

BY-LAWS
OF
SHERWOOD CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Condominium Ownership. The property located at 1121 Sherwood Drive, City of Burlington, State of North Carolina, hereinafter called the "Condominium", has been submitted to the provisions of Chapter 47-A of the General Statutes of the State of North Carolina by the declaration recorded in the office of the Register of Deeds of Alamance County, North Carolina, and attached hereto.

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the condominium and to the use and occupancy thereof. The term condominium property as used herein shall include the land, the building and all other improvements thereof and all easements, rights, appurtenances belonging thereto and all other property personal or mixed intended for use in connection therewith, all of which are intended to be submitted pursuant to the provisions of Chapter 47-A of the General Statutes of the State of North Carolina.

Section 3. Application. All present and future owners, mortgagees, leasees and occupants of apartment units and their employees and any other persons who may use the facilities of the condominium in any manner are subject to these By-Laws and declaration, rules, and regulations as pertaining to the use of operations of the condominium property. The acceptance of a deed of conveyance or entering into a lease or the act of occupancy of a condominium unit shall constitute acceptance of the provisions of these regulations and agreement to comply therewith.

Section 4. Offices. Offices of the condominium and of the Board of Directors shall be located at Burlington, Alamance County, North Carolina.

ARTICLE II

BOARD OF DIRECTORS

1. The affairs of the condominium shall be governed by the Board of Directors of Sherwood Condominium Association, Inc., a North Carolina non-profit corporation.

2. The initial number of Directors of the condominium shall be three to be elected by the unit owners at their initial meeting in the manner set forth in the Articles of Incorporation of Sherwood Condominium Association, Inc. The size of the Board of Directors may be increased or decreased from time to time as provided in said Articles of

Incorporation provided that the said Board shall not be less than three 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 qualified. Each member of the Board shall be one of the owners or co-owner or spouse of an owner or co-owner provided, however, that in the event an owner is a corporation, partnership, trust or other legal entity other than a natural person, then any officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of the Board.

3. The Board of Directors shall elect a President and Vice President, Secretary and Treasurer at the first meeting after the annual meeting of the unit owners, or at such time of the deaths, resignation, disqualification of any of said officers.

4. Directors may be removed from office with or without cause by affirmative vote of the unit owners having a majority of the total votes of each class entitled to vote at an election of directors.

5. 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 Directors, 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.

6. The Board of Directors shall receive no compensation for their services.

7. The Board of Directors may, by resolution adopted by a majority of the number of Directors fixed by these By-Laws, designate two or more Directors to constitute an Executive Committee, which committee to the extent provided in such resolution shall have, and may exercise all of the authority of the Board of Directors in the management of the condominium.

8. 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, 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.

b. Determination of the common expenses required for the affairs of the Condominium, including, without limitation, the operations 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. The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the property, and for the health, comfort, safety and general welfare of the owners and occupants of the property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire property shall at all times be maintained subject to such rules and regulations.

f. Opening of bank accounts on behalf of the Condominiums and designating signatories required therefor.

g. Maintaining and repairing any unit, if such maintenance or repair is necessary in the discretion of the Board or by operation of applicable restrictions to protect the common areas and facilities or any other portion of the building and an owner of any unit 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 delivered or mailed by the Board to said owner, provided that the Board 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 construction for which the Board is responsible provided, such entry shall be made during reasonable hours with as little inconvenience to the owner as practicable, and any damage caused thereby shall be repaired by the Board and such expense shall be treated as a common expense.

i. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, payment vouchers shall be signed by the Treasurer and countersigned by the President.

j. Obtaining of insurance for the property, including the units, pursuant to the provisions of Article IX of the Declaration.

k. Making of repairs, additions and improvements to or alterations 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.

l. To enter into contracts with unit owners for the leasing of the unit belonging to the unit owner to third parties under such terms and conditions as are hereinafter set forth.

m. The Board of Directors for the Condominium may engage the services of any person, firm or corporation to act as managing agent at the compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize, including but not limited to, those listed in subdivisions a., c., d., g., h., k., l. and

m. of Section 8 of this Article II. The Board 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 forth in subdivisions b., e. and i. of Section 8 of this Article II.

ARTICLE III

MEETINGS OF DIRECTORS

1. The first meeting of the members of the Board of Directors following the annual meeting of the unit owners shall be held within ten days thereafter, at such time and place as shall be fixed by the unit owners at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, provided a majority of the whole Board of Directors shall be present thereafter.

2. A regular meeting 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 members of the Board of Directors. But at least one (1) such meeting shall be held during each fiscal year.

3. Special meetings of the Board of Directors may be called by or with the request of the Chairman or by any two Directors. Such a meeting may be held either within or without the State of North Carolina.

4. Regular meetings of the Board of Directors may be held without notice. Person or persons calling a special meeting of Directors shall at least two days before the meeting give notice thereof by any usual means of communication. Such notice shall specify the purpose for which the meeting is called.

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

6. The majority of the number of Directors fixed by these By-Laws shall be required for or shall constitute a quorum for the transaction of business and any meeting of the Board of Directors.

7. A vote of the majority of the Board of Directors fixed by the By-Laws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of Directors then holding office shall be required to adopt and repeal a By-Law, provided that no modification of or amendment to a By-Law shall be affected unless approved by two thirds majority of the total votes of the unit owners and set forth in an Amended Declaration duly recorded. Vacancies for the Board of Directors shall be filled as provided in Article II, Section 5 of these By-Laws.

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

9. 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 proceedings of the Board, whether done before or after the action so taken.

10. The Board shall keep minutes of its proceedings.

11. The Board of Directors shall obtain adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute common expense.

12. No member of the Board of Directors shall receive any compensation from the Condominium for acting as such.

13. The members of the Board of Directors shall not be liable to the unit owners for any mistakes 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 against all contractual liability to others arising out of contracts made by the Board on behalf of the Condominium 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 the Condominium, except to the extent they are unit owner(s). 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 indemnity in favor of the members of the Board 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 agreement made by the Board or by the managing agent on behalf of the Condominium 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.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

1. All persons, firms, partnerships and corporations who shall become owners of any unit or units within Sherwood Condominiums shall automatically become members of Sherwood Condominium Association, Inc., a corporation and shall be entitled to voting rights as hereinafter set forth.
2. There shall be one person with respect of each unit ownership who shall be entitled to vote at any meeting of the unit owners. Such person shall be known and hereafter referred to as the "voting member." Such voting member may be the owner or one of the groups composed of all of the owners of a unit ownership, or may be some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board and shall be revocable at any time by written notice to the Board by the owner or owners and the Board shall note such revocation, when received, in the minutes of the Board of Directors. Each voting member 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 or their unit ownership as set forth in Article XIV of the Declaration.
3. In all elections for members of the Board of Directors, each voting member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected.
4. Any unit owner may, at any time waive notice of any meeting of the unit owners in writing, and such waiver shall be deemed equivalent to the giving of such 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.
5. 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, (that is, the voting members) and filed with the Secretary of the Condominium to be kept in the Condominium Minute Book.
6. If the annual meeting shall not be held on the day designated by the By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 7 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.
7. Special meetings of the unit owners may be called at any time by the Board of Directors or upon the written request of not less than twenty-five percent (25%) in common interest, in the aggregate, of the unit owners.

8. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than fifty (50) days before the date thereof, 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 purpose or 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 not less than thirty (30) days in any one adjournment, 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.

9. The presence in person or by proxy at any meeting of the voting members (as defined in Section 2 of this Article) having a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, 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.

ARTICLE V

OFFICERS

1. The principal officers of the Sherwood Condominium Association, Inc., shall consist of a President, Secretary, a Treasurer, and such Vice Presidents, 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 the offices of President and Secretary.

2. The officers of the Condominium Corporation shall be elected by and from the Board of Directors. such elections may be held at the regular annual meeting of the Board.

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.

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

4. No officer shall receive any compensation from the Condominium Corporation for action as such.

5. The President shall be the principal executive officer of the Condominium Corporation and, subject to the control of the Board of Directors, shall supervise and control of the Board of Directors, shall supervise and control the management of the Condominium. The President shall when present, preside at all meetings of the Board and of the unit owners and, in general, shall perform all duties incident to the office of President of the Corporation and such other duties as may be prescribed from time to time by the Board.

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

7. The Secretary shall keep accurate records of the acts and proceedings of all meetings of unit owners and directors. He shall give, or cause to be given all notices required by law and by these By-Laws. He shall have general charge of the minute books and records of both the unit owners and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board of Directors.

8. The Treasurer shall have custody of all Condominium Corporation funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, to be prepared and distributed to all unit owners and members of the Board of Directors on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any unit owner for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each unit owner annually on or before the 15th day of the third month following the close of the fiscal year. 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 assigned to him from time to time by the President or the Board of Directors.

9. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and the Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

10. All agreements, contracts, deeds, leases, checks, and other instruments of the Condominium shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Board of Directors.

ARTICLE VI

OPERATION OF THE PROPERTY

1. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the common charge payable by the unit owners to meet the common expenses of the Condominium, and allocate and assess such common charges among the unit owners according to their respective common interest. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of the Declaration. The Common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the property, including, without limitation, an amount for working capital of the Condominium, 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 in writing, of the amount of common charges payable by each of them, respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of each budget on which such common charges are based, to all unit owners and to their mortgagees.

2. 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 VI at such time or times as the Board shall determine, subject, however to the provisions of the Declaration.

No unit owner shall be liable for the payment of any part of the common charges assessed against his unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such unit, together with his interest in the common areas and facilities (and Limited Common Areas) as defined in the Declaration. A purchaser of a unit shall not be liable with the seller for the payment of common charges assessed against such unit prior to the acquisition by purchaser of such unit but such charges shall nonetheless constitute a lien

against such unit, enforceable as set forth in the Declaration. Provided that 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 assessed prior to the foreclosure sale. Such unpaid common charges shall be deemed to be common charges collectible from all the unit owners including such purchaser, his successor and assigns.

3. In the event of default by any unit owner in paying to the Corporation the common charges as determined by the Board, such unit owner shall be obligated to pay interest at the legal rate on such common charges from the due date thereof, together with all expenses, including attorney fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees (if permitted by law), in any action to recover the same brought against such unit owner, or by foreclosure of the lien on such unit in like manner as a deed of trust or mortgage or real property.

4. In any action brought by the Board to foreclose on a unit because of unpaid common charges, 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, acting on behalf of all unit owners, if so instructed, by unanimous consent of all owners, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant, to convey or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

5. The Board of Directors shall promptly provide any unit owner so requesting the same in writing, with a written statement of all unpaid common charges due from such unit owner.

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

7. (a) All maintenance and any repairs to any unit, structural or nonstructural, including glass windows and doors, ordinary and extraordinary, (other than maintenance of and repairs to any common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the owner of such units) shall be made

by the owner of such unit. Each unit owner shall be responsible for all damages to any and all other units and to the common areas and facilities that his negligence may have caused.

(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 expense shall be charged to such unit owner), shall be made by the Board and be charged to all the unit owners as a common expense.

8. Each unit owner shall own and be responsible for the repair, maintenance, and upkeep of the equipment (air conditioner, heater, hot water heater, electrical, mechanical and plumbing) which serves his unit.

9. A terrace, porch, and/or deck to which an apartment unit has sole access shall be for the exclusive use of the owner of such apartment unit. Such unit owner shall keep such terrace, porch, and/or deck free and clean of snow, ice and any other accumulation of water and shall make all required repairs thereto.

10. No unit owner shall make any structural addition, alteration or improvement in or to his unit, without prior written consent thereto of the Board of Directors. The Board shall have the obligation to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit, within thirty (30) days after such request and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement.

11. The use of the property of the Condominium shall be in accordance with the following provisions:

a. Each of the units shall be occupied only as a residence and for no other purpose. No unit may be divided into small units or any portion thereof sold or otherwise transferred without first amending these By-Laws to show the changes in the units to be effected thereby.

b. The common elements shall be used for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the units.

c. No use or practice shall be permitted on which is the source of annoyance to unit owners or which interferes with the peaceful possession and proper use of the property by the unit owners. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate and any fire hazard allowed to exist. It shall be the responsibility of each unit owner and the Board of Directors to prevent the development of conditions which render the property or the building unclean, unsightly or unkept or which substantially decrease the beauty of the area as a whole. No unit owners shall permit any use of his unit or of the common elements which will increase the rate of insurance upon the Condominium property. No

immoral, improper, offensive, or unlawful use shall be made of the Condominium property or any part thereof. Garbage receptacles shall be located in accordance with reasonable standards established by Declarant or the Board of Directors. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification, or repair of the Condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned.

12. A unit owner shall grant the right of access to his unit to the managing agent or any other person authorized by the Board of Directors or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or a common area and facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other common areas and facilities in his unit or elsewhere in the building or to correct any condition which violates the provisions of any mortgage covering another unit, provided that the requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In the case of an emergency, such right of entry shall be immediate, whether the unit owner is present at the time or not.

13. Water and electricity shall be supplied to all of the units and the common areas and facilities. Each unit shall have its own separate electric and water meter and each unit owner shall be responsible for his own electric and water bill. Any electricity or water charges resulting from the use of the common areas shall be considered a common expense and shall be provided for as other common expenses.

14. Replacement or repair of units and common areas damaged by fire or other casualty shall be as set forth in the Declaration creating Sherwood Condominiums.

ARTICLE VII

RECORDS AND AUDITS

The Board of Directors or the managing agent shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board of Directors, minutes of the meetings of the unit owners, and financial records and books of account of the Condominium including a chronological listing of receipts and expenditures as well as a separate account for each unit which, among other things, shall contain the amount of each assessment of the common charges against such unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. The financial record and books of account shall be available for examination by all the unit owners, their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all unit owners on or before the 15th day of the third month following the close of each fiscal year covering the

preceding year. In addition, an annual report of the receipts and expenditures of the Condominium certified by an independent certified public accountant, shall be rendered by the Board to all unit owners and to all mortgagees of units who have requested the same, promptly after the end of each fiscal year.

ARTICLE VIII

RENTALS OF UNITS BY UNIT OWNERS

The rental of any units shall be the sole responsibility of the unit owner and the Condominium or its designee shall not be authorized to make leases with third parties or participate in the lease of any unit and said corporation or its designee shall not receive compensation for making approvals of Lessees and establishing rules and regulations for the rental of units.

ARTICLE IX

A unit owner who mortgages his apartment unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors, whenever so requested in writing by a mortgagee of a Condominium unit, shall properly report any then unpaid common charges or other default by the owner of the mortgaged Condominium unit. The Board of Directors when giving notice to a unit owner of a default in paying common charges or other default shall send a copy of such notice to each holder of a mortgage covering such a Condominium unit whose name and address has heretofore been furnished to the Board of Directors.

ARTICLE X

MISCELLANEOUS

1. Notices. All notices to the Board of Directors shall be sent by registered or certified mail, in care of the managing agent, or if there is no managing agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any unit owner shall be sent by registered or certified mail to the building or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices to mortgagees of apartment units, shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall have been deemed to have been given when received.

2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

3. Captions. The captions herein are entered and inserted only as a matter of convenience and for reference, and no way define, limit nor describe the scope of these By-Laws or the intent of any provision thereof.

4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whatever the context so requires.

5. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations thereof which may occur.

6. Insurance Trustee. The insurance trustee shall be Sherwood Condominium Association, Inc., unless and until it shall be replaced by a bank or trust company designated by the Board of Directors.

ARTICLE XI

AMENDMENTS TO THE BY-LAWS

The foregoing By-Laws may be modified or amended by a vote of sixty-six and two-thirds (66 2/3%) percent in interest of all unit owners at a meeting of unit owners duly held for such purposes, such amendments shall be effective when set forth in an Amendment to the Declaration and such amendment is duly filed for record in the Office of the Register of Deeds for the County of Alamance And thirty (30) days notice thereof has been given to the holders of all first mortgages or Deeds of Trust on the Condominium units in the project.

ARTICLE XII

CONFLICTS

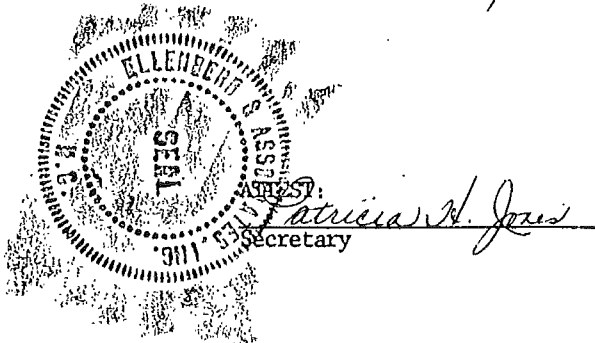
These By-Laws are set forth to comply with the requirements of Chapter 47-A of the General Statutes of the State of North Carolina. In case any of these By-Laws conflict with the provisions of such statute or of the Declaration, the Statute or Declaration, as the case may be, shall control.

IN WITNESS WHEREOF, the Declarant of Sherwood Condominium Association, Inc., have caused these By-Laws to be executed by their duly authorized officers and their seals to be affixed, this the 4 day of February, 1986.

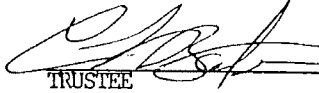
DECLARANTS:

ELLENBERG & ASSOCIATES, INC.

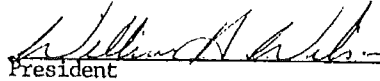
By: D. J. Jones
President

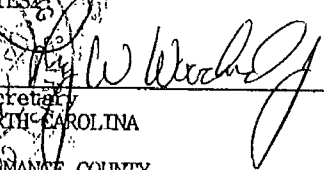


The undersigned Trustee and beneficiary of a Deed of Trust of SHERWOOD PROPERTIES, INC., A North Carolina General Partnership, dated December 13, 1984 and recorded in Book 549, Page 471, of the Alamance County Public Registry, join in this Declaration for the purpose of subordinating the lien of said Deed of Trust to this Declaration and the condominium created hereby.

 (SEAL)
TRUSTEE

BRANCH BANKING & TRUST COMPANY, a North Carolina state banking corporation

 (SEAL)
President

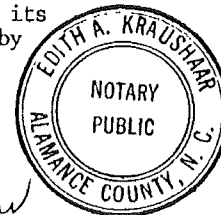
ATTEST:

Secretary
NORTH CAROLINA
ALAMANCE COUNTY

I, Edith A. Kraushar, a Notary Public, do hereby certify that Leticia N. Jones personally came before me this day and acknowledged that he/she is (Assistant) Secretary of ELLENBERG & ASSOCIATES, INC., and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its (Vice) President, sealed with its corporate seal, and attested by himself/herself as its (Assistant) Secretary.

WITNESS my hand and official seal this the 4 day of February, 1986.

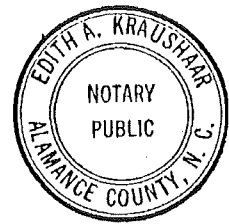
My Commission Expires:
5/18/90

Edith A. Kraushar
NOTARY PUBLIC



NORTH CAROLINA

ALAMANCE COUNTY



I, Edith A. Kraushaar, a Notary Public, do hereby certify that Charles L. Bismarck, Jr., Trustee personally appeared before this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this the 4 day of February, 1986.

My Commission Expires:

5/18/90

Edith A. Kraushaar
NOTARY PUBLIC

NORTH CAROLINA

ALAMANCE COUNTY

I, Eudie May, a Notary public, do hereby certify that Tom W. Woodard, Jr. personally came before me this day and acknowledged that he/she is (Assistant) Secretary of BRANCH BANKING & TRUST COMPANY, a North Carolina state banking corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its (Vice) President, sealed with its corporate seal, and attested by himself/herself as its (Assistant) Secretary.

WITNESS my hand and official seal this the 4th day of February, 1986.

My Commission Expires:

4-16-86 89

Eudie May
NOTARY PUBLIC

