

DECLARATION OF UNIT OWNERSHIP UNDER
THE PROVISIONS OF CHAPTER 47A OF THE
GENERAL STATUTES OF NORTH CAROLINA, AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made on the date hereinafter set forth by SOUTHLAND ASSOCIATES, INC., a North Carolina corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City and County of Durham, State of North Carolina, a metes and bounds description of which is set forth on Exhibit A which is attached hereto and fully incorporated herein by reference.

WHEREAS, the Declarant is the owner of certain condominium type multi-unit buildings and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid property and it is the desire and the intention of the Declarant to divide the project into "Condominium Units" or "Units" as those terms are defined under the provisions of the North Carolina Unit Ownership Act, and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant desires and intends, by the filing of this Declaration, to submit the above described property and the multi-unit buildings located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the North Carolina Unit Ownership Act (Chapter 47A, North Carolina General Statutes);

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property described above and as described in Paragraph 2 below is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. Definitions. To the extent applicable to this Declaration and -- 51
not inconsistent herewith, all definitions contained in the Unit Ownership
Act, presently Chapter 47-A of the General Statutes of North Carolina, as the
same may be amended from time to time (herein referred to as "the Act") are
incorporated herein by reference and shall have the same force and effect as
if set forth herein verbatim and made a part hereof.

2. Description.

A. The description of the land on which the buildings and improve-
ments are, or are to be, located is set forth on Exhibit A attached hereto at the
end of this Declaration, each and every term and provision of same being fully
incorporated herein by reference.

B. The buildings constructed or to be constructed upon said lands
are to be used for residential purposes only, and the club house and swimming
pool building shall be used only in accordance with the indicated purposes of
same, for the pleasure and convenience of the owners of the Units, all in
accordance with rules and regulations governing use of same, as referred to
herein and as contained in by-laws of the Unit Owners Association. Said residential
buildings shall be two (2) and three (3) levels in height, some with basements,
and shall contain five (5) to eight (8) town house condominium units each. Said
multi-unit buildings are more particularly described in the plans and specifications
of said buildings, a copy of which plans and specifications is attached thereto,
and made a part hereof as Exhibit B, and filed with the Register of Deeds of
Durham County, simultaneously herewith, showing all particulars of the buildings
including the lay-out, location, lower elevations and floor-to-ceiling heights,
unit numbers and dimensions of units, and locations of the common areas and
facilities, affording access to each unit. Such plans bear the verified statement
of a registered architect or licensed professional engineer, certifying that said
plans are an accurate copy of the plan of said multi-unit buildings.

In addition to the above described characteristics, the buildings
have outside parking area, landscaped areas, and other usual appurtenances and
facilities, including a club house and swimming pool and tennis courts.

The buildings are to be constructed of:

Vertical groove wood siding and brick; with wood and sliding glass doors, glass windows, and asphalt shingle roofing with large treated wood decks.

For a further description of the principal materials of which said multi-unit buildings are to be constructed, reference is hereby made to the plans and specifications filed herewith as Exhibit B.

3. Unit Designations. The unit designation of each condominium unit, its location, its dimensions, approximate area, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth on Exhibit C herinaabove referred to and made a part hereof. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of its perimeter walls, ceilings and floors which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement, or movement of the building, or by permissible repairs, construction or alteration.

4. Common Areas and Facilities. The common areas and facilities consist of all parts of the multi-unit buildings and other structures situated on the property described herinaabove, other than the individual dwelling units therein and described in Paragraph 3 above, including, without limitation, the following (except such portions of the following as may be included within an individual unit):

A. The land on which the building is erected and all lands surrounding the buildings as is more fully described on the plat recorded in Plat Book 79 at page 79, Durham County Registry.

B. All foundations, columns, girders, beams, supports, and other structural members.

C. All exterior walls and interior walls except those partitioned walls wholly within a unit.

D. Roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, storage areas, elevator shafts, and entrances to and exits from the building.

E. All central and appurtenant installations for services such as power, light, telephone, gas, hot and cold water, heat, refrigeration, air conditioning, incinerating (including all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits, and compressors in connection therewith, whether located in common areas or in units) and all other mechanical equipment spaces. 53

F. All sewer pipes.

G. All other parts of the property and all apparatus and installations existing in the building or upon the property for common use or necessary or convenient to the existence, maintenance or safety of the property.

H. There are no limited common areas or facilities. The undivided interest of each unit owner in such common areas and facilities is set forth in Exhibit C and attached hereto and made a part hereof.

5. Amendment of Ratios. As provided by this Declaration, the By-Laws of Pebble Creek Unit Owners Association, and the terms of Chapter 47A of the General Statutes of North Carolina, the ratio of the undivided interest of each unit owner in the common areas and facilities as set forth on Exhibit C attached hereto may be altered by an amendment to this Declaration duly recorded.

6. Use. The buildings and each of the units shall be used for residential purposes only. Any unit owner may delegate, in accordance with the by-laws of the association of unit owners, his rights of possession, use and enjoyment of his unit and the common area facilities to the members of his family, guests and tenants.

7. Person to Receive Service of Process. George Watts Carr, Jr., is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium. Said person's place of business is Southland Associates, Inc., 212 North Corcoran Street, Durham, N. C. 27701, which is within the City and County in which the building is located.

8. Easements. Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the

owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Administrators shall have the right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The Board of Administrators may hereafter grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits, and wires over, under, along and on any portion of the common areas; and each unit owner hereby grants the Board of Administrators an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner such instruments as may be necessary to effectuate the foregoing.

9. Partitioning. The common areas and facilities shall not be divided nor shall any right to partition any thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entirety, jointly, or in common or in any other form by law permitted.

10. Liens. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all of the condominium unit owners and the holders of first liens thereon except such liens as may arise or be created against the several units and their respective common interests under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanics' lien or other similar lien by reason of labor performed or materials furnished is waived.

11. Nature of Interest in Units. Every condominium unit, together with its undivided common interest in the common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel

of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easements, by-laws, rules, regulations, resolutions and decisions adopted pursuant thereto as may be contained herein and in the accompanying by-laws and minutes of the Board of Administrators.

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12. Insurance. Insurance coverage on the property shall be governed by the following provisions.

A. Ownership of Policies. All insurance policies upon the condominium property shall be purchased by the Board of Administrators for the benefit of the Board and the unit owners and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

B. Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Administrators with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against:

1. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
2. Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the building on the land.

Public liability insurance shall be secured by the Board of Administrators in such amount and with such coverage as shall be deemed necessary by the Board of Administrators, including, but not limited to, an endorsement to cover liability of the unit owners as a group to a single unit owner. There shall also be obtained such other insurance coverage as the Board of Administrators shall determine from time to time to be desirable and necessary.

C. Premiums. Premiums upon insurance policies purchased by the Board of Administrators shall be paid by the Board of Administrators as a common expense.

D. Proceeds. All insurance policies purchased by the Board of Administrators shall be for the benefit of the Board of Administrators and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Board as insurance trustees under this Declaration. The sole duty of the Board of Administrators as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the by-laws and for the benefit of the unit owners and their mortgagees in the following shares:

1. Proceeds on account of damage to common areas and facilities - an undivided share for each unit owner, such share being the same as each unit owner's undivided interest in the common areas and facilities (as set forth in Exhibit C attached hereto).
2. Proceeds on account of damage to units shall be held in the following undivided shares:
 - (a) When the building is to be restored - for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Administrators.
 - (b) When the building is not to be restored - an undivided share for each unit owner, such share being the same as each unit owner's undivided interest in the common areas and facilities (as set forth in Exhibit C attached hereto).
3. In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

13. Distribution of Insurance Proceeds. Proceeds of Insurance

policies received by the Board of Administrators as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

A. Expense of the Trust. All expenses of the insurance trustee shall be first paid or provision made therefor.

B. Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as provided by Paragraph 14 hereof. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners.

C. Failure to Reconstruct or Repair. If it is determined, as provided in Paragraph 14 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners thereof.

14. Damage and Destruction. Except as hereinafter provided, damage to or destruction of the building shall be promptly repaired and restored by the Board of Administrators using the proceeds of insurance on the building for that purpose and unit owners shall be liable for assessment of any deficiency; provided, however, if the building be more than two-thirds destroyed by fire or other casualty and the owners of three-fourths of the units in the multi-unit building located on subject property resolve not to proceed with reconstruction or restoration, then in that event the property shall either be (a) sold or otherwise transferred as hereinafter provided, or (b) deemed to be owned as tenants in common by the unit owners and subject to the provisions of North Carolina General Statutes 47A-25 as the same exists at the date hereof or as amended hereafter. Provided, however, in the event it is determined not to reconstruct and restore said building, then the purchaser of the property, or the unit owners, as applicable, shall demolish and remove any building from the property within no more than 90 days from the date of damage or destruction and shall leave the real property clean and free of trash, debris and rubble. The determination of whether to sell the

58 property or to make the property subject to the provisions of North Carolina General Statutes 47A-25 shall be by affirmative vote of three-fourths of the unit owners.

Any reconstruction or repair shall be in accordance with the plans and specifications of the original building, portions of which are attached hereto as exhibits; and if not, then according to plans and specifications approved by the Board of Administrators.

15. Transfer of Units.

A. In the event that any person, firm or corporation who owns a unit shall desire to sell such unit, then the said unit which such owner shall desire to sell shall first be offered for sale to the Board of Administrators at the same price and on the same terms under which the highest bona fide offer has been made to the owner for the said unit. The owner desiring to sell a unit shall give the Board of Administrators written notice by certified mail, return receipt requested, of the owner's desire to sell such unit and shall further advise the Board in said offer of the name and address of the person, firm or corporation making said highest bona fide offer as well as the amount and terms of said offer. The Board of Administrators shall have a period of ten days after receipt of said written notice within which to exercise its option to purchase such unit at the same price and on the same terms as the highest bona fide offer and shall have an additional period of not less than twenty days within which to close the said transaction. The Board of Administrators may elect to purchase such unit on behalf of all of the remaining unit owners as a group or, if the remaining unit owners as a group do not wish to purchase such unit, then on behalf of any one or more individual unit owners. In the event the Board of Administrators shall elect to purchase a unit offered for sale on behalf of the remaining unit owners, the cost thereof shall be shared by the remaining unit owners in the same proportion as common area expenses, adjusted, however, to reflect the exclusion of the unit purchase; and any profit or loss realized upon the sale by the Board of a unit so acquired shall likewise be shared by the remaining unit owners. In the event

that the Board of Administrators shall elect to purchase a unit offered for sale 59 on behalf of any one or more individual unit owners, then the cost thereof shall be shared by such purchasing unit owners in such proportion as they shall agree upon. The right of first refusal provided for herein shall not apply to transfers made by the Board, nor to transfers involving a foreclosure sale or other judicial sale nor to any transfer to a mortgagee or cestui que trust in lieu of foreclosure, to any transfer by a mortgagee or cestui que trust following foreclosure or any proceeding or arrangement in lieu thereof, to the transfer of one joint tenant's interest to another, by operation of law or otherwise, nor, except as provided in subparagraph C below, to transfers by gift, by will or by intestate succession.

B. No unit owner may mortgage his unit or any interest therein without the approval of the Board of Administrators, except as to a first mortgage lien made to a bank, life insurance company, or federal savings and loan association. The Board may, and it is hereby authorized to impose reasonable conditions upon which approval as to any other mortgage shall be given. No unit owner may mortgage or otherwise encumber his unit or any interest herein unless such mortgage or encumbrance shall provide for written notice to the Board of Administrators in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten days written notice to the Board of Administrators prior to any foreclosure under any such mortgage or other encumbrance. Each unit owner, who shall mortgage or otherwise encumber his unit or any interest therein, shall furnish to the Board of Administrators a copy of all such mortgages, deeds of trust or other instruments creating such encumbrance.

C. Gift or Devise of Interest. An owner may give, devise or bequeath his interest in any building plot or unit to his spouse, his parents, or to any lineal descendants, including adopted children, or to a corporation, all classes of stock of which are more than 80% owned by such owner, his spouse, and his lineal descendants, without the prior written consent of the other unit owners. In the event that any owner of a unit or interest therein shall desire to give, devise or bequeath any interest in a unit to a person, firm or corporation other than the parties hereinabove specifically enumerated, then such transaction shall,

for the purposes of this Declaration, be treated as a sale and shall be subject to the provisions of subparagraphs A and B above, except that, for purposes of the options provided therein to the remaining unit owners of the multi-unit building wherein such unit is located, and the Board of Administrators, the price for the interest therein or unit which the owner desires to give, devise or bequeath to a party other than specifically enumerated above shall be such as shall be agreed upon by such owner so desiring to give, devise or bequeath such property and the Board of Administrators. In the event that such owner and the Board of Administrators are unable to agree upon a value, then such owner so desiring to give, devise or bequeath such property, or the personal representative of a deceased owner, as applicable, shall appoint one appraiser, the remaining owners of the building plot or unit owners within a finished multi-unit building, as applicable, as a group, shall appoint one appraiser, and the Board of Administrators shall appoint one appraiser, and any decision of the majority of said appraisers as to the value of such property involved shall be conclusive and binding upon all parties for the purposes of this Agreement and payment for such property shall be made on such terms and conditions (including terms of payment) as the parties shall agree to.

D. The provisions of this paragraph 15 and all subparagraphs thereof shall continue and be effective until July 1st, 1994, at which time the provisions of this paragraph 15, including all options and rights granted to or reserved by the Board of Administrators by said paragraph 15 shall terminate, provided, however, that the provisions of this paragraph 15 and all options and rights granted to or reserved by the Board of Administrators and the other unit owners hereunder may be reimposed and again become effective and apply for successive periods of twenty (20) years each from such termination date (that is July 1st, 1994, and each twenty (20) years thereafter) upon an instrument or instruments in writing being executed by the unit owners on each such termination date. Provided, further, however, nothing contained herein shall prevent the unit owners of any multi-unit building from providing in the By-laws which shall govern the administration of the property within which said units are located appropriate provisions implying restrictions upon the transfer of units for a period in

excess of that provided for herein. Any such restrictions as contained in the 61
by-laws governing the administration of any group of units located on property
covered by this Declaration shall not, while these restrictions are effective,
be in conflict with the provisions hereof.

16. Restrictions.

A. It shall be the responsibility of each unit owner, and the
Board of Administrators, to prevent the development of any unclean, unsightly or
unkept conditions of buildings or grounds on such property which shall tend to
substantially decrease the beauty of the neighborhood as a whole or the specific
area.

B. No noxious or offensive activity shall be carried in or upon
any unit, nor shall anything be done therein tending to cause embarrassment,
discomfort, annoyance or nuisance to the neighborhood or other unit owners. There
shall not be maintained in or upon any unit any plants, poultry, animals (other
than household pets) or device or thing of any sort whose normal activities or
existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature
as may diminish or destroy the enjoyment of other property in the neighborhood or
by the other unit owners thereof.

C. No commercial signs (including "for rent", "for sale" and
other similar signs) or property identification signs shall be erected or maintained
on any unit except with the written permission of the Board of Administrators, or
except as may be required by legal proceedings, it being understood that the Board
of Administrators will not grant permission for said signs unless their erection
is reasonably necessary.

D. Each multi-unit building shall have receptacles for garbage,
in a screened area not generally visible from the road, or provide underground
garbage receptacles or similar facility in accordance with reasonable standards
established by the Board of Administrators.

E. No structure of a temporary character shall be placed upon
the property at any time, provided, however, that this prohibition shall not apply
to shelters used by the contractor during the construction of the multi-unit
buildings, it being clearly understood that these latter temporary shelters may
not, at any time, be used as residences or permitted to remain on the building
plot after completion of construction.

F. No trailer, tent, barn, storage shed, garage, tree house or other similar outbuilding or structure shall be placed on the property any time, either temporarily or permanently.

G. No unit shall be used for any commercial or professional purpose, and no professional person shall maintain a public office in any unit; provided, however, that this restriction shall not prevent the use of any unit by a professional person for his own private office not connected with visits from patients, clients or members of the public.

H. Except as hereinabove expressly provided with respect to the provisions of Paragraph 15, all covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them for a period of twenty-five (25) years from July 1st, 1974, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then owners of units affected by such covenants has been recorded agreeing to change said covenants in whole or in part. Nothing herein contained, however, shall be held or construed so as to impose these Restrictions on any other property owned or acquired by Southland Associates, Inc.

I. In the event of a violation or breach of any of these restrictions contained in this Paragraph 16 or of any other covenants of this Declaration by any property owner or agent, the owners of units, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, Southland Associates, Inc. shall have the right, whenever there shall have been any violation of these restrictions, to enter upon the property where such violation exists, and to summarily abate or remove the same at the expense of the owner, if, after thirty (30) days written notice of such violation, it shall have not been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation or conditions contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter, as to the same breach or as to a breach occurring

prior to or subsequent thereto, and shall not bar or affect the right of 63
enforcement. The invalidation by any court of any restrictions in this Declaration
contained shall in no way affect any of the other restrictions, which shall remain
in full force and effect.

17. Units Subject to Declaration, By-Laws, Rules and Regulations. All
present and future owners, tenants and occupants of units shall be subject to, and
shall comply with the provisions of this Declaration, the By-laws and any rules and
regulations as may be adopted in accordance with the By-laws, as said Declaration,
By-Laws, Rules and Regulations may be amended from time to time. The acceptance of
a deed of conveyance, or the entering into of a lease, or the entering into occupancy
of any unit shall constitute an agreement that the provisions of this Declaration,
By-Laws, and any rules and regulations which may be adopted are accepted and ratified
by such owner, tenant or occupant and all of such provisions shall be deemed and taken
to be covenants running with the land and shall bind any person having at any time
any interest or estate in such unit as though such provisions were made a part of
each and every deed or conveyance or lease.

18. Amendment of Declaration.

A. This Declaration may be amended by the vote of at least 66-2/3%
in number and in common interest of all unit owners, cast in person or by proxy at
a meeting duly held in accordance with the provisions of the By-Laws. No such
amendment shall be effective until recorded in the Office of the Register of Deeds
of Durham County, 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.

B. Anything contained in this Declaration to the contrary notwith-
standing, it is contemplated that the Declarant, Southland Associates, Inc. will
construct additional units, not to exceed, in the aggregate, twenty-five (25) units,
which shall be located in one or more additional buildings. Declarant shall have
the absolute right in its discretion to construct additional units, and if any of
such units are so constructed on the land now owned by the Declarant and contiguous
to the land now covered by this Declaration (or contiguous by way of an easement),
and if such additional units are substantially equivalent in unit value and

construction to the units now covered under this Declaration, then, for the purpose of amending this Declaration and the By-Laws, each owner of a condominium unit under this Declaration (and the mortgagees of each owner of a unit hereunder), shall be deemed to have consented to an amendment or amendments to this Declaration and the By-Laws for the purpose of including such additional units hereunder and shall be deemed to have given to the Declarant an irrevocable power of attorney, coupled with an interest, to effectuate such amendment, and to have agreed to execute such further papers and instruments, if any, as may be necessary from time to time to accomplish such amendments. It is understood that such amendments shall, in addition to enlarging the number of units to be subject to this Declaration, necessarily result in a redetermination of each unit owner's percentage interest in the common areas and facilities shown on Exhibit C attached hereto. It is further understood that, except in case of enlargement of the project, as aforesaid, and unless the holders of all first mortgage liens on individual units have given their prior written approval, the Board of Administrators shall not be entitled to:

1. Change the pro rata interest or obligations of any unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the project;
2. partition or subdivide any unit or the common elements of the project; nor
3. by act or omission seek to abandon the condominium status of the project, except as provided by statute in case of substantial loss to the units and common elements of the condominium project.

19. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability or effect of the remainder of this Declaration, and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

20. Waiver. No provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

21. Captions: The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of this Declaration nor the intent of any provision hereof. 65

22. Law Controlling. This Declaration and the By-Laws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 1st day of July, 1974.



SOUTHLAND ASSOCIATES, INC.

By: George Watts Carr, Jr.
George Watts Carr, Jr., President

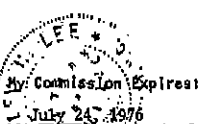
ATTEST:

Fulton O. Smith
Fulton O. Smith, Secretary

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

I, Shirley H. Lee, Notary Public, certify that Fulton O. Smith personally came before me this day and acknowledged that he is Secretary of Southland Associates, Inc., a corporation; and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and notarial seal, this 5th day of July, 1974.



Shirley H. Lee
Notary Public

EXHIBIT A

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BEGINNING at a concrete monument located in the property line on the west side of Constitution Drive, such point of beginning being located 24.73 feet in a southerly direction from the point of intersection of the west side of Constitution Drive and the south side of American Drive, both extended, and running thence along and with the west side of Constitution Drive as the same extends in a southerly direction along a counterclockwise arc with radius of 1127.62 feet a distance of 331.20 feet to a concrete monument; thence farther with the west line of Constitution Drive South 14 deg. 40 min. East 285.0 feet to a concrete monument, the northernmost corner of Lot 2 as per survey hereinafter referred to; thence with the boundary line between said Lot 2 and the property herein described the following courses and distances: South 49 deg. 33 min. 05 sec. West 155.31 feet; South 00 deg. 55 min. West 106 feet; South 50 deg. 00 min. West 175 feet; North 85 deg. 55 min. West 105 feet; North 59 deg. 45 min. West 93.0 feet to a monument designated "Control Corner"; thence with the line of property of Duke University North 40 deg. 24 min. 14 sec. West 529.81 feet to a concrete monument designated "Control Corner"; thence with the line of Duke University North 35 deg. 17 min. 11 sec. West 71.97 feet to a concrete monument in the east line of a street area designated "Potomac Court"; thence with the east line of Potomac Court North 07 deg. 33 min. 25 sec. West 69.27 feet to a concrete monument, a common corner of Duke University and Southland Associates, Inc.; thence further with the east line of Potomac Court North 07 deg. 33 min. 25 sec. West 57.84 feet to a concrete monument; thence further with the East line of Potomac Court as the same extends in a northerly direction, merging with and becoming the south line of American Drive, along a clockwise arc with a radius of 20.0 feet a distance of 26.68 feet to a concrete monument; thence with the south line of American Drive as the same extends in an easterly direction along a counterclockwise arc with the radius of 983.78 feet a distance of 60.27 feet to a concrete monument; thence farther with the south property line of American Drive North 65 deg. 22 min. East 437 feet to a concrete monument; thence farther with the south property line of American Drive as the same extends in a northeasterly direction along a clockwise arc with radius of 1014.08 feet a distance of 260.27 feet to a concrete monument; thence with the south line of American Drive as the same extends in a southeasterly and southerly direction, merging with and becoming the west side of Constitution Drive, along a clockwise arc with radius of 20 feet a distance of 35.64 feet to the place and point of BEGINNING, and being designated as Lot 1-A, containing 7.764 acres, more or less, and Lot 1-B, containing 3.638 acres, more or less, on plat and survey entitled "American Village #1", by Engineering Surveys, Inc., under date November 1971 as revised June, 1973, and updated January 8, 1974, of record in the Office of the Register of Deeds for Durham County, North Carolina, in Plat Book 79, at Page 79, reference to which is hereby made for a more particular description of same.

Lot 1-A hereinabove described is subject to the existence of that certain sewer easement, 30 feet in width, which is shown with greater particularity on the plat and survey above referred to.

EXHIBIT B

Exhibit B is filed of record in Unit Ownership Drawer #1, Office of the Register of Deeds of Durham County.

EXHIBIT C (1)

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Constitution Drive Units

Street No.	Unit	No.	Area	Rooms	Percentage of Interest in the Common Areas & Facilities & of the Common Expenses
712-A	1-A-1	(105)	2,199 Sq. Ft.	8	2.368
712-B	1-C-1	(104)	1,848 Sq. Ft.	7	2.027
712-C	1-B-1	(103)	2,246 Sq. Ft.	8	2.326
712-D	1-C-2	(102)	1,848 Sq. Ft.	7	2.027
712-E	1-A-2	(101)	2,199 Sq. Ft.	8	2.368
710-A	2-A-1	(206)	2,199 Sq. Ft.	8	2.422
710-B	2-C-1	(205)	1,848 Sq. Ft.	7	2.080
710-C	2-B-1	(204)	2,246 Sq. Ft.	8	2.379
710-D	2-B-2	(203)	2,246 Sq. Ft.	8	2.379
710-E	2-C-2	(202)	1,848 Sq. Ft.	7	2.038
710-F	2-A-2	(201)	2,199 Sq. Ft.	8	2.422
708-A	3-A-1	(306)	2,199 Sq. Ft.	8	2.539
708-B	3-C-1	(305)	1,848 Sq. Ft.	7	2.198
708-C	3-B-1	(304)	2,246 Sq. Ft.	8	2.518
708-D	3-B-2	(303)	2,246 Sq. Ft.	8	2.518
708-E	3-C-2	(302)	1,848 Sq. Ft.	7	2.198
708-F	3-A-2	(301)	2,199 Sq. Ft.	8	2.518
706-A	4-A-1	(406)	2,199 Sq. Ft.	8	2.688
706-B	4-C-1	(405)	1,848 Sq. Ft.	7	2.326
706-C	4-B-1	(404)	2,246 Sq. Ft.	8	2.390
706-D	4-B-2	(403)	2,246 Sq. Ft.	8	2.390
706-E	4-C-2	(402)	1,848 Sq. Ft.	7	2.326
706-F	4-A-2	(401)	2,199 Sq. Ft.	8	2.432
704-A	5-A-1	(505)	2,199 Sq. Ft.	8	2.539
704-B	5-C-1	(504)	1,848 Sq. Ft.	7	2.198
704-C	5-B-1	(503)	2,246 Sq. Ft.	8	2.518
704-D	5-C-2	(502)	1,848 Sq. Ft.	7	2.198
704-E	5-A-2	(501)	2,199 Sq. Ft.	8	2.539

* For Amendment to Subdivision
See R. E. Book 75 B. Page 575

EXHIBIT C (2)

American Drive Units

Street No.	Unit No.	Area	Rooms	Percentage of Interest in the Common Areas & Facilities & of the Common Expenses
4229-A	6-A-1 (601)	2,199 Sq. Ft.	8	2.646
4229-B	6-C-1 (602)	1,848 Sq. Ft.	7	2.283
4229-C	6-C-2 (603)	1,848 Sq. Ft.	7	2.283
4229-D	6-A-2 (604)	2,199 Sq. Ft.	8	2.646
4229-E	6-B-1 (605)	2,246 Sq. Ft.	8	2.539
* 4229-F	6-C-3 (606)	1,848 Sq. Ft.	7	2.198
* 4229-G	6-B-2 (607)	2,246 Sq. Ft.	8	2.539
4229-H	6-A-3 (608)	2,199 Sq. Ft.	8	2.560
4231-A	7-A-1 (701)	2,199 Sq. Ft.	8	2.432
4231-B	7-B-1 (702)	2,246 Sq. Ft.	8	2.646
4231-C	7-B-2 (703)	2,246 Sq. Ft.	8	2.646
4231-D	7-B-3 (704)	2,246 Sq. Ft.	8	2.539
4231-E	7-C-1 (705)	1,848 Sq. Ft.	7	2.198
4231-F	7-C-2 (706)	1,848 Sq. Ft.	7	1.984

FINAL PLAN
APPROVED BY THE SUBDIVISION
REVIEW BOARD OF THE CITY OF DURHAM, N. C. BY A
RESOLUTION ADOPTED BY IT DATED July 19, 1974
Dustin N. Smith
Vice Chairman Subdivision Review Board
APPROVAL VOID
IF NOT RECORDED WITHIN
60 DAYS OR BY Sept. 17, 1974

State of North Carolina - Durham County

The foregoing certificate (a) of Shirley H. Lee

A Notary (Notarize) Public of the Designated Governmental units is
(was) certified to be correct.

This the 22 day of July A. D. 1974.

A. J. Gresham
Register of Deeds

By: Marion H. Womack
Assistant, Deputy
Register of Deeds

FILED
BOOK 417 PAGE 50
JUL 22 2 28 PM '74
A. J. GRESHAM
REGISTER OF DEEDS
DURHAM COUNTY, N. C.

BY-LAWS

OF

PEBBLE CREEK UNIT OWNERS ASSOCIATION

DURHAM, NORTH CAROLINA

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ARTICLE I - PLAN OF UNIT OWNERSHIP

1. **Unit Ownership.** The Property located in Durham County, State of North Carolina, and more particularly described in the Declaration to which these By-Laws are attached, has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act" by the Declaration recorded in the office of the Register of Deeds of Durham County, State of North Carolina, simultaneously herewith, and shall hereinafter be known as "Pebble Creek Condominium" (hereinafter called the "Condominium").
2. **Applicability of By-Laws.** The provisions of these By-Laws 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 any manner are subject to the Declaration, these By-Laws and Rules and Regulations made pursuant hereto and any amendment to these By-Laws upon the same being passed and duly set forth in an amended declaration, duly recorded.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws (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 II - ASSOCIATION OF UNIT OWNERS

1. **Composition and Power.** The Association of Unit Owners shall be composed of all the Unit Owners of the project, including the developer, Southland Associates, Inc., so long as Southland Associates, Inc. retains ownership of one or more of the project units. The 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 (a) the provisions of Chapter 47A of the General Statutes of North Carolina, being the Unit Ownership Act of North Carolina, and (b) the Declaration of Southland Associates, Inc. for Pebble Creek filed of record in the Office of the Register of Deeds for the County of Durham, to which Declaration these By-Laws are appended. Except as otherwise provided for herein allowing for the exclusive control by Southland Associates, Inc. of the acts, decisions and resolutions of the Association until such time as sixty percent (60%) of the Pebble Creek Unit have been sold (twenty five of the forty two units planned) or until three (3) years from and after date of the filing of record of the aforesaid Declaration, whichever event comes first, the acts, decisions and resolutions of the Association shall be effective upon adoption by both of 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.

2. **Present Existence of Association of Unit Owners.** The Association of Unit Owners, to be known as Pebble Creek Unit Ownership Association and referred to hereinafter as either the "Association" or "Unit Owners", shall be in and have an existence from and after the filing of record by Southland Associates, Inc. as Developer of the Declaration for Pebble Creek to which Declaration these By-Laws are appended. As of the date and time of the filing of record of the Declaration, Southland Associates, Inc. will be the sole Unit Owner comprising the membership of the Association as the owner of one hundred percent (100%) of the aggregate interest in the common areas and facilities, and Southland Associates, Inc. shall hold an initial meeting of the Association at any time at its selection within thirty (30) days from and after the date of filing of the Declaration for the purpose of designating an initial Board of Directors and for the purpose of transacting all other matters required for the organization of the Association. In the event that there is a Unit Owner or there are Unit Owners other than Southland Associates, Inc. at the time of the holding of such initial meeting of the Association, such meeting shall be held upon ten (10) days written notice given by Southland Associates, Inc. to such other Unit Owner or Unit Owners.
3. **Place of Meetings.** All meetings of the Pebble Creek Unit Owners Association (hereinafter referred to as "Unit Owners") of the Condominium shall be held at the Clubhouse on the property or at such other place within the State of North Carolina as shall be designated in a notice of the meeting.
4. **Annual Meetings.** An annual meeting of the Unit Owners 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 Administrators 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 By-Laws, 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. **Special Meetings.** Special meetings of the Unit Owners may be called at any time by the Board of Administrators or upon the written request of not less than twenty five percent (25%) of the aggregate interest in the common areas and facilities.
7. **Notice of Meetings.** Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than thirty (30) days before the stated date of such meeting, either personally or by mail at the direction of the Board of Administrators or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

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

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for not less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

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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 by law, any action may be taken at any meeting of the Unit Owners at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the voting members present, either in person or by proxy, and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The voting members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting members to leave less than a quorum.

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. 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 Administrators 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 (including Southland Associates, Inc. and/or the Board of Administrators, if Southland Associates, Inc. and/or the Board of Administrators or their/its designee shall then hold title to one or more units) 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 of the Declaration.
10. Cumulative Voting. In all elections for members of the Board of Administrators, 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 in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Owner at any meeting of the Unit Owners shall constitute a waiver of notice by him of the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Unit Owners are present at any meeting of the Unit Owners, no notice shall be required and any business may be transacted at such meeting.
12. Informal Action by Unit Owners. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing, setting for 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 III - BOARD OF ADMINISTRATORS

1. General Powers. The business and property of Pebble Creek Condominium shall be managed and directed by the Board of Administrators or by such Executive Committee as the Board may establish pursuant to the By-Laws.

2. **Number, Term and Qualifications.** The Initial Board of Administrators of Pebble Creek shall comprise three (3) Administrators to be designated by Southland Associates, Inc. at the initial meeting of the Association as referred to in article 2 hereinabove set forth. The Initial Board of Administrators so designated by Southland Associates, Inc. shall serve until such time as sixty percent (60%) of the Pebble Creek Unit (twenty five of the forty two units planned) have been sold by Southland Associates, Inc. or until three (3) years from and after date of the filing of record of the Declaration for Pebble Creek, whichever event comes first, and the Initial Board of Administrators so designated by Southland Associates, Inc. shall not be subject to change as to composition or size by any vote of the Association during such period of time. If sixty percent (60%) of the units have been sold by Southland Associates, Inc. at a time prior to three (3) years from and after date of filing of record of the Declaration for Pebble Creek, the Board of Administrators at that time shall be increased in size from three (3) Administrators to five (5) Administrators, with the additional two (2) Administrators to be elected by the then existing Unit Owners other than Southland Associates, Inc. at a special meeting called for such purpose. At such time as sixty percent (60%) of the Pebble Creek Units (twenty five of the forty two units planned) have been sold or three (3) years from and after date of filing of record of the Declaration for Pebble Creek, whichever event comes first, the three (3) Administrators initially designated by Southland Associates, Inc. shall resign, and a) three (3) successor Administrators and b), If the Board of Administrators is at that time a three director board, an additional (2) Administrators shall be elected, with such election to be by the Unit Owners, including Southland Associates, Inc., if then a Unit Owner, at a special meeting called for such purpose.

The size of the Board of Administrators thereafter may be increased or decreased from time to time upon the affirmative vote of the Unit Owners 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. Each Administrator shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Each member of the Board shall be one of the Unit Owners or co-owners or a spouse of a Unit Owner or co-owner; provided, however, that in the event an owner or co-owner 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 manager of such other legal entity shall be eligible to serve as a member of the Board.

3. **Election of Administrators.** Except as provided in section 5 of this article, the Administrators shall be elected at the annual meeting of Unit Owners, and those persons who receive the highest number of votes shall be deemed to have been elected.

4. **Removal.** Administrators 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 Administrators.

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

6. Compensation. The Board of Administrators shall receive no compensation for their services unless allowed and provided for by a resolution of the Unit Owners passed by the affirmative vote of the Unit Owners owning sixty six and two-thirds percent (66 & 2/3%) of the aggregate interest in common areas and facilities. 73

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

8. Powers and Duties. The Board of Administrators shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things, except such acts as by law or by the Declaration or by these By-laws may not be delegated to the Board of Administrators. Such powers and duties of the Board of Administrators 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, without limitation, 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) At the direction of the Unit Owners declared by the affirmative vote of Unit Owners owning sixty six and two-thirds percent (66 & 2/3%) of the aggregate interest in the common areas and facilities, 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.

Southland Associates, Inc., as developer and designator of the initial Board of Administrators and as owner of one hundred percent (100%) of the aggregate interest in the common areas and facilities as of the time of the filing of the Declaration for Pebble Creek to which Declaration these By-laws are appended, shall promulgate and issue an initial set of rules and regulations, which from and after such promulgation shall be and continue in force and effect until such time as they may be amended by the Board of Administrators as herein provided. A copy of such initial rules and regulations shall be furnished by Southland Associates, Inc. to each Unit Owner at the time of such owner acquiring from Southland Associates, Inc. his, her or its ownership interest in the Pebble Creek Unit.

(f) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.

(g) Purchasing or leasing or otherwise acquiring in the name of the Board of Administrators, 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) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Administrators, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Selling, mortgaging, voting appurtenant to or otherwise dealing with units acquired by the Board of Administrators or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions.

(j) 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) Maintaining and repairing any unit, if such maintenance or repair is necessary in the discretion of the Board by operation of applicable restrictions to protect the common areas and facilities or any other portion of the building, and an Owner of any unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered or mailed by the Board to said Owner, provided that the Board shall levy a special assessment against such owner for the costs of said maintenance or repair.

(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 By-laws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

9. **Managing Agent.** The Board of Administrators for the condominium 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 Administrators shall authorize including but not limited to the duties listed in subdivisions (a), (c), (d), (f), (j), (k), (l), (n) and (o) of Section 8 of this Article III. The Board may delegate to the managing agent all of the powers granted to the Board of Administrators by these By-Laws other than the powers set forth in subdivision (b), (e), (g), (h), (i) and (m) of Section 8 of this Article III.

ARTICLE IV - MEETINGS OF ADMINISTRATORS

1. **Organizational Meeting.** The first meeting of the members of the Board of Administrators shall immediately follow the initial meeting of the Unit Owners (Association). It shall not be necessary for notice to be given to the three (3) initial members of the Board of Administrators designated by Southland Associates, Inc. to serve in order to legally constitute such meeting, providing a quorum shall be present.

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2. Regular Meetings. A regular meeting of the Board shall be held immediately after, and at the same place as, the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Administrators may provide by resolution the time and place within the State of North Carolina for the holding of a regular meeting of the Board.
 3. Special Meetings. Special meetings of the Board of Administrators may be called by or at the request of the Chairman of the Board of Administrators or by any two Administrators.
 4. Notice of Meetings. Regular meetings of the Board of Administrators may be held without notice. The person or persons calling a special meeting of Administrators shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Attendance by an Administrator at a meeting shall constitute a waiver of notice of such meeting, except where an Administrator attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.
 5. Waiver of Notice. Any member of the Board of Administrators at any time may waive notice of any meeting of the Board of Administrators in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Administrators are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
 6. Quorum. A majority of the number of Administrators fixed by these By-Laws 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 Administrators.
 7. Manner of Action. Except as otherwise provided in this section, the act of the majority of the Administrators present at a meeting at which a quorum is present shall be the act of the Board of Administrators. A vote of a majority of the number of Administrators fixed by the By-Laws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of the Administrators then holding office shall be required to adopt, amend, or repeal a By-Law, provided that no modification or amendment to the By-Laws shall be effective unless set forth in an amended declaration, duly recorded. Vacancies in the Board of Administrators may be filled as provided in Article III, Section 5, of these By-Laws.
 8. Organization. Each meeting of the Board of Administrators shall be presided over by the Chairman of the Board, and, in the absence of the Chairman, by any person selected to preside by vote of the majority of the Administrators present. The Secretary, or, in his absence, an Assistant Secretary, or, in the absence of both the Secretary and the Assistant Secretary, any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.
 9. Informal Action of Administrators. Action taken by a majority of the Administrators without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Administrators and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.
 10. Minutes. The Board shall keep written minutes of its proceedings.
 11. Fidelity Bonds. The Board of Administrators may require all officers and employees of Pebble Creek handling or responsible for Pebble Creek funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a common expense.

76. 12. Liability of the Board. The members of the Board of Administrators shall not be liable to the Unit Owners 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 contracts made by the Board on behalf of Pebble Creek unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws. It is intended that the members of the Board of Administrators 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 Administrators 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 Pebble Creek shall provide that the members of the Board of Administrators, 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 V - OFFICERS

1. Number. The principal officers of Pebble Creek shall consist of a Chairman of the Board, a Secretary, a Treasurer, and such Vice Chairmen, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Administrators may from time to time elect. Any two or more offices may be held by the same person except the offices of Chairman and Secretary.
2. Election and Term. The officers of Pebble Creek shall be elected by the Board of Administrators from and among the Unit Owners. It is not required that an officer, other than the Chairman of the Board, be an Administrator. Such elections may be held at the regular annual meeting of the Board. Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.
3. Removal. Any officer or agent elected or appointed by the Board of Administrators 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. Compensation. No officer shall receive any compensation from Pebble Creek for acting as such, except that the Treasurer of Pebble Creek Unit Ownership Association may retain the services of a bookkeeper or he may act himself as bookkeeper for the Association at a compensation determined by the Board of Administrators as evidenced by written resolution of the Board of Administrators.
5. Chairman of the Board. The Chairman of the Board shall be the principal executive officer of Pebble Creek and, subject to the control of the Board of Administrators, shall supervise and control the management of Pebble Creek. The Chairman shall, when present, preside at all meetings of the Board and of the Unit Owners and, in general, shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Administrators.
6. Vice-Chairman. The Vice-Chairman, and if there be more than one, the Vice-Chairmen designated by the Board of Administrators, shall, in the absence or disability of the Chairman, have the powers and perform the duties of said office. In addition, each Vice-Chairman shall perform such other duties and have such other powers as shall be prescribed by the Board of Administrators.

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7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Administrators. He shall give, or cause to be given, all notices required by law and by these By-Laws. He shall have general charge of the minute books and records of both the Unit Owners and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the Chairman of the Board or by the Board of Administrators.
 8. Treasurer. The Treasurer shall have custody of all Pebble Creek funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Administrators. He shall keep full and accurate accounts of the finances of Pebble Creek 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 Administrators 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 also prepare and file all reports and returns required by Federal, State or local law and shall generally perform all other duties as may be assigned to him from time to time by the Chairman of the Board or the Board of Administrators.
 9. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and the Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman of the Board or the Board of Administrators.

ARTICLE VI - OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Fixing of Common Charges. The Board of Administrators shall from time to time, and at least annually, prepare a budget for Pebble Creek, determine the amount of the common charges payable by the Unit Owners to meet the common expenses of Pebble Creek, 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 Administrators, 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 or antennas.

(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 Administrators may deem proper for working capital of Pebble Creek, 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 Administrators 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 Administrators 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 Administrators, 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 Administrators pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine. 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 not be liable for and such unit shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale. Such unpaid common charges shall be deemed to be common charges collectible from all of the Unit Owners including such purchaser, his successor and assigns.
3. Collection of Assessments. The Board of Administrators shall assess common charges against the Unit Owners from time to time, at least annually, 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. In the event of default by any Unit Owner in paying to the Board of Administrators the common charges as determined by the Board, such Unit Owner shall be obligated to pay interest at 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 By-Laws becomes delinquent for a period in excess of thirty (30) 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 thirty (30) 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. 79
6. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws 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 Administrators 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.
8. Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Administrators or the breach of any By-Law contained herein or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these By-Laws (a) to enter the unit in which or as to which such violation or breach exists and to summarily 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 and 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 Administrators. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Administrators to the proposed addition, alteration or improvement.
11. Use of Common Areas and Facilities. A Unit Owner shall not place or cause to be placed in the lobbies, vestibules, public halls, stairways, elevators or other common areas and facilities, other than a patio or porch to which such Unit Owner has sole access or joint access, and other than the areas designated as storage areas, any furniture, packages or objects of any kind. The lobbies, vestibules, public halls, stairways and elevators shall be used for no purpose other than for normal transit through them.
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 Administrators 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 may be promulgated and amended by the Board with the approval of a majority of the Unit Owners. 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 as of 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 Administrators shall pay all bills for electricity consumed in any portions of the common areas and facilities as a common expense.

ARTICLE VII - RECORDS AND AUDITS

The Board of Administrators 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 Administrators, minutes of the meetings of the Unit Owners, and financial records and books of account of Pebble Creek, 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 on or before the 15th day of the third month following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of 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.

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ARTICLE VIII - AMENDMENTS AND RECORDATION

The administration of Pebble Creek Unit Owners Association shall be governed by these By-Laws, a true copy of which has been appended a) to the Declaration for Pebble Creek filed of record in the Office of the Register of Deeds for the County of Durham, and b) to the first deed conveying each unit of Pebble Creek. No modification of or amendment to or repeal of these By-Laws 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 of Unit Owners owning not less than 66-2/3% in the common areas and facilities shall be required to so modify, amend or repeal a By-Law. 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.

IN WITNESS WHEREOF, the Declarant has caused these By-Laws to be executed by its duly authorized officers and its seal to be hereunto affixed, this the 1st day of July, 1974.



SOUTHLAND ASSOCIATES, INC.

By: George Watts Carr, Jr.
George Watts Carr, Jr., President

Fulton O. Smith
Fulton O. Smith, Secretary

NORTH CAROLINA

DURHAM COUNTY

513

AMENDMENT TO
DECLARATION OF UNIT OWNERSHIP UNDER
THE PROVISIONS OF CHAPTER 47A OF THE
GENERAL STATUTES OF NORTH CAROLINA, AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS

*See Lease
Agreement
Blk 1013 p. 1
1-27-89*

THIS AMENDMENT to DECLARATION is made on the date hereinafter set forth by SOUTHLAND ASSOCIATES, INC., a North Carolina corporation, hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant under date July 1, 1974, made and issued a DECLARATION of UNIT OWNERSHIP under the Provisions of Chapter 47A of the General Statutes of North Carolina, and of COVENANTS, CONDITIONS and RESTRICTIONS, all as set forth in Instrument recorded on July 22, 1974, in Deed Book 417 at pages 50-68, both inclusive, Durham County Registry, the terms and provisions of which are incorporated herein by reference as fully and to the same extent as if set forth verbatim; and

WHEREAS, in Exhibit C (2) of such DECLARATION, referred to as "American Drive Units", Declarant inadvertently reversed, as to 4229-F American Drive, Durham, N. C., and 4229-G American Drive, Durham, N. C., the applicable figures with respect to the columns entitled "Area", "Rooms" and "Percentage of Interest in the Common Areas & Facilities & of the Common Expenses" with respect to each of the units referred to; and

WHEREAS, Declarant desires to amend and correct the said Exhibit C (2), or so much thereof as is hereinafter referred to, in order that such exhibit, as amended and corrected, accurately set forth the informational data above referred to.

NOW, THEREFORE, the Declarant does hereby withdraw from Exhibit

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above referred to, so much thereof as relates to 4229-F American Drive, Durham, North Carolina, 27705, and to 4229-G American Drive, Durham, North Carolina, 27705, and does hereby file of record the following AMENDMENT to Exhibit C (2), substituting and adopting said AMENDMENT as fully and to the same extent and purport as if it had originally constituted a part of said Exhibit C (2) at the time of its filing on July 22, 1974:

AMENDMENT

to

Exhibit C (2)

American Drive Units

<u>Street No.</u>	<u>Unit</u>	<u>No.</u>	<u>Area</u>	<u>Rooms</u>	<u>Percentage of Interest in the Common Areas & Facilities & of the Common Expenses</u>
4229-F	6-C-3	(606)	2,246 Sq. Ft.	8	2.539
4229-G	6-B-2	(607)	1,848 Sq. Ft.	7	2.198

In all respects other than those herein above set forth, Declarant does hereby approve, ratify and affirm the DECLARATION of UNIT OWNERSHIP as the same appears of record in Deed Book 417, Durham County Registry, beginning at Page 50 thereof.

IN WITNESS WHEREOF, the Declarant has caused this AMENDMENT to DECLARATION to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 21st day of January, 1977.

SOUTHLAND ASSOCIATES, INC.

By:

George Watts Carr, Jr.
George Watts Carr, Jr., President



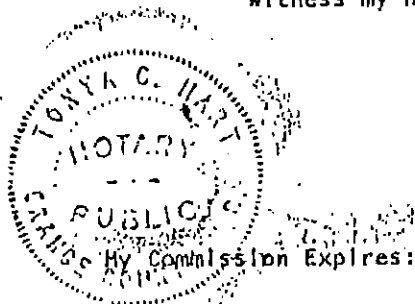
STATE OF NORTH CAROLINA

COUNTY OF DURHAM

515

I, Tonya C. Hart, Notary Public, certify that Fulton O. Smith personally came before me this day and acknowledged that he is Secretary of Southland Associates, Inc., a corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and notarial seal, this 21 day of January, 1977.



Tonya C. Hart
Notary Public

9-9-81

State of North Carolina - Durham County

~~Notary Public~~ Tonya C. Hart

A Notary Public in and for the State of North Carolina, this Designated Governmental unit is hereby acknowledged to be correct.

This the 21 day of

January A.D. 19 77

Ruth C. Garrett
Register of Deeds

By: Myron H. H. H.
Assistant, Deputy
Register of Deeds

FILED
BOOK 933 PAGE 513 thm
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RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, NC

PEBBLE CREEK ASSOCIATION

RE: DECLARATION OF UNIT OWNERSHIP UNDER THE PROVISIONS
OF CHAPTER 47A OF THE GENERAL STATUTES OF NORTH
CAROLINA, AND OF COVENANTS, CONDITIONS AND
RESTRICTION/*EXHIBIT C*:

ALLOCATION OF OWNERSHIP PER UNIT

TO: RESIDENTS

FROM: Board of Directors

Attached please find exhibit which shows percentage of interest in the
common areas and facilities of the common expenses for which your monthly
assessment is calculated.

Attachment

EXHIBIT-C (1)

Constitution Drive Units

<u>Street No.</u>	<u>Unit</u>	<u>No.</u>	<u>Area</u>	<u>Rooms</u>	<u>Percentage of Interest in the Common Areas & Facilities & of the Common Expenses</u>
712-A	1-A-1	(105)	2,199 Sq. Ft.	8	2.368
712-B	1-C-1	(104)	1,848 Sq. Ft.	7	2.027
712-C	1-B-1	(103)	2,246 Sq. Ft.	8	2.326
712-D	1-C-2	(102)	1,848 Sq. Ft.	7	2.027
712-E	1-A-2	(101)	2,199 Sq. Ft.	8	2.368
710-A	2-A-1	(206)	2,199 Sq. Ft.	8	2.422
710-B	2-C-1	(205)	1,848 Sq. Ft.	7	2.080
710-C	2-B-1	(204)	2,246 Sq. Ft.	8	2.379
710-D	2-B-2	(203)	2,246 Sq. Ft.	8	2.379
710-E	2-C-2	(202)	1,848 Sq. Ft.	7	2.038
710-F	2-A-2	(201)	2,199 Sq. Ft.	8	2.422
708-A	3-A-1	(306)	2,199 Sq. Ft.	8	2.539
708-B	3-C-1	(305)	1,848 Sq. Ft.	7	2.198
708-C	3-B-1	(304)	2,246 Sq. Ft.	8	2.518
708-D	3-B-2	(303)	2,246 Sq. Ft.	8	2.518
708-E	3-C-2	(302)	1,848 Sq. Ft.	7	2.198
708-F	3-A-2	(301)	2,199 Sq. Ft.	8	2.518
706-A	4-A-1	(406)	2,199 Sq. Ft.	8	2.688
706-B	4-C-1	(405)	1,848 Sq. Ft.	7	2.326
706-C	4-B-1	(404)	2,246 Sq. Ft.	8	2.390
706-D	4-B-2	(403)	2,246 Sq. Ft.	8	2.390
706-E	4-C-2	(402)	1,848 Sq. Ft.	7	2.326
706-F	4-A-2	(401)	2,199 Sq. Ft.	8	2.422
704-A	5-A-1	(505)	2,199 Sq. Ft.	8	2.539
704-B	5-C-1	(504)	1,848 Sq. Ft.	7	2.198
704-C	5-B-1	(503)	2,246 Sq. Ft.	8	2.518
704-D	5-C-2	(502)	1,848 Sq. Ft.	7	2.198
→ 704-E	5-A-2	(501)	2,199 Sq. Ft.	8	2.539

EXHIBIT C (2)

American Drive Units

Percentage of Interest
in the Common Areas &
Facilities & of the
Common Expenses

Street No.	Unit No.	Area	Rooms	
4229-A	6-A-1 (601)	2,199 Sq. Ft.	8	2.646
4229-B	6-C-1 (602)	1,848 Sq. Ft.	7	2.283
4229-C	6-C-2 (603)	1,848 Sq. Ft.	7	2.283
4229-D	6-A-2 (604)	2,199 Sq. Ft.	8	2.646
4229-E	6-B-1 (605)	2,246 Sq. Ft.	8	2.539
4229-F	6-C-3 (606)	1,848 Sq. Ft.	7	2.198
4229-G	6-B-2 (607)	2,246 Sq. Ft.	8	2.539
4229-H	6-A-3 (608)	2,199 Sq. Ft.	8	2.560
4231-A	7-A-1 (701)	2,199 Sq. Ft.	8	2.432
4231-B	7-B-1 (702)	2,246 Sq. Ft.	8	2.646
4231-C	7-B-2 (703)	2,246 Sq. Ft.	8	2.646
4231-D	7-B-3 (704)	2,246 Sq. Ft.	8	2.539
4231-E	7-C-1 (705)	1,848 Sq. Ft.	7	2.198
4231-F	7-C-2 (706)	1,848 Sq. Ft.	7	1.984

FINAL PLAN

APPROVED BY THE SUBDIVISION
REVIEW BOARD OF THE CITY OF DURHAM, N. C. BY A
RESOLUTION ADOPTED BY IT DATED July 19, 1974
Walter N. Smith
Vice-President Secretary Chairman

APPROVAL VOID
IF NOT RECORDED WITHIN
60 DAYS OR BY Sept. 17, 1974

State of North Carolina - Durham County

The foregoing certificate (s) of Shirley H. Lee

A Notary (Notaries) Public of the Designated Governmental units is
(are) certified to be correct.

This the 22 day of January A. D. 1974.

A. J. Gresham
Register of Deeds

Maylene H. L. Lomax
By: Assistant, Deputy
Register of Deeds

FILED
BOOK 4-17 PAGE 5
then
JUL 22 2 18 PM '74
A. J. GRESHAM
REGISTER OF DEEDS
DURHAM COUNTY, N. C.

Prepared By: Lee L. Corum, Esq. BOOK 1107 PAGE 385
Mail To: Post Office Box 1665, Durham, N. Carolina 27702

NORTH CAROLINA
DURHAM COUNTY

AMENDED DECLARATION OF UNIT OWNERSHIP
UNDER THE PROVISIONS OF CHAPTER 47A OF
THE GENERAL STATUTES OF NORTH CAROLINA AND
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS AMENDED DECLARATION is made on the date hereinafter set forth
by Pebble Creek Unit Owners Association, Inc., a North Carolina non-for-
profit corporation, hereinafter referred to as "the Association."

W I T N E S S E T H:

WHEREAS the Unit Owners of Pebble Creek Condominiums has been or-
ganized prior to this date as an unincorporated association under
Chapter 47A of the North Carolina General Statutes and governed by
certain By-laws attached to the original Declaration of Condominium,
and recorded in Real Estate Deed Book 417, Pages 50-82; and

WHEREAS, the Unit Owners have determined that their organiza-
tional structure should be changed from an unincorporated association
to that of a not-for-profit corporation pursuant to the North Carolina
General Statutes; and

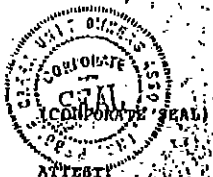
WHEREAS, during a special meeting held in accordance with the pro-
visions of the By-laws, the Unit Owners by a vote of at least 66 2/3
in number and in common interest of all Unit Owners approved a resolu-
tion incorporating the association as a North Carolina not-for-profit
Corporation and in addition the Unit Owners by a vote of at least
66 2/3 in number and in common interest. All Unit Owners approved a
resolution amending the original Declaration by adopting an amended
set of By-laws:

NOW, THEREFORE, the Association does hereby amend the original Declaration of Condominium by deleting the original By-laws recorded at D.B. 417, Pages 69-82 and substituting, declaring and publishing the attached By-laws of Pebble Creek Unit Owners Association, Inc.

IN WITNESS WHEREOF, the Association has caused this Amended Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this 7th day of March, 1983.

PEBBLE CREEK UNIT OWNERS ASSOCIATION, INC.

By: William R. Russell
President



Carol M. McEachern
Secretary

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

I, Starr B. Brogden, Notary Public, certify that Carol M. McEachern personally came before me this day and acknowledged that she is Secretary of Pebble Creek Unit Owners Association, Inc., a corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by herself as its Secretary.

Witness my hand and notarial seal, this 7TH day of MARCH, 1983.



Starr B. Brogden
Notary Public

My Commission Expires: 1/26/86

FILE COPY	
FILED FOR REGISTRATION	DOC. #
DATE 10-14-10	TIME 9:50 AM
BOOK 6579	PAGE 987
STAMPS	REG FEE 23-
WILLIE L. COVINGTON REGISTER OF DEEDS DURHAM COUNTY, NC	

Prepared by ~~and mailed to~~ Homa J. Freeman, Jr., P.O. Box 52396, Durham, NC 27717-2396

Mail to: Frank McNally, 704 Constitution Drive, Unit E, Durham, NC 27705

NORTH CAROLINA

DURHAM COUNTY

**FOURTH AMENDMENT TO DECLARATION OF
UNIT OWNERSHIP COVERING THE PEBBLE
CREEK CONDOMINIUM AS RECORDED IN
DEED BOOK 417 AT PAGE 50 AND AMENDED
BY AMENDMENTS RECORDED IN DEED BOOK
933 AT PAGE 513, DEED BOOK 1107 AT PAGE 385
AND DEED BOOK 2671 AT PAGE 786 OF THE
DURHAM COUNTY REGISTRY**

**THIS FOURTH AMENDMENT TO DECLARATION OF UNIT
OWNERSHIP** made this the 13th day of October, 2010, by the **PEBBLE CREEK UNIT
OWNERS ASSOCIATION, INC.**, a North Carolina Non-Profit Corporation, hereinafter referred to
as the "Association".

WITNESSETH:

WHEREAS, by Declaration of Unit Ownership dated July 1, 1974 and recorded in
Deed Book 417 at page 50 of the Durham County Registry, Southland Associates, Inc. subjected real
property described therein to Unit Ownership in accordance with the provisions of said Declaration;
and

WHEREAS, the Declaration of Unit Ownership has previously been amended by
instruments recorded in Deed Book 933 at Page 513, Deed Book 1107 at Page 385 and Deed Book
2671 at Page 786 of the Durham County Registry (the Declaration and Amendments being referred to
collectively as the "Declaration"); and

WHEREAS, Section 18 A. of the Declaration provides for this Amendment by a vote
of at least sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) in number and in common interest of all Unit
Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the
Bylaws of the Association; and

WHEREAS, pursuant to the provisions of Section 18 of the Declaration a meeting was duly called and held on the 12 day of October, 2010, following written notice in the manner prescribed in the Bylaws, for the purpose of, among other items of business, adopting the following amendment to the Declaration; and

WHEREAS, at least sixty-six and two-thirds percent (66⅔%) of the Unit Owners of the Condominium cast votes in favor of such amendment.

NOW, THEREFORE, Pebble Creek Unit Owners Association, Inc. does hereby amend the Declaration of Unit Ownership recorded in Book 417 at Page 50 of the Durham County Registry, as previously amended by instruments recorded in Books 933 at Page 513, 1107 at Page 385 and 2671 at Page 786 of the Durham County Registry, as follows: by deleting Section 15 of the Declaration in its entirety and substituting the following in lieu thereof:

"15. Leasing of Units. An Owner may lease or rent a Unit only on the following terms and conditions:

A. The Owner of a Unit, throughout the period of ownership, may not rent or lease the Unit, through either a single lease or rental arrangement or successive leases or rental arrangements, for a cumulative period exceeding three (3) years.

B. An Owner shall provide the Board of Directors of the Pebble Creek Unit Owners Association, Inc. (the "Association") with a copy of any written lease or the terms of any rental arrangement prior to occupancy by a tenant or tenants.

C. Notwithstanding the provisions of subparagraph A. of this section to the contrary, a lease or rental arrangement may be approved by the Board of Directors of the Association if it determines that the lease or rental arrangement is necessary as a result of:

1. Health related issues experienced by the Owner or a family member of the Owner.

2. A job related issue involving the Owner or a family member of the Owner.

3. Other condition, beyond the control of the Owner, which requires the leasing or rental of a Unit.

D. Any lease or rental arrangement entered by an Owner of a Unit in contravention of this section shall be null and void".

The provisions of this Amendment shall be effective upon filing this instrument with the Durham County Registry and shall not affect the validity of any lease or rental arrangement entered prior to the filing date; however, the balance of any such lease or rental arrangement term shall be taken into consideration in calculating the three (3) year limitation.

Except as amended herein, the remaining provisions of the Declaration, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the Pebble Creek Unit Owners Association, Inc. has caused this instrument to be duly executed as of the day and year first above written.

PEBBLE CREEK UNIT OWNERS ASSOCIATION, INC.

By Frank McHardy
President

NORTH CAROLINA

DURHAM COUNTY

I, a Notary Public in and for said County and State, do hereby certify that John McQuay, President of PEBBLE CREEK UNIT OWNERS ASSOCIATION, INC. personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

2010.

Witness my hand and official stamp or seal, this the 13 day of October.

[Signature]

Notary Public

My commission expires:

6-8-12

PDF File names	Explanation
1974 0704 book 417 - page 50 - 68 declaration and book 417 page 69-82 bylaws	Original Declaration
1977 0121 book 933 - page 513-515 amendment 1 re 4229F and G PLUS memo and pages 67-68 from book 417	Original bylaws that have been revised Amendment 1 changing sq ft for two units
1982 1209 articles of incorporation	Articles of incorporation
1983 0307 book 1107 page 385-401 amendment 2 to delete original bylaws with replacement	Amendment 2 to replace original bylaws
1989 0522 book 1530 page 461-463 - agreement with PSNC re easement	Agreement with PSNC
1999 0412 state signature page regarding articles of incorporation of PCHOA now on file with state	State signature page
1999 0628 book 2671 - page 786-807 - amendment 3 to change a few paragraphs	Amendment 3 to change a few paragraphs
2006 0130 Rev3 Rules-Regs final Jan 30 2006	Rules and regulations -- not a Durham document, no version date
2010 1013 book 6579 - page 987 - total of 4 pages - amendment 4 about renting	Amendment 4 regarding renting