

**FIRST AMENDMENT
 TO
 AMENDED BYLAWS OF
 GRAYSTONE MANAGEMENT CORPORATION**

ALL OF GRAYSTONE APARTMENTS

Effective June 10, 2006, the Amended Bylaws of Graystone Management Corporation (which were effective February 3, 2001 and were recorded on August 14, 2006 as Entry No. 9810727, in Book 9335 at Pages 3405-3425 of the official records of the Salt Lake County Recorder, state of Utah) were amended by a two-third's affirmative vote of the members of Graystone Management Corporation at a meeting duly called for such purpose, with due notice of the meeting given to all members, held on June 10, 2006.

Article 6 of the Amended Bylaws, entitled "Transfer of Membership," is hereby amended by adding a new section 6.3 as follows:

6.3 Rental Restriction and Leasing Limitation.

(a) Leasing and renting of units. At least eighty percent (80%) of the Units at Graystone Condominium must be owner-occupied at all times (subject to the "Hardship Exception" outlined below). The Board of Directors is hereby authorized to allow up to 20% of the Units at Graystone Condominium to be rented, leased or occupied by non-owner residents in order for the Graystone Condominium to:

(i) Protect the equity of the individual property owners at Graystone Condominium; and

(ii) Carry out the purpose for which Graystone Condominium was formed by preserving the character of Graystone Condominium as a homogeneous residential community of predominantly owner-occupied Units and by preventing Graystone Condominium from assuming the character of an apartment, renter-occupied complex; and

(iii) Comply with the eligibility, requirements for financing in the primary and secondary mortgage market insofar as such criteria provide that Graystone Condominium be substantially owner-occupied.

(b) Application. Any Owner who intends to lease or rent his Unit shall submit a written application to the Board of Directors requesting permission to do so, which consent shall not be unreasonably withheld so long as at least eighty (80%) percent of the Units at Graystone Condominium are owner-occupied.

(c) Condition precedent. No Unit may be leased or rented without the prior express written consent of the Board of Directors.

(d) Definition of owner-occupied. The term "owner-occupied" shall mean a Unit occupied by one of the following:

(i) The vested owner (as shown on the records of the Salt Lake County Recorder),

(ii) The vested owner and/or his spouse, children, siblings, or parent; or

(iii) The shareholder, partner, member, trustor, beneficiary or other legal representative of an institutional owner (provided, such person holds a beneficial interest in such legal entity of at least 50.0%) and/or his spouse, children or parents.

(e) Hardship exception. Anything to the contrary notwithstanding, the Board of Directors, in its sole discretion, may but is not required to grant a hardship exemption if an Owner is required to leave his Unit because he/she is on active duty in the armed services and intends to return to reside in the Unit (the "Hardship Exemption"). Any Owner who qualifies for the Hardship Exemption shall submit a written application to the Board of Directors verifying his/her military status, a copy of the proposed lease or rental agreement, and such other information as the Board of Directors may reasonably require.

(f) Board of Directors' written approval required for the leasing or renting of a unit. Leasing in the case of a Hardship Exemption shall be permitted only upon the Board of Directors' express written approval of the Owner's application.

(g) Contingency: delivery of a copy of signed lease to Board of Directors. The authorization of a lease or the granting of a hardship exemption is expressly conditional upon the delivery of a copy of the signed lease agreement to the Board of Directors within 30 days after it has been signed by both parties.

(h) Leasing rules and regulations. The Board of Directors shall have the power to adopt, modify, repeal and enforce reasonable rental rules and regulations. An Owner is legally responsible for the acts and omissions of the residents of his Unit, and their guests, visitors and invitees while at Graystone Condominiums, who shall be bound by and subject to the governing documents. The Board of Directors may levy fines for violations of the governing documents.

(i) Moratorium. Anything to the contrary notwithstanding, and except as set forth in Section 6.3(j), no Unit may be leased by an Owner until the Unit has been owner-occupied for a period of at least 24 consecutive months.

(j) Grandfather Clause. The foregoing restrictions shall not apply to the Units listed on the attached Schedule A (the "Grandfathered Units").


(i) Each Grandfathered Unit may continue to be leased or rented without restriction for so long as record title to said Unit remains vested in the name of the current Owner thereof (individually, a "Grandfathered Owner" and collectively, the "Grandfathered Owners").

(ii) The term "Grandfathered Owner" shall include a succeeding trust or other person (i.e., natural person, corporation, partnership, limited liability company, or other legal entity) (a "Qualified Successor Owner") in which the Grandfathered Owner or such Owner's spouse, son, daughter, father or mother holds a beneficial interest in such Qualified Successor Owner of at least 50%.

(iii) Upon the conveyance of a Grandfathered Unit by a Grandfathered Owner or Qualified Successor Owner, the Unit shall immediately become subject to the restrictions set forth above in this Section 6.3.

APPROVED this 10th day of June, 2006.


Florence Fairbanks, President


Melissa Davis, Secretary



