust, decrease or increase the amount of the assessment, and to credit any excess of assessments over expenses and cash reserves to the Owners against the next succeeding assessment period.

(e) To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Common Elements, including a manager ("Manager") to manage the operations of the Association and the Condominium.

(f) To levy and collect special assessments whenever, in the opinion of the Board of Directors, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All special assessments will be in statement form and will set forth in detail the various expenses for which the special assessments are being made.

(g) To levy and collect individual assessments against a Member for violations of the Articles of Incorporation, Bylaws, Declaration, Mixed Use Covenants, Master Covenants, or any rules or regulations promulgated by the Association, or because the Association has incurred an expense on behalf of the Member pursuant to the provisions of any of those documents. All individual assessments will be in statement form and will set forth in detail the various expenses for which the individual assessments are being made.

(h) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws; and to exercise other remedies for delinquent assessments as set forth in the Declaration.

(i) To fix, determine, levy and collect the working capital funds to be paid by each of the Owners towards the working capital account of the Association, and to adjust, decrease or increase the amount of working capital funds collected from each Member as provided in the Declaration.

(j) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and subject to the limitations of the Act, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary and such indebtedness shall be the several obligation of all Owners in the same proportions as the share Common Expenses; provided, however, that the Board of Directors will not borrow more than \$50,000 or cause the Association to be indebted for more than \$50,000 at any one time without the prior approval of a majority of votes of Owners present and voting in person or by proxy on the issues; and provided further, that the Board of Directors will not cause the encumbrance of the Common Elements without the prior approval of 80% of the votes of Owners in the Association (including 80% of votes allocated to Units not owned by Declarant) voting in person or by proxy on the issue in accordance with the requirements of the Act and the prior written approval of 51% of the votes of Eligible Mortgage Holders (as defined in the Declaration). The failure of any Eligible Mortgage Holder to respond within thirty (30) days to any written request

of the Association, sent by registered or certified mail, return receipt requested, for approval of the proposed indebtedness shall constitute an approval by that Eligible Mortgage Holder of the proposed indebtedness.

(k). To dedicate, sell or transfer all or any part of the Common Elements to any public, governmental or quasi-governmental agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the Owners, and subject to such additional limitations as may be set forth in the Declaration or the Act, including without limitation the requirement of obtaining the prior approval of 80% of the votes of Owners in the Association (including 80% of votes allocated to Units not owned by Declarant) and voting in person or by proxy on the issue in accordance with the requirement of the Act and the prior approval of 51% of the votes of Eligible Mortgage Holders (based on one vote for each Mortgage owned). The failure of any mortgagee to respond within thirty (30) days to any written request of the Association, sent by registered or certified mail, return receipt requested, for approval of such action shall constitute an approval by that Mortgagee of the proposed action.

(l) To enter into contracts within the scope of their duties and powers.

(m) To establish a bank account for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors.

(n) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Owners or their Mortgagees during convenient weekday business hours.

(o) To cause to be maintained the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board of Directors, the officers and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws and the Act.

(p) In general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of condominium ownership, all in accordance with the Declaration and the requirements of the North Carolina Condominium Act.

(q) To delegate to the Manager or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Owners a reasonable fee for such services, except that the duties set forth in subparagraphs (d), (f), (g), (i), (j) and (k) of this Section and any duties reserved to the Board of Directors by law will not be so delegated.

(r) To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by the Condominium Act.

ARTICLE V Meeting

of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors may be held immediately after the annual meeting of Owners and if not then shall be held within a reasonable time thereafter.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at any place within the State of North Carolina as the Board of Directors may from time to time established for regular meetings or as set forth in a duly executed waiver of notice of such meeting or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.

Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. Special meetings shall be called on not less than five (5) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram, facsimile or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.

Section 5. Quorum and Manner of Acting. A quorum shall be deemed present throughout any meeting of the Board of Directors if persons entitled to cast one-half of the votes in that body are present at the beginning of the meeting.

Section 6. Vote Required for Action. Except as otherwise provided in this section, the act of a majority of the directors present at the meeting at which a quorum is present at the time shall be the act of the Board of Directors. Vacancies in the Board of Directors may be filled as required in Article IV, Section 5 of these Bylaws.

Section 7. Action by Directors Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent thereto is signed by all the directors and such written consent is filed with the minutes of the proceedings of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 8. Adjournments. A meeting of the Board of Directors without a quorum present may be adjourned by majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. At any such

reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 9. Minutes. The Board of Directors shall keep written minutes of its proceedings.

Section 10. Liability. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. 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 the Association, except to the extent they are liable as Owners. It is also intended that the liability of any Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity 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 Elements bears to the interest of all Owners in the Common Elements. Every agreement made by the Board of Directors or by the managing agent on behalf of the Association shall incorporate by reference all of the terms and provisions of the Declaration and these Bylaws. Each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Owners in the Common Elements.

ARTICLE VI

Officers

Section 1. Number of Officers. The Association's officers shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 2 of this Article VI. Any two (2) offices or more may be held by one (1) person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one (1) capacity.

Section 2. Election. Term of Office and Qualifications. Each officer shall be chosen by the Board of Directors and shall hold office at the will of the Board of Directors until their successors have been elected and have been qualified or until their death, resignation, removal, retirement or disqualification. The officers need not be Owners.

Section 3. Removal. Subject to the rights reserved to the Declarant during the Declarant Control Period, any officer may be removed, either with or without cause, by vote of a majority of the whole Board of Directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

Section 4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the Association's President or Secretary. Any such resignation shall take effect upon its being accepted by the Board of Directors.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these Bylaws for regular appointments or elections to such offices.

Section 6. President. The President shall be the chief executive officer and subject to the instructions of the Board of Directors, shall have general charge of the Association's business, affairs and property and control over its other officers, agents and employees. He shall preside at all meetings of the Owners and of the Board of Directors at which he may be present. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Vice President. At the request of the President, or in his absence or disability, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all restrictions upon the President. The Vice President shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of Owners and the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by the provisions of North Carolina Condominium Act. He shall be custodian of the Association's records, books, reports, statements, certificates and other documents and of the Association's seal, and see that the seal is affixed to all documents requiring such seal. He shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 9. Assistant Secretary. The Assistant Secretary, if such an officer is appointed by the Board of Directors, shall be authorized to attest to all documents on behalf of the Association and affix the Association's seal thereto. His duties shall be ministerial only and limited to executing all documents in proper corporate form as from time to time may be necessary.

Section 10. Treasurer. The Treasurer shall have supervision over the Association's funds, receipts and disbursements of the Association. He shall keep full and accurate accounts of the Association's finances in accordance with general accepted accounting principles and in accordance with the provisions of North Carolina Condominium Act. The Treasurer shall make reports of same to the Board of Directors upon request. The Treasurer shall perform all duties that may be assigned to him from time to time by the Board of Directors. The reports and records of the Association shall be available for inspection by the Owners and duly authorized agents or attorneys of Owners at convenient hours of working days.

Section 11. Duties of Officers May Be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such officer to any other officer or to any director for a specified time provided a majority of the entire Board of Directors concurs.

Section 12. Salaries of Officers. The compensation of all officers of the Association shall be fixed by the Board of Directors, providing however, that no officers appointed by Declarant shall receive any compensation from the Association.

ARTICLE VII

Fiscal Management

Section 1. Notice of Assessments. The Board of Directors shall notify all Owners promptly in writing of the amount of assessments payable by each of them respectively as determined by the Board of Directors and shall furnish to each copies of each budget on which such assessments are based, or for individual assessments, other reasonably satisfactory documents showing the basis for the assessment.

Section 2. Payment of Assessments. All Owners shall be obligated to pay the assessments established by the Board of Directors at such time or times as the Board of Directors shall determine.

Section 3. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments due for any Owner which remains unpaid for more than thirty days from the date due.

Section 4. Default in Payment of Assessments. In the event of default by any Owner in paying to the Board of Directors any assessments as determined by the Board of Directors, each Owner shall be obligated to pay interest at the legal rate on such assessments from the date due thereof together with all expenses, including attorney's fees incurred by the Board of Directors in any proceeding to collect such unpaid assessments.

In any action brought by the Board of Directors to foreclose on a unit because of unpaid assessments, the Owner shall be required to pay a reasonable rental for the use of such unit and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Board of Directors acting on behalf of all Owners, or on behalf of one or more individual owners, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey or otherwise deal with same, subject to applicable restrictions of record.

Section 5. Maintenance and Repair. All maintenance of and repairs and replacements to the Common Elements shall be made by the Association and assessed to all Owners as a common expense. The cost of any installation, maintenance, repair or replacement of Limited Common Elements undertaken or paid by the Association, unless otherwise provided in the Declaration, shall be assessed as an individual assessment to the Member who has the rights to utilize the Limited Common Elements.

Section 6. Utility Expense. The Association shall own and be responsible for the repair, maintenance, and upkeep of all equipment, such as the elevator, which serve the Common Elements. Owners shall be individually responsible for the repair, maintenance and upkeep of all utilities and equipment such as plumbing, wiring, hot water heaters and heating and air conditioning equipment which exclusively serves their Unit.

Section 7. Additions and Alterations. No Owner shall make any structural addition, alteration or improvement in or to his Unit except in accordance with the Mixed Use Covenants and the Declaration.

Section 8. Use of the Units and Common Elements. The use of the property of the Condominium shall be in accordance with the Mixed Use Covenants and the Declaration. Any lease or rental agreements involving the units shall be in writing and shall be subject to the requirements of the Declaration, Association documents and Association rules and regulations governing same.

Section 9. Right of Access. All Owners shall grant a right of access to his unit to the Board of Directors or their designee for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or common area or facility, or for the purpose of performing installations, alterations, replacement, or repairs to Common Elements in the unit or elsewhere in the building. In case of emergencies such right of entry shall be immediate whether the Owner is present at the time or not.

Section 10. Working Capital Fund. The Association shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The working capital fund shall be funded initially by the payment by each Owner of an initial payment to the Association of two months estimated monthly assessment for each unit. Any amounts paid into this fund shall not be considered advance payments of regular assessments.

Section 11. Audits. Any Member may request an audit of the Associations financial books and records by an independent certified public accountant, provided that such Member pays the expenses of such audit.

ARTICLE VIII

Insurance

Section 1. Association's Casualty Insurance. The Association shall procure fire and casualty insurance coverage in an amount equal to the full replacement value (i.e., 100% of full "replacement cost") of the Condominium, including the Units, Common Elements, and Limited Common Elements of the Condominium as defined in the Declaration (except to the extent any such items are covered by the insurance obtained by the Ground Parcel Owner as defined in and pursuant to the Mixed Use Covenants). The insurance shall include all exterior doors and windows which serve only the Condominium. The insurance shall not include any personal property of the Residential Unit Owners or any Residential Unit Upgrades.

Section 2. Owners' Insurance. Each Owner, at his own expense, shall be responsible for obtaining any additional insurance for his own personal property and Residential Unit Upgrades (including a "Condominium Unit Owner's Endorsement" for any such Residential Unit Upgrades). No Owner shall have, or make, any claim against the Association for any loss or damage to any Owner's personal property or Residential Unit Upgrades regardless of the cause of the loss or damage.

Section 3. Residential Unit Upgrade. The term "Residential Unit Upgrade" means any upgrade, improvement or betterment in the standard Residential Unit fixtures, equipment, or finishes. The Association shall maintain a list of standard Residential Unit fixtures, equipment and finishes included in the insurance provided by the Association, and this list shall be made available for review to any Owner upon request.

Section 4. Waiver of Subrogation. The Association and each Owner agree to release and waive unto each other all rights to claim damages for any injury, loss, cost or damage to persons or to property or any other casualty, as long as the amount of such injury, loss, cost or damage has been paid under the terms of any casualty, property, general liability, or other policy of insurance (or provided that such amount would have been paid under the terms of an insurance policy such party is required to maintain under the terms of these Bylaws if such party fails to obtain such insurance), to the full extent such releases or waivers are permitted under applicable law. As respects all policies of insurance carried or maintained pursuant to these Bylaws, and to the extent permitted under such policies, the Association and the Owners each waive their insurance carriers' rights of subrogation against the other parties.

Section 5. Liability Insurance. The Association shall insure itself, the members of the Board of Directors, and the Owners, against liability for personal injury, disease, illness or death and for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Condominium or any portion thereof, including, without limitation, water damage, legal liability, hired automobile, non-owned automobile and off-premises employee coverage, such insurance to afford protection in such amount and with such coverage as shall be deemed necessary by the Board of Directors of the Association. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to a Owner.

Section 6. Other Insurance. The Association may obtain such other insurance as the Board of Directors deems appropriate.

ARTICLE IX

Amendment of Bylaws

Section 1. Amendment of these Bylaws shall be in accordance with the requirements of the North Carolina Nonprofit Corporation Act; provided, however, any provision hereunder which permits an action only pursuant to a more stringent voting requirement may only be amended in accordance with such voting requirement.

ARTICLE X

Compliance

Section 1. These Bylaws are set forth to comply with the requirements of the North Carolina Nonprofit Corporation Act and the North Carolina Condominium Act. In the event that any of these Bylaws conflict with the provisions of these statutes, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the Bylaws of MEADOWMONT VILLAGE CONDOMINIUM OWNERS ASSOCIATION, INC. at the first meeting of the Board of Directors on _____, 2001.

Secretary

APPROVED

President