

AMENDMENT TO THE DECLARATION OF UNIT OWNERSHIP UNDER CHAPTER 47A NORTH CAROLINA GENERAL STATUTES FOR WALDEN WOODS CONDOMINIUM, RECORDED IN BOOK 2191, PAGE 430 OF THE WAKE COUNTY REGISTRY

SECTION 11 OF THE DECLARATION, RECORDED IN BOOK 2191, PAGE 444 OF THE WAKE COUNTY REGISTRY IS HEREBY AMENDED TO READ AS FOLLOWS:

11. Rental of Units by Unit Owners

The respective Units shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than sixty (60) days; or (b) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Other than the foregoing obligations, the owners of the respective Units shall have the exclusive right to lease same provided that said lease is made subject to the covenants and restrictions contained in this Declaration and further subject to the Bylaws attached hereto.

DAVID HERSHMAN, PRESIDENT
WALDEN WOODS CONDO. ASSN.
4716-D WALDEN ROAD DR
RALEIGH, N.C. 27604

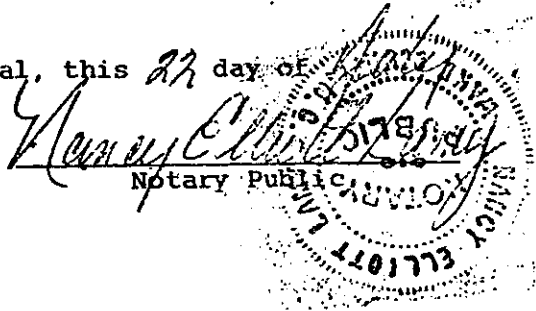
NORTH CAROLINA
WAKE COUNTY

7/22/81
Date

David Hershman, President
Board of Administrators
Walden Woods Condominium Association

This 22 day of July 1981, personally came before me, Nancy Elliott Lamy, a Notary Public in and for the said County and State, David Hershman, who, being by me duly sworn, says that he is the President of the Board of Administrators of the Walden Woods Condominium Association, and that the foregoing instrument was signed and sealed by him on behalf of the Association and that said instrument is the act and deed of said Association.

WITNESS my hand and notarial seal, this 22 day of July 1981.



My Commission expires:

May 24, 1983

NORTH CAROLINA -- WAKE COUNTY

The foregoing certificate

of Nancy Elliott Lamy

Notary(ies) Public is

(are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

R. B. MCKENZIE, JR., Register of Deeds

By Jaye B. Johnson
Deputy Register of Deeds

AMENDMENT TO EXHIBIT A, BYLAWS OF WALDEN WOODS CONDOMINIUM ASSOCIATION, OF DECLARATION OF UNIT OWNERSHIP UNDER CHAPTER 47A NORTH CAROLINA GENERAL STATUTES FOR WALDEN WOODS CONDOMINIUM, RECORDED IN BOOK 2191, PAGE 430 OF THE WAKE COUNTY REGISTRY

EXHIBIT A, BYLAWS OF WALDEN WOODS CONDOMINIUM ASSOCIATION, RECORDED IN BOOK 2191, PAGE 464 TO 482 OF THE WAKE COUNTY REGISTRY IS HEREBY AMENDED TO READ AS FOLLOWS:

ARTICLE I

THE ASSOCIATION

Section 1. Name and Nature of Association. The Association shall be an unincorporated association and shall be called "Walden Woods Condominium Association." The business and property of Walden Woods Condominium shall be managed and directed by the Association.

Section 2. Membership. Each unit owner upon acquisition of an Ownership Interest in a Unit, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such Unit Owner of his Ownership Interest, at which time the new Unit Owner shall automatically become a member of the Association.

Section 3. Voting Rights. Each member owning the entire Ownership Interest in a Unit shall be entitled to exercise that percentage of the total voting power of the Association which is equivalent to the percentage of interest of such member's Unit in the Common Areas and Facilities. If two or more persons, whether fiduciaries, tenants in common, tenants by the entirety or otherwise, own an interest in the Ownership Interest in a Unit, there shall be designated one person with respect to such Ownership Interest who shall be entitled to vote at any meeting of the Association. Such person is sometimes hereinafter referred to as "the voting member." Such voting member may be one of the group composed of all of the owners of the Ownership Interest in a Unit or may be some other person designated by such owners to act as proxy on their behalf. Such designation shall be in writing to the Board and shall be revocable at any time by actual notice to the Board by the Owners.

Section 4. Proxies. Members may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by a member or members of a proxy to vote or act on his or their behalf shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board by the member or members making such designation. Notice to the Board in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized.

Section 5. Meetings of Members.

A. Annual Meeting. The annual meeting of members of the Association for the election of members of the Board, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held at the Walden Woods Clubhouse, or at such other place upon or in close proximity to the Condominium Property as may be designated by the Board and specified in the notice of such meeting, at 7:30 o'clock P.M., or at such other time as may be designated by the Board and specified in the notice of such meeting. Regular annual meetings shall be held on the second Tuesday of each September of each year, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day.

B. Monthly Meetings. Monthly meetings of members of the Association shall be held at the same time and place as specified in Paragraph A. of this Section. These monthly meetings shall be held on the second Tuesday of each month, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day.

C. Special Meeting. Special meetings of the members shall be called upon the written request of the President of the Association, or, in case of the President's absence, death or disability, the Vice President of the Association authorized to exercise the authority of the President, the Board by action at a meeting, or a majority of the members acting without a meeting, or of members entitled to exercise at least twenty-five per cent (25%) of the voting power. Calls for such meetings shall specify the time, place and purpose thereof. No business other than that specified in the call shall be considered at any special meeting.

D. Notices of Meeting. Not less than seven (7) nor more than sixty (60) days before the day fixed for a meeting of the members of the Association, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given by personal delivery or by mail to each member of the Association. If mailed, the notice shall be addressed to the members of the Association at their respective addresses as they appear on the records of the Association. Notice of the time, place and purposes of any meeting of members of the Association may be waived in writing, either before or after the holding of such meeting, by any member of the Association, which writing shall be filed with or entered upon the records of the meeting. The attendance of any member of the Association at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver of him of notice of such meeting.

E. Quorum; Adjournment. At any meeting of the members of the Association, the members of the Association entitled to exercise

a majority of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Declaration, or by these Bylaws to be authorized or taken by a designated percentage of the voting power of the Association may be authorized or taken by a lesser percentage; and provided further, that the members of the Association entitled to exercise a majority of the voting power represented at a meeting of members, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

F. Order of Business. . The order of business at all meetings of members of the Association shall be as follows:

1. Calling of meeting to order
2. Proof of notice of meeting or waiver of notice
3. Reading of minutes of preceding meeting
4. Reports of officers
5. Reports of committees
6. Election of inspectors of election
7. Election of members of Board
8. Unfinished and/or old business
9. New business
10. Adjournment

Section 6. Actions Without a Meeting. All actions, except removal of a Board member, which may be taken at a meeting of the Association, may be taken without a meeting with the approval of, and in writing or writings signed by members of the Association having the percentage of voting power required to take such action if the same were taken at a meeting. Such writings shall be filed with the Secretary of the Association.

ARTICLE II

BOARD OF ADMINISTRATORS

Section 1. Number and Qualifications. Except as provided in Section 11 of this Article II, the Board shall consist of not less than seven persons, and all persons nominated or elected to the Board shall be a Unit Owner and Occupant.

Section 2. Election of Board; Vacancies.

A. Nominations. Before the annual Association meeting each year, the Board shall appoint a committee for the purpose of seeking candidates to run for the seats on the Board that will become vacant at the end of the current term. No current member of the Board or his or her family may serve on this committee. This nominating committee will present their report at the last Association meeting before the annual meeting each year. No member of the nominating committee may be nominated by the committee.

At that time nominations shall also be taken from the floor. The candidates submitted by the nominating committee and from the floor shall constitute the total candidacy for the Board for that year's elections.

B. Election. Board members shall be elected at the annual meeting of members of the Association or at a special meeting called for such purpose. At a meeting of members of the Association at which Board members are to be elected, only persons nominated as candidates in accordance with Paragraph A. of this Section shall be eligible for election as Board members and the candidates receiving the greatest number of votes shall be elected. Proxies may be utilized to establish a quorum at such a meeting, however, unit owners holding proxies may not vote for unit owners they are representing. Unit owners represented by proxy may vote by ballot submitted with their proxies. On the ballot the unit owner must vote for the number of vacancies open in that election and no more or no less. The ballot must contain the address of the unit owned by the unit owner and must be signed by the unit owner.

C. Vacancies. In the event of the occurrence of any vacancy or vacancies in the Board, however caused, the remaining Board members, though less than a majority of the whole authorized number of Board members, shall within thirty (30) days by vote of a majority of their number, fill any such vacancy for the unexpired term. Such vacancy or vacancies shall be filled by the person or persons who received the next highest vote total in the last election of Board members if such person or persons are determined to be still qualified to serve on the Board and the vacancy occurs within 120 days of the last election.

Section 3. Term of Office; Resignations. Each Board member shall hold office for the term stated below or until his successor is elected, or until his earlier resignation, removal from office or death. Any Board member may resign at any time by oral statement to that effect made at a meeting of the Board or in a writing to that effect delivered to the Secretary of the Association, such resignation to take effect immediately or at such other time as the Board member may specify. Members of the Board shall serve without compensation. At the first annual meeting of the members of the Association, the term of office of three Board members shall be two (2) years and the term of office of the remaining Board members shall be one (1) year. At the expiration of such initial term of office of each respective Board member, his successor shall be elected to serve for a term of two (2) years.

Section 4. Organizational Meeting. Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 5. Regular Meeting. Regular meetings of the Board may be held at such times and places as shall be determined by majority

of the Board, but at least four such meetings shall be held during each fiscal year.

Section 6. Special Meetings. Special meetings of the Board may be held at any time upon call by the President or any two Board members. Written notice of the time and place of each such meeting shall be given to each Board member either by personal delivery or by mail, telegram or telephone at least two days before the meeting; provided, however, that attendance of any Board member at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by him of notice of such meeting, and such notice may be waived in writing either before or after the holding of such meeting, by any Board member, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting.

Section 7. Quorum; Adjournment. A quorum of the Board shall consist of a majority of the Board members then in office; provided that a majority of the Board members present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration or in these Bylaws.

Section 8. Powers and Duties. Except as otherwise provided by law, the Declaration or these Bylaws, all power and authority of the Association shall be exercised by the Board. In carrying out the purposes of the Condominium Property and subject to the limitations prescribed by law, the Declaration or these Bylaws, the Board, for and on behalf of the Association may:

- A. purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer, and dispose of property of any description or any interest therein;
- B. make contracts;
- C. effect insurance;
- D. borrow money, and issue, sell, and pledge notes, bonds, and other evidences of indebtedness of the Association;
- E. levy assessments against Unit Owners;
- F. employ a managing agent to perform such duties and services as the Board may authorize;
- G. employ lawyers and accountants to perform such legal and accounting services as the Board may authorize; and
- H. do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or the Declaration or incidental thereto.

Section 9. Removal of Board Members. Except for Board members appointed pursuant to Section 11 of this Article, at any regular or

special meeting of members of the Association duly called, at which a quorum shall be present, any one or more of the Board members may be removed with or without cause by the affirmative vote of members of the Association entitled to exercise a majority of the total voting power of the Association, and a successor or successors to such Board member or members so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting.

Section 10. Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. The premiums of such bonds shall be paid by the Association and shall be a Common Expense.

Section 11. Initial Board. From the time of incorporation until the first annual meeting of members on September 8, 1975, the Board shall consist of three persons appointed by Walden Development Company, a limited partnership ("Grantor"). These persons may be employees of Grantor and need not own or occupy a Unit. Until these three persons are replaced by elected Board members, at the first annual meeting on September 8, 1975, they shall constitute the Board of Directors and exercise all powers and duties granted to the Board of Directors in these Bylaws. They are further specifically authorized to enter into a management agreement with such party and upon such terms and conditions as they may deem to be in the best interest of the Association.

ARTICLE III

OFFICERS

Section 1. Election and Designation of Officers. The Board shall elect a President, a Vice President, a Secretary and a Treasurer, each of whom shall be a member of the Board. The Board may also appoint an Assistant Treasurer and Assistant Secretary and such other officers as in their judgement may be necessary who may or may not be members of the Board but who are members of the Association.

Section 2. Term of Office; Vacancies. The officers of the Association shall hold office until the next organization meeting of the Board and until their successors are elected, except in cases of resignation, removal from office or death. The Board may remove any officer at any time with or without cause by a majority vote of the Board members then in office. Any vacancy in any office may be filled by the Board.

Section 3. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of members of the Association and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the Association. He may execute all authorized deeds, contracts and other obligations of the Association and shall have such other

authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

Section 4. Vice President. The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board.

Section 5. Secretary. The Secretary shall keep the minutes of meetings of the members of the Association and of the Board. He shall keep such books as may be required by the Board, shall give notices of meetings of members of the Association and of the Board required by law, the Declaration or by these Bylaws, and shall have such authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

Section 6. Treasurer. The Treasurer shall receive and have in charge all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board. He shall keep accurate financial accounts and hold the same open for the inspection and examination of the Board and shall have such authority and shall perform such other duties as may be determined by the Board.

Section 7. Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board may appoint shall, respectively, have such authority and perform such duties as may be determined by the Board.

Section 8. Delegation of Authority and Duties. The Board is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

ARTICLE IV

GENERAL POWERS OF THE ASSOCIATION

Section 1. Common Expenses. The Association, for the benefit of all the Unit Owners, shall pay all Common Expenses arising with respect to, or in connection with, the Condominium Property, including, without limitation, the following:

A. Utility Service for Common Areas and Facilities. The cost of water, waste removal, electricity, telephone, heat, power, or any other utility service for the Common Areas and Facilities excluding the Limited Common Areas and Facilities. Upon determination by the Board that any Unit Owner is using excessive amounts of any utility services which are Common Expenses, the Association shall have the right to levy special assessments against such Unit Owner to reimburse the Association for the expense incurred as a result of such excessive use.

B. Casualty Insurance. The premium upon a policy or policies of Casualty Insurance insuring the Common Areas and Facilities, with extended coverage, vandalism and malicious mischief endorsements, as provided in the Declaration, the amount of which insurance shall be reviewed annually;

C. Liability Insurance. The premium upon policy or policies insuring the Association, the members of the Board, the Unit Owners and the Occupants against liability for personal injury, disease, illness or death or for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Common Areas and Facilities, as provided in the Declaration, the limits of which policy shall be reviewed annually.

D. Workmen's Compensation. Workmen's compensation insurance to the extent necessary to comply with any applicable laws;

E. Wages and Fees for Services. The wages and/or fees for services of any person or firm employed by the Association, including, without limitation, the services of a person or firm to act as a manager or managing agent for the Condominium Property, the services of any person or persons required for the maintenance or operation of the Condominium Property (including a recreation director, if any), and legal and/or accounting services necessary or proper in the operation of the Condominium Property or the enforcement of the Declaration and these Bylaws and for the organization, operation and enforcement of the rights of the Association.

F. Care of Common Areas and Facilities. The cost of landscaping, gardening, snow removal, painting, cleaning, tuckpointing, maintaining, decorating, repairing, and replacing of the Common Areas and Facilities, excluding the Limited Common Areas and Facilities.

G. Additional Expenses. The cost of any materials, supplies, furniture, labor, services, maintenance, repairs, replacements, structural alterations and insurance, which the Association is required to secure or pay for pursuant to the terms of the Declaration and these Bylaws or by law or which the Association deems necessary or proper for the maintenance and operation of the Condominium Property as a first class Condominium Project or for the enforcement of the Declaration and these Bylaws.

H. Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance which may in the opinion of the Association constitute a lien against the Condominium Property or against the Common Areas and Facilities, rather than merely against the interests therein of such Unit Owner responsible for the existence of such lien or encumbrances provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended in discharging such lien or encumbrance.

I. Certain Maintenance of Units. The cost of the maintenance and repair of the Limited Common Areas and Facilities and of any Unit, if such maintenance or repair is necessary, in the discretion of the Association, to prevent damage to or destruction of any part

of the Common Areas and Facilities, or any other Unit, and the Unit Owner having the exclusive right to use such Limited Common Areas and Facilities or owning such Unit requiring such maintenance, or repair shall have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Association to said Unit Owner; provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended for such maintenance or repair.

J. Exemption of Units Owned by Grantor. Notwithstanding anything in these Bylaws to the contrary, Grantor's responsibility to pay assessments for Units owned by Grantor shall be subject to the provisions of Section 20 J of the Declaration.

Section 2. Association's Right to Enter Units. The Association or its agents may enter any Unit or portion of the Limited Common Areas and Facilities when necessary in connection with any maintenance, repair or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Association. The Association reserves the right to retain a pass key to each Unit and no locks or other devices shall be placed on the doors to the Units to obstruct entry through the use of such pass key. In the event of any emergency originating in or threatening any Unit at a time when required alterations or repairs are scheduled, the managing agent or his representative or any other person designated by the Board may enter the Unit immediately, whether the Unit Owner is present or not.

Section 3. Capital Additions and Improvements. Whenever in the judgment of the Board the Common Areas and Facilities shall require additions, alterations, or improvements (as opposed to maintenance, repair and replacement) costing in excess of five thousand dollars (\$5,000), and the making of such additions, alterations or improvements shall have been approved by Unit Owners entitled to exercise not less than a majority of the voting power, the Board shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a common expense either by special or regular assessment or by utilizing the Reserve of Contingencies and Replacements set out in Section 2 of Article V of these Bylaws. Any additions, alterations or improvements costing five thousand dollars (\$5,000) or less may be made by the Board without approval of the Unit Owners, and the cost thereof shall constitute a Common Expense.

Section 4. Rules and Regulations.

A. Adoption. The Association, by an affirmative vote of the members entitled to exercise a majority of the total voting power of the Association, or the Board, may adopt such reasonable Rules and from time to time amend the same as it or they may deem advisable for the maintenance, conservation, and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Unit Owners and Occupants and to implement any portion

of these Bylaws or the Declaration. In the event such Rules shall conflict with any provisions of the Declaration or of these Bylaws, the provisions of the Declaration and of these Bylaws shall govern. All Unit Owners and Occupants and the Condominium Property shall at all times be maintained subject to such Rules.

B. Procedures. All Unit Owners and Occupants shall be given notice, both before consideration and after adoption of rules. The Association shall adopt procedural rules which shall govern the procedure for adoption and distribution of rules, including the setting out of emergency conditions in which notice requirements may be waived.

C. Violations. The Association may take the following actions with regard to violation of regulations:

1. Assess a special assessment fine of not more than a reasonable amount set by the Association to be specifically assessed against the violator's unit;
2. Seek injunctive relief in a court of law;
3. Suspend the voting rights of the Unit Owner who owns the violator's unit for a period of up to sixty days;
4. If said violation interferes with other Owners and Occupants use of common facilities, suspend the violator's rights to use such facilities;
5. Tow vehicles which are in violation of Association Regulations or these Bylaws. All towing shall be done at the expense of the violator.

Section 5. Special Services. The Association may arrange for special services and facilities for the benefit of such Unit Owners and Occupants as may desire to pay for the same, including, without limitation, the cleaning, repair and maintenance of Units and special recreational, educational or medical facilities. The cost of any such special services or facilities shall be determined by the Association and may be charged directly to participating Unit Owners as a special assessment or paid by the Association as a Common Expense, in which case a special assessment shall be levied against such participating Unit Owners to reimburse the Association therefor.

Section 6. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board and officers, from delegating in accordance with the Declaration, to persons, firms or corporations, including any manager or managing agent, such duties and responsibilities of the Association as the Board shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

ARTICLE V

FINANCES OF ASSOCIATION

Section 1. Preparation of Estimated Budget.

A. Adoption and Approval. Each year on or before December 1st, the Association shall estimate the total amount necessary to pay all the Common Expenses for the next calendar year together with a reasonable amount considered by the Association to be necessary for the reserve set up under Section 2 of Article V of these Bylaws, and shall on or before December 15th notify each Unit Owner in writing as to the amount of such estimate, with reasonable itemization thereof. With such estimate shall be notice of an Association meeting to consider ratification of this budget. Such meeting shall be held before December 31st of that year. Unless at that meeting a majority of the total voting power of the Association affirmatively votes to reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as another budget is proposed and the Association fails to reject the subsequent budget proposal at an Association meeting.

B. Estimated Cash Requirement. The "estimated cash requirement" shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. On or before January 1st of the ensuing year, and the 1st of each and every month of said year, each Unit Owner shall be obligated to pay to the Association or as it may direct one-twelfth (1/12) of the assessment made pursuant to this Section.

C. Excesses and Shortfalls. On or before the date of the first Association meeting in April, the Association shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Unit Owner's percentage of ownership in the Common Areas and Facilities to the next monthly installments due from Unit Owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's percentage of ownership in the Common Areas and Facilities to the installments due in the succeeding six months after rendering the accounting.

Section 2. Reserve for Contingencies and Replacements. The Association shall build up and maintain a reasonable reserve for contingencies, replacements, and necessary improvements. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year may be charged, in whole or in part, first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including non-payment of any Unit Owner's assessment, such extraordinary expenditures shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Unit Owners by a statement in writing

giving the amount and reasons therefor, and such further assessment shall be payable with the next regular monthly payment becoming due to the Association not less than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. Budget for First Year. The budget for the remainder of calendar year 1973 and for calendar year 1974 and 1975 shall be determined by the Board appointed by Grantor.

Section 4. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or deliver to the Unit Owners the annual or adjusted estimate shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Unit Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

Section 5. Books and Records of Association. The Association shall keep full and correct books of account and the same shall be open for inspection by any Unit Owner or his representative duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by such Unit Owner. Upon ten (10) days notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 6. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all of the Unit Owners, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit and account of all of the Unit Owners in proportion to each Unit Owner's percentage ownership in the Common Areas and Facilities.

Section 7. Annual Audit. The books of the Association shall be audited once a year by the Board and such audit shall be completed prior to each annual meeting. If requested by two members of the Board, such audit shall be made by a Certified Public Accountant.

Section 8. Assessment Collection. The Association shall have the power to file suit in court for the collection of any assessment amount more than thirty days past due and for the costs of collection of past due assessments. If the Association has a reoccurring problem of collection from any Unit Owner (i.e., the Unit Owner falls more than thirty days behind again after being sued for collection once) it shall have the power to take whatever steps are necessary to perfect a lien which may lead to foreclosure on the Unit Owner's unit in accordance with Section 9 of the Declaration of Walden Woods Condominiums and any applicable statutes. The Association shall adopt rules governing the

establishment of a uniform procedure for such assessment collection.

Section 9. Assessment Collection; Association Remedies. If any assessment is not received in the current month in which it is due, the Association shall have the power to take the following actions:

- A. Suspend the votings rights of any Unit Owner for any period in which the unit's assessment is more than a month past due; and
- B. Assess a reasonable late charge which may be set by the Association for assessments which are more than a month past due.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Indemnification of Board Members and Officers. Each Board member and officer of the Association, and each former Board member and officer of the Association, shall be indemnified by the Association against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such Board member or officer of the Association (whether or not he is a Board member or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his duty as such Board member or officer. In case of the settlement of any action, suit or proceeding to which any Board member or officer of the Association, or any former Board member or officer of the Association, is made a party or which may be threatened to be brought against him by reason of his being or having been a Board member or officer of the Association, he shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a Board member or officer at the time of incurring such costs and expenses), if (A) the Association shall be advised by independent counsel that such Board member or officer did not misconduct himself or was not negligent in the performance of his duty as such Board member or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such Board member or officer (and all other Board members and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such Board members and officers as a result of such settlement, or (B) disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve

such settlement and the reimbursement to such Board member or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the Association other than (i) any Board member or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially 10% or more of any class of voting securities, (iii) any firm of which such Board member or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such Board member or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such Board member or officer, and shall not be exclusive of other rights to which any Board member or officer may be entitled as a matter of law or under the Declaration, any vote of Association members or any agreement.

Section 2. Amendments. Provisions of these Bylaws may be amended by the Unit Owners at a meeting held for such purpose by the affirmative vote of those entitled to exercise not less than a majority of the total voting power of the Association. Any such amendment shall not be effective until it is set forth in an Amendment to the Declaration, duly recorded, as required under Chapter 47A of the North Carolina General Statutes (the Unit Ownership Act). No such amendment shall conflict with the provisions of the Declaration or of the Unit Ownership Act. All Unit Owners and occupants shall be bound by an amendment upon the same being passed and duly set forth in an amended declaration duly recorded.

Section 3. Definitions. The terms used in these Bylaws (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of these Bylaws and of any amendment hereto shall have the respective meanings specified in Article I of the Declaration.

Section 4. Restrictions and Requirements. In accordance with Section 47A-19 of the North Carolina General Statutes the following are restrictions on and requirements respecting the use and maintenance of the units and the use of the Common Areas and Facilities, not set forth in the Declaration, as are designed to prevent unreasonable interference with the use of their respective units and of the Common Areas and Facilities by the several Unit Owners:

A. Architectural. No Unit Owner or Occupant may make any additions or alterations to common or limited common areas without prior application to and approval of the Board of Administrators. Any addition or alteration constructed in violation of this Section may be removed by the Association at the expense of the violator. The Association shall adopt rules governing the application and approval of such additions.

B. Signs. No signs or advertising devices of any character shall be erected, posted or displayed upon, in or about the common areas or in any unit so that such sign may be viewed from the common areas. Provided, however, that one temporary real estate "For Sale" or "For Rent" sign not exceeding six square feet in area, may be erected directly in front of a unit. Any such temporary real estate sign shall be removed promptly following the sale or rental of such

unit. Nothing in this Section shall be construed as prohibiting the Association from erecting entrance, directional, and other traffic control signs for the benefit of the Association.

C. Vegetation. No living trees or bushes may be removed from common areas without written approval from the Board of Administrators.

D. Clotheslines. No outdoors clotheslines or other device for drying clothes shall be installed outside of any unit on or about the common or limited common areas.

E. Antennas. No antennas or any other exterior structure shall be attached to the buildings or placed in the common or limited common areas without prior approval of the Board of Administrators.

F. Animals. No animals may be kept in any unit or in the common areas except cats, dogs, or other household pets provided they are not kept, raised or maintained for commercial purposes. These pets must be kept in a way that they do not disturb other residents and the Association shall adopt regulation concerning the control of these pets. Pets shall be leashed, restrained, registered, licensed, and inoculated as required by applicable laws.

G. Vehicles; Parking. No junk vehicle, commercial vehicle, trailer, vans, trucks, campers, camper top, housetrailer, boat or other machinery or equipment, except as the Association may require for repair or maintenance of common areas, may be parked within the common areas of Walden Woods. Provided however, the Association may designate areas in which these vehicles may park. No vehicle, non motorized or motorized, may be parked on the Common Areas except in areas so designated for parking purposes by the Association. Such designation may be made by the lining of parking lots.

H. Parking; Reserved Spaces. The owners or occupants of each unit shall have the right to utilize two parking spaces within the Common Areas on a permanent basis. One such space shall be reserved exclusively for the use of such unit. In addition, the Association may designate by sign or by regulation areas in which vehicles over two may be parked.

I. Nuisances. No noxious or offensive activity shall be conducted upon the Condominium Property nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No loud noise may be made which interferes with the use and enjoyment of the Common Areas and Facilities and other resident's units, especially between the hours of 11:00 pm and 8:00 am.

J. Littering. No litter or trash of any kind may be left in the Common Areas except as provided in Paragraph K of this Section.

K. Trash. No trash of any kind may be left in view from the Common Areas except that which is secure in closed trash cans. Provided however, that this Section does not prohibit the putting of trash to the curb the night before any regularly scheduled curbside

pickup by the City of Raleigh as long as such trash is securely bound in such a way that it does not blow away.

L. Use of Residences. All units shall be used for residential purposes only in accordance with all applicable local and state law. No unit may be subdivided for the purpose of housing more than one occupant in a separate and permanent manner.

M. Rentals. No unit shall be rented for transient or hotel purposes or in any event for an initial period certain or not less than sixty days. No Unit Owner shall lease a unit other than on a written form of lease requiring the leasee to comply with all Association rules, these Bylaws, and the Declaration and providing that failure to comply constitutes a default under the lease and that the Association shall be a third party beneficiary to this provision. The lease shall also have a provision requiring that all occupants, other than the leasee's dependents, must execute the lease and which forbids subleasing by the leasee. The Association may provide a suggested standard lease for use by the Unit Owners. Each Unit Owner shall, promptly following the execution of any lease of a unit, forward a conformed copy thereof to the Association, within ten (10) days from the execution of such a lease, together with the name and correct telephone number of all occupants and a description of all pets and vehicles. Provided however, the provision of this Paragraph which requires written provisions in a lease shall not apply to occupants renting at Walden Woods before the effective date of this Paragraph as long as the Unit Owner is in compliance with the other provisions of this Paragraph.

O. Enforcement. The Association may take any action within its power necessary to remove or correct violations of this Section. The Association shall have the power to take the same enforcement actions against violators of this Section as specified in Article IV, Section 4, of these Bylaws.

P. Rules. The Association may adopt reasonable rules to implement any provision in this Section. Nothing in this Section shall be construed as limiting the Association's power to adopt reasonable rules to regulate the use of the Condominium Property as specified in Article IV, Section 4, of these Bylaws, provided however that if there arises a conflict between such rules and the provisions of this Section, the provisions of this Section shall prevail.

7/22/81
Date

David Hershman
David Hershman, President
Board of Administrators
Walden Woods Condominium Association

NORTH CAROLINA
WAKE COUNTY

This 22nd day of July, 1981, personally came before me,
Mansey Elliott Lamy Notary Public in and for the said County and
the State, David Herishman, who, being by me duly sworn, says that
he is the President of the Board of Administrators of the Walden
Woods Condominium Association, and that the foregoing instrument,
the Bylaws Amended by said Association, was signed and sealed by
him on behalf of the Association and that said instrument is the
act and deed of said Association.

Witness my hand and notarial seal, this 22 day of July, 1981.

Mansey Elliott Lamy
Notary Public

My Commission expires:

May 24, 1983

