

BYLAWS

OF

PEBBLE CREEK UNIT OWNERS ASSOCIATION, INC.

A corporation not for profit under the laws
of the State of North Carolina

ARTICLE I

NAME AND LOCATION

1. Name: The name of this Corporation shall be Pebble Creek Unit Owners Association, Inc., hereinafter called the "Unit Owners Association" or the "Association," a North Carolina not-for-profit corporation.

2. Identity: These are the Bylaws of the Pebble Creek Unit Owners Association, Inc., a not-for-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the office of the Secretary of State on the 9th day of December, 1982. The Pebble Creek Unit Owners Association, Inc., the successor organization to the un-incorporated association known as the Pebble Creek Unit Owners Association, has been established by an amendment to the original Declaration of Condominium, recorded in Real Estate Deed Book 417, Pages 50-60, pursuant to Chapter 47A of the North Carolina General Statutes; and the Pebble Creek Unit Owners Association, Inc., has been organized for the purpose of administering the operation and management of the Pebble Creek Condominium, a condominium established upon the property situate, lying and being in City Out Township, Durham County, North Carolina, and described in Schedule "A" of the above-referenced Declaration of Condominium which said Declaration and Schedule are incorporated herein by reference.

3. Principal Office: The principal office of the Unit Owners Association shall be located at the Pebble Creek Clubhouse, Constitution Drive, in the City of Durham, North Carolina, or at such other location as may from time to time be determined by the Board of Directors of the Association.

4. Registered Office: The registered office of the Unit Owners Association may be, but need not be, identical with the principal office. The Unit Owners Association may have offices at such other places within Durham County, North Carolina, as the Board of Directors of the Unit Owners Association may establish.

5. Fiscal Year: The fiscal year of the Unit Owners Association shall be the calendar year.

ARTICLE II

PLAN OF UNIT OWNERSHIP

1. Unit Ownership: The property located in City Out Township, Durham County, State of North Carolina, and more particularly described

in Schedule "A" of the original Declaration of Condominium as referenced in the attached amendment declaration, has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act" by the aforementioned Declaration recorded in the office of the Register of Deeds of Durham County, State of North Carolina, simultaneously herewith, and the property has been named "Pebble Creek Condominium" (hereinafter called "Pebble Creek" or "Condominium").

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

3. Application: All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the property in a manner are subject to the regulations set forth in the Declaration, the Articles of Incorporation, these Bylaws and Rules and Regulations made pursuant hereto and any amendment to these Bylaws upon the same being passed and duly set forth in an amended declaration, duly recorded.

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

ARTICLE III

UNIT OWNERS ASSOCIATION

1. Membership: The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be set forth in Article VI of the Articles of Incorporation of the Unit Owners Association, the provisions of which said Article VI of the Articles of Incorporation are incorporated herein by reference.

2. Powers of the Unit Owners Association: The Unit Owners Association shall have all of the powers with respect to the operation and regulation of the condominium project conferred upon the Association or which may be conferred upon the Association by or pursuant to the provision of Chapter 47A of the General Statutes of North Carolina, being the Unit Ownership Act of North Carolina. The acts, decisions and resolutions of the Unit Owners Association shall be effective upon adoption by a majority of Unit Owners as defined by Chapter 47A of the General Statutes of North Carolina, such majority of Unit Owners being the owners of more than fifty percent (50%) of the aggregate interest in the common areas and facilities as established by the Declaration, assembled at a duly called meeting of the Unit Owners.

3. Place of Meetings: All meetings of the Unit Owners Association shall be held at the Pebble Creek Condominium Clubhouse or at such other place within the State of North Carolina as shall be designed in notice of the meeting.

4. Annual Meetings: An annual meeting of the Unit Owners Association shall be held at 8:00 o'clock p.m. on the first Monday of March of each year if not a legal holiday, and if a legal holiday, then at the same time on the next day following not a legal holiday for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting.

5. Substitute Annual Meetings: If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with provisions of Section 6 of this article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

6. Notice of Annual or Substitute Annual Meetings: Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) days nor more than thirty (30) days before the stated date of such meeting, either personally or by mail at the direction of the Board of Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

7. Special Meetings: Special meetings of the Unit Owners may be called by the Board of Directors or upon the written request of not less than twenty-five percent (25%) of the aggregate amount in the common areas and facilities.

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

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days 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.

8. Quorum: The presence in person or by proxy at any meeting of the voting members (as defined in Section 9 of this article) having a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration or Bylaw, any action may be taken at any meeting of the Unit Owners Association 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 Association, 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.

9. **Voting Rights:** There shall be one person or entity with respect to each Unit Ownership who or which shall be entitled to vote at any meeting of the Unit Owners Association. Such person or entity shall be known and hereafter referred to as a "voting member". Such voting member may be the owner or one of the group comprising all of the owners of a unit, or may be some other person who need not be an owner designated by such owner or owners to act as proxy on his, her, its or their behalf. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board of Directors by the owner or owners. The total number of votes of all voting members shall be one hundred (100) and each owner or group of owners 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 Exhibit C (1) and (2) of the Declaration of Condominium.

10. **Cumulative Voting:** 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.

11. **Waiver of Notice:** Any Unit Owner may, at any time waive notice of any meeting of the Unit Owners Association 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 Association 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 Association, no notice shall be required and any business may be transacted at such meeting.

12. **Informal Action by Unit Owners:** Any action which might 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 Association to be kept in the Association Minute Book.

ARTICLE IV

BOARD OF DIRECTORS

1. **General Powers:** The business and property of Pebble Creek Condominium shall be managed and directed by the Board of Directors or by such Executive Committee as the Board may establish pursuant to the Bylaws.

2. **Number, Term, and Qualifications:** The number of the Board of Directors shall be nine (9). At the first annual meeting following adoption of these Bylaws, the members shall elect three directors for a term of three (3) years; three directors for a term of two (2) years; and three directors for a term of one (1) year; and at each annual meeting there-

after the members shall elect directors for three (3) year terms to fill the vacancies of those whose terms expire. The size of the Board of Directors thereafter may be increased or decreased from time to time upon the affirmative vote of the Unit Owners Association owning sixty six and two-thirds percent (66 2/3%) of the aggregate interest in the common areas and facilities, provided that said Board shall not be less than five (5) in number. At least a majority of the Board of Directors shall be members of the Association or co-members or a spouse of a member or co-member; provided, however, that in the event a member or co-member is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, trustee or beneficiary of such trust or member of such other legal entity shall be eligible to serve as a member of the Board.

3. Election of Directors: Except as provided in Section 5 of this article, the Directors shall be elected at the annual meeting of the Unit Owners Association; and those persons who receive the highest number of votes shall be deemed to have been elected. Old officers will serve until new officers take office one month after election.

4. Removal: Directors may be removed from office with or without cause by affirmative vote of the Unit Owners having a majority of the total votes entitled to vote at an election of Directors. Directors may be removed from office for unexcused absence at three (3) consecutive board meetings. Such action can be taken by simple majority vote of a quorum of directors.

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

6. Powers and Duties: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things, except such acts as by law or by the Declaration or by these Bylaws 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 expense required for the affairs of the Condominium, including the operation and maintenance of the property.
- (c) Collection of the common charges from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.
- (e) The adoption and amendment of such reasonable rules and regulations as may be deemed necessary for the use, enjoyment, care,

conservation, maintenance 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 Unit 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 Condominium and designating the signatories required therefor.

(g) At the direction of the Unit Owners declared by the affirmative vote of the majority of Unit Owners, purchasing or leasing or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, units offered for sale or lease or surrendered by their owners to the Board as provided by the Declaration.

(h) At the direction of the Unit Owners declared by the affirmative vote of the majority of Unit Owners, purchasing of Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) At the direction of the Unit Owners declared by the affirmative vote of the majority of Unit Owners, selling, mortgaging, voting appurtenant to or otherwise dealing with units acquired by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions.

(j) At the direction of the Unit Owners declared by the affirmative vote of the majority of Unit Owners, organizing corporations or other entities to act as designees of the Board in acquiring possession or title to units on behalf of all Unit Owners.

(k) Maintenance and repair of the common areas including the external walls of the Units, roofs, decks, exterior doors, windows, and balconies shall be the responsibility of the Unit Owners Association and shall be paid for out of common charges. All other maintenance and repairs associated with the individual units including water heaters, air conditioners, and heating units shall be the responsibility of the individual Unit Owner. If reasonable internal upkeep is necessary in the discretion of the Board 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 with a reasonable time after written notice of the necessity of such maintenance or repair delivered or mailed by the Board to said owner, the Board will undertake the work required and levy a special assessment against such Owner for the costs.

(l) 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 occupant as practicable, and any damage caused thereby shall be repaired by the Board and such expense shall be treated as a common expense.

(m) 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.

(n) Obtaining of insurance for the property, including the units, pursuant to the provisions of paragraph 12 of the Declaration.

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

7. Managing Agent: The Board of Directors for the Unit Owners Association may engage the services of any person, firm or corporation to act as managing agent at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize including but not limited to the duties listed in subdivisions (a), (c), (d), (f), (j), (k), (l), (n) and (o) of Section 6 of this Article IV. The Board may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subdivision (b), (e), (g), (h), (i) and (m) of Section 6 of this Article IV.

ARTICLE V

MEETINGS OF DIRECTORS

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

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

3. Notice of Meetings: Dates of regular meetings of the Board of Directors shall be posted in the Clubhouse and Unit Owners will be notified of these dates as soon as possible after the annual meeting. Unit Owners are welcome to attend these meetings. Special meetings of the Board may be held without notice to the Unit Owners, although the President (or two Directors) calling the meeting are required, except in the case of an emergency, to notify other members of the Board at least two days before the date of the meeting.

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

5. Manner of Action: Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Vacancies in the Board of Directors may be filled as provided in Article IV, Section 5, of the Bylaws.

6. Organization: Each meeting of the Board of Directors shall be presided over by the President, or, in the absence of the President, by the Vice-President. 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 President of the meeting, shall act as Secretary of the meeting.

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

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

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

10. Liability of the Board: The members of the Board of Directors shall not be liable to the Unit Owners Association for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of the contracts made by the Board on behalf of Pebble Creek Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. 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 Pebble Creek, except to the extent that they are Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid 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 VI

OFFICERS

1. Number: The principal officers of the Unit Owners Association shall consist of a President, who shall be a Director, a Vice-President, a Secretary, a Treasurer, and any other officers as the Board may from time to time elect. Any two or more offices may be held by the same person except the offices of President, Vice-President, and Secretary.

2. **Election and Term:** The officers of the Unit Owners Association shall be elected by the Board of Directors for terms of one (1) year.

3. **Removal:** 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. **Remuneration:** Members of the Board of Directors will serve without remuneration, except that, at the discretion of the Board and with approval of the President, duties going beyond ordinary service to the Board may be rewarded.

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

6. **Vice-President:** 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. **Secretary:** The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Unit Owners Association and this Board. He shall give, or cause to be given, all notices required by law and by these Bylaws. He shall have general charge of the minute books and records of both the Unit Owners Association 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 Chairman of the Board or by the Board of Directors.

8. **Treasurer:** The Treasurer shall have custody of all the Unit Owners Association 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 Association 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 March 15 covering the preceding calendar year. The Treasurer shall cause to be prepared and filed 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.

ARTICLE VII

OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Fixing of Common Charges: The Board of Unit Owners Association shall from time to time, and at least annually, prepare a budget for Unit Owners Association, determine the amount of the common charges payable by the Unit Owners to meet the common expenses and allocate and assess such common charges among the Unit Owners according to their respective interests in the common areas and facilities. The common expenses shall include, among other things:

(a) Costs of all premiums on all policies of insurance required to be or which have been obtained by the Board of Directors, including specifically but not limited to (1) fire and extended casualty coverage insuring the several buildings comprising Pebble Creek, though not the contents of the individual units located therein, and (2) liability insurance relative to the use, operation and occupancy of Pebble Creek.

(b) Water and sewer charges.

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

(d) Common area electric and lighting costs.

(e) Expenses incurred in the maintenance and replacement of master television antenna.

(f) All other reasonable expenses and costs which may be incurred incident to the use and occupancy of the common areas of Pebble Creek by the several Unit Owners thereof and which may be incurred relative to the promotion of the health, safety, welfare and recreation of the residents thereof, and which may be incurred incident to the operation of Pebble Creek.

The common expenses may also include such amounts as the Board of Directors may deem proper for working capital of the Unit Owners Association, for a general operating reserve, for a reserve fund for replacement, and to make up any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, of any unit whose owner has elected to sell or lease such unit or of any unit which is to be sold at a foreclosure or other judicial sale. The Board of Directors shall promptly advise all Unit Owners, 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, if so requested.

2. Payment of Common Charges: 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 VII. These charges shall be due on the first (1st) day of each month. 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 as defined in the Declaration. A purchaser of a unit shall be jointly and severally liable with the seller for the payment of common charges assessed against such unit prior to the acquisition by purchaser of such unit without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided that a mortgagee or other purchaser of a unit at a foreclosure sale of such unit shall be liable for and such unit shall be subject to a lien for the payment of common charges assessed prior to the foreclosure sale.

3. Collection of Special Assessments: The Board of Directors may assess special assessments against the Unit Owners from time to time, and shall take prompt action to collect any common charge due from any Unit Owner which remains unpaid for more than 30 days from the due date for payment thereof.

4. Default in Payment of Common Charges and/or Special Assessments: In the event of default by any Unit Owner in paying to the Board of Directors the common charges and/or special assessments, the Board shall take prompt action to collect same from any Unit Owner which remains unpaid for more than 30 days from the due date for payment thereof. Such Unit Owner in default shall be obligated to pay interest at the rate set by the Board of Directors not to exceed the maximum legal rate on such common charges from the due date thereof, together with all expenses, including attorneys' 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 attorneys' fees, 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 note, deed of trust or mortgage of real property. The Board shall notify the holder of the first mortgage or deed of trust on any condominium unit for which any assessment levied pursuant to these Bylaws becomes delinquent for a period in excess of ninety (90) days and in any other case where the owner of such condominium unit is in default with respect to the performance of any other obligation hereunder for a period in excess of ninety (90) days.

5. Foreclosure of Liens for Unpaid Common Charges: 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, or on behalf of any one or more individual Unit Owners if so instructed, 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 and the provisions of the Declaration. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

6. Subordination and Mortgage Protection: Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any condominium unit in the project shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage or deed of trust [meaning a mortgage with priority over other mortgages] upon such interest made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such condominium unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the condominium unit from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which said lien, if any, claimed shall have the same effect and be enforced in the same manner as provided herein. No amendment to this Section shall affect the rights of the holder of any such mortgage [or the indebtedness secured thereby] recorded prior to recordation of such amendment unless the holder thereof [or of the indebtedness secured thereby] shall join in the execution of such amendment. The Board may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages or deeds of trust [or the indebtedness secured thereby] not otherwise entitled thereto.

7. Statement of Common Charges: 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. This section shall not be interpreted to require the Board of Directors to provide each Unit Owner with a monthly statement of common charges.

8. Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Directors or the breach of any Bylaw 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 Bylaws (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board 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 breach.

9. Maintenance and Repair: (a) All maintenance and any repairs to any unit, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any common areas and facilities contained therein which are not necessitated by the negligence, misuse or neglect of the owner of such unit) 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/or to the common areas and facilities that his failure so to do may engender. (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.

10. Additions, Alterations or Improvements by Unit Owners: No Unit Owner shall make any structural addition, alteration, or improvement in or to his unit, without the 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 shall constitute a consent by the Board to the proposed addition, alteration, or improvement. Any structural addition, alteration, or improvement proposed by a Unit Owner and approved by the Board of Directors shall henceforth be the maintenance responsibility of the Unit Owner. Any other changes whether or not approved by the Board of Administrators, shall likewise be the maintenance responsibility of the Unit Owner.

11. Use of Common Areas and Facilities: A Unit Owner shall not place or cause to be placed in the common area and facilities, other than a patio or porch to which such Unit Owner has sole access, any objects of any kind without prior approval of the Board of Directors.

12. Right of Access: A Unit Owner shall grant a right of access to his unit to the managing agent and/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 requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

13. Rules of Conduct: Rules and regulations concerning the use of the Units and the common areas and facilities and shall include the following:

a. No resident of Pebble Creek shall post any advertisements or posters of any kind in or on the Common Property except as authorized by the Board of Directors.

b. Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television sets and amplifiers that may disturb other residents. Those keeping domestic animals will abide by the sanitary regulations of Durham County.

c. No Unit Owner shall cause any improvements or alterations to be made to the exterior of his Unit (including painting or other decoration, or the installation of electrical wiring, television or radio antennae, or other objects, machines or air conditioning units which may protrude through the walls or roof of his Unit) or in any manner alter the appearance of any portion of the exterior surface of any building without the prior written permission of the Board of Directors. No Unit Owner shall cause any object to be fixed to the common areas and facilities (including the location or construction of fences or the planting or growing of flowers, trees, shrubs or other vegetation) or in any manner change the appearance of the common areas without the prior written permission of the Board of Directors.

d. Each Unit--excepting Units currently subject to a written lease, for the term of said written lease--shall be used for single-family residences only and for the purposes of these Bylaws the term "single-family" shall include households with no more than two (2) unrelated adults, eighteen (18) years of age or over.

Additional rules and regulations concerning the use of the Units and common areas and facilities may be promulgated and amended by the Board. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner prior to the time when the same shall become effective.

14. Water Charges and Sewer Rents: Water shall be supplied to all of the Units and the common areas and facilities through one or more meters and the Board shall pay, as a common expense, all charges for water consumed on the property, including the units, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. In the event of a proposed sale of a Unit by the owner thereof, the Board on request of the selling Unit Owner shall execute and deliver to the purchaser of such unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the property at the date of closing of title to such unit, promptly after such charges have been billed by the Water Department.

15. Electricity: Electricity shall be supplied by the public utility company serving the area directly to each unit through a separate meter and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the common areas and facilities shall be separately metered; and the Board of Directors shall pay all bills for electricity consumed in any portions of the common areas and facilities as a common expense.

ARTICLE VIII

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 Unit Owners Association, 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 Pebble Creek shall be rendered by the Board to all Unit Owners at or before the annual meeting or substitute annual meeting covering the preceding fiscal year. In addition, an annual report of the receipts and expenditures of Pebble Creek, 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 IX

AMENDMENTS AND RECORDATION

The Administration of Pebble Creek Unit Owners Association, Inc. shall be governed by these Bylaws a true copy of which has been set forth in an Amendment to the Declaration for Pebble Creek and filed of record in the Office of the Register of Deeds for the County of Durham. No modification of or amendment to or repeal of these Bylaws shall be valid unless set forth in an Amendment to the Declaration and such Amendment is duly filed of record in the Office of the Register of Deeds for the County of Durham, and only after thirty (30) days prior written notice to the holders of all first mortgages or deeds of trust on the condominium units in the project. The affirmative vote shall be required to so modify, amend or repeal a Bylaw. All Unit Owners shall be bound to abide by any such modification or amendment upon the same being duly passed and set forth in an Amendment to the Declaration, duly recorded, as provided for herein.

ARTICLE X

COMPLIANCE

These Bylaws are set forth to comply with the requirements of the Unit Ownership Act, Chapter 47A of the General Statutes of the State of North Carolina. In the event that any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

IN WITNESS WHEREOF, the foregoing were adopted as the Bylaws of Pebble Creek Unit Owners Association, Inc., a non-profit corporation under the laws of the State of North Carolina, amending the original Bylaws of the Pebble Creek Unit Owners Association, by an affirmative vote of the Unit Owners owning not less than 66 2/3% in the common areas and facilities and as approved at the first meeting of the Board of Directors on the 4th day of March, 1983.

Christa K. Eads
Secretary

APPROVED:

William R. Russell
President

FILED
BOOK 1107 PAGE 385-401
MAR 7 3 50 PM '83
RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, N.C.

State of North Carolina - Durham County

The foregoing certificate (s) of _____

Alan B. Bruden
A Notary (Notaries) Public of designated Governmental units
is (are) certified to be correct.

This 7 day of March 1983.

Ruth C. Garrett By: Monica K. Farchand
Register of Deeds Acct., Deputy Register of Deeds

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