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PRESENTED
FOR
REGISTRATION

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R.D. MCKENZIE, JR.
REGISTER OF DEEDS
WAKE COUNTY, N.C.

DECLARATION OF UNIT OWNERSHIP
UNDER CHAPTER 47A
NORTH CAROLINA GENERAL STATUTES
FOR
PEMBROKE SQUARE OFFICE CONDOMINIUMS

THIS DECLARATION, made this 5th day of April, 1983, by LINCOLN DEVELOPERS OF RALEIGH, INC., a North Carolina Corporation, (hereinafter referred to as "Grantor" or "Developer") pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, as amended, (sometimes hereinafter referred to as the "Unit Ownership Act");

WHEREAS, Grantor is constructing on the parcel of land owned by Grantor described in Paragraph 1 below a condominium development consisting of six (6) buildings, five (5) buildings to contain four (4) two (2) story office units and two (2) single story office units each and one (1) building to contain four (4) one (1) story office units (hereinafter referred to as the "PROJECT") established in accordance with the provisions of the Unit Ownership Act and the Project when completed will comprise 34 units (hereinafter referred to as "OFFICE UNITS" or "UNITS");

WHEREAS, it is the desire of Grantor to submit the Project property hereinafter described in Paragraph 1 below together with the improvements thereon constructed to the provisions of the Unit Ownership Act for condominium ownership;

WHEREAS, Grantor hereby establishes by this Declaration a plan for the individual ownership of the real property estates consisting of the area of space contained in each of the Office Units and the co-ownership by the individual and separate owners thereof, as tenants in common of all of the remaining real property which is hereinafter defined and referred to as the "COMMON AREAS AND FACILITIES".

NOW THEREFORE, Grantor hereby declares:

1. Legal Description of Project Property

The Pembroke Square Office Condominiums Project site referred to hereinafter is situated in Wake County, State of North Carolina, and is described in Exhibit C attached hereto and made a part hereof (hereinafter known as "PROJECT PROPERTY"), notwithstanding any provision in this Declaration to the contrary.

2. Definitions

The terms defined in this Paragraph 2 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Declaration and of any amendments hereto shall have the respective meanings specified in this Paragraph.

2.1. "Association" means Pembroke Square Office Condominiums Association, Inc. which is an incorporated unit owners' association as defined in the Unit Ownership Act organized as a non-profit corporation pursuant to the provisions of Chapter 55A of the General Statutes of North Carolina, and its successors or assigns, or the members as a "whole" should the corporation terminate without other successor or assign.

2.2. "Board" means the Board of Directors of the Association as the same may be constituted from time to time.

2.3. "By-Laws" means the By-Laws of the Association attached hereto as Exhibit A and made a part hereof.

2.4. "Buildings" means the buildings located on the Condominium Property.

2.5. "Unit Ownership Act" means Chapter 47A of the General Statutes of the State of North Carolina as the same may be amended or supplemented from time to time.

2.6. "Common Areas and Facilities" means all parts of the Condominium Property except the Units, including, without limitation, all foundations, exterior and supporting walls and roofs of the Buildings, and structural and component parts of all interior walls, doors, floors and ceilings of the Buildings, all decks, all patios, courtyards, walkways, driveways and parking spaces and all lawns, landscaping and gardens now or hereafter situated in the Condominium Property, including any repairs and replacements thereof, entrances and exits to and from the Condominium Project, and all water and sewer lines serving and located on the Condominium Property, but outside public easements or rights-of-way.

2.7. "Common Expenses" means those expenses designated as Common Expenses in both the Unit Ownership Act and this Declaration or the By-laws, including, without limitation, the following:

(a) all sums lawfully assessed against the Unit Owners by the Association;

(b) expenses of the Association incurred in the administration, maintenance, repair and replacement of the Common Areas and Facilities;

(c) expenses determined from time to time to be Common Expenses by the Association;

(d) ad valorem taxes and assessments for public improvements levied against Common Areas and Facilities; and

(e) insurance premiums for insurance carried by the Association.

2.8. "Condominium Property" means the property described in Paragraph 1 above, Buildings and all other improvements thereon, all easements, rights, and appurtenances belonging thereto, and all articles of personal property existing thereon for the common use of the Unit Owners.

2.9. "Declaration" means this instrument and all of the Exhibits hereto, as originally executed, or, if amended as herein provided, as so amended.

2.10. "Drawings" means the drawings prepared by Fred Tolson Associates, Inc. consisting of twenty-two (22) sheets bearing various dates and in accordance with the Unit Ownership Act relating to the Condominium Property, which Drawings are identified as Exhibit B and attached to and made a part of this Declaration, or, when amended pursuant to the provisions of Paragraph 17 hereof, as so amended. See Wake County Condominium Plan File Number Fifty (50).

2.11. "Limited Common Areas and Facilities" means those parts of the Common Areas and Facilities reserved for the use of a certain Unit to the exclusion of all other Units and more specifically described in Paragraph 6.4 hereof.

2.12. "Occupant" means the person or persons, natural or artificial, in possession of a Unit.

2.13. "Ownership Interest" means the fee simple title interest in a Unit and the undivided percentage interest in the Common Areas and Facilities appertaining thereto. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

2.14. "Rules" means such rules and regulations governing the operation and use of the Condominium Property or any portion thereof as may be adopted by the Association or the Board from time to time.

2.15. "Office Unit or Unit" means that part of the Condominium Property described in Paragraph 5.1 hereof.

2.16. "Unit Space" means that part of the Condominium Property described in Paragraph 5.2 hereof.

2.17. "Unit Owner" means any person or persons, natural or artificial, owning the fee simple estate in a Unit or Unit Space and an undivided percentage interest in the Common Areas and Facilities. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

2.18. The use of the plural shall include the singular; the singular the plural; and the use of any gender shall be deemed to include all genders.

3. Name

The Condominium Property shall be known as "Pembroke Square Office Condominiums".

4. General Description

The Condominium Property includes one one-story building without basement, and shall contain no less than four one-story office Units, and five buildings without basements, each containing four two-story units and two single story units. The buildings are of wood frame construction with exterior finish of brick and wood siding. Brick and wood are the principal materials of which the building is constructed. The ground floor in the building is concrete slab and the second story floor is wood truss framing topped with particle board and plywood (as shown on the plans), and the walls and ceilings are sheetrock. Reference is made to the drawings for a more detailed description of the building and Office Units, including the location, layout, dimensions (area), of the Office Units and the Common Area and Facilities. The buildings are not named but are designated numerically as #1, #2, #3, #4, #5, and #6; Units 1 - 100 and 105 are type A2; Units 1 - 101, 102, 103 and 104 are type A1; Units 2 - 200 and 205 are type B3; Units 2 - 201 and 204 are type B2; Units 2 - 202 and 203 are type B1; Units 3 - 300 and 305 are type B3; Units 3 - 301 and 304 are type B2; Units 3 - 302 and 303 are type B1; Units 4 - 400 and 405 are type A2; Units 4 - 401, 402, 403 and 404 are type A1; Units 5 - 500 and 505 are type A2; Units 5 - 501, 502, 503 and 504 are type A1; and Units 6 - 601, 602, 603 and 604 are type C1. The Office Units in the building #1 are numbered numerically from 100 through 105; building #2, 200 through 205; building #3, 300 through 305; building

#4, 400 through 405; building #5, 500 through 505; and building #6, 601 through 604. Thus, a specific Office Unit will be identified by reference to the building numerical designation and the numerical number of such Office Unit. For example, Unit 100 in Building #1 may be identified as "Unit 100 in Building #1" or "Building #1, Unit 100" or "Unit 1-100" or "Unit 100-1". Any such designation shall be sufficient as long as it contains the numerical designation of the building and the numerical designation of the Office Unit. There are six types of Office Units in the Condominium Property which are described as follows:

4.1. Type A1. This is a two story unit having an area of approximately 1,760 square feet, (880 on the first floor and 880 on the second floor) containing a reception and waiting area, general office area, storage area, a wet bar option, two (2) toilets, and optional operating fireplaces in selected offices.

4.2. Type A2. This is a one story unit having an area of approximately 858 square feet, and containing a reception area, office and storage area, a wet bar option, one (1) toilet, and an optional operational fireplace in selected offices.

4.3. Type B1. This is a two story unit having an area of approximately 2,112 square feet, (1,056 on the first floor and 1,056 on the second floor) containing a reception and waiting area, general office area, storage area, a wet bar option, two (2) toilets, and optional operating fireplaces in selected offices.

4.4. Type B2. This is a two story unit having an area of approximately 1,760 square feet, (880 on the first floor and 880 on the second floor) containing a reception and waiting area, general office area, storage area, a wet bar option, two (2) toilets, and optional operating fireplaces in selected offices.

4.5. Type B3. This is a one story unit having an area of approximately 846 square feet, and containing a reception area, office and storage area, a wet bar option, one (1) toilet, and an optional operational fireplace in selected offices.

4.6. Type C1. This is a two story unit having an area of approximately 1600 square feet, and containing a reception area, office and storage area, a wet bar option, one (1) toilet, and an optional operational fireplace in selected offices.

4.7. Unit Type Revisions. Grantor reserves the right, within the Unit Space of each building, to change the interior design and arrangement of all Units, and to alter the boundaries between Units, so long as Grantor is the owner of the Unit or Units, and Unit Space, so altered, and provided no Unit shall contain less than

800 square feet of area. Any such alterations and changes shall be consummated by the filing of an amendment to this Declaration and to Exhibit "B" hereof pursuant to the form and manner prescribed and the rights and authorizations reserved in Paragraph 17 of this Declaration.

5. Description of Units

5.1. Units. Each Unit shall constitute a single freehold estate and shall consist of all of the space bounded by the undecorated interior surfaces (whether plaster, dry wall, wood, concrete or other materials) of the perimeter walls, windows and doors, the floor and the roof of such Unit, projected, if necessary, by reason of structural divisions such as interior walls, floors, ceilings and other partitions, as may be necessary to form a complete enclosure of space with respect to such Unit (the exact layout and dimensions of each Unit being shown on the Drawings), and including, without limitation, all space occupied by any Common Areas and Facilities located within the bounds of a Unit, together with the decorated surfaces, including paint, lacquer, varnish, wall paper, paneling, tile and any other finishing material applied to interior walls, doors, floors and ceilings and interior surfaces of perimeter walls, windows, doors, floors and ceilings.

5.2. Unit Space. "Unit Space" means that area of each Building within the interior of its perimeter walls, floors and ceilings which has been designated for, but not yet fashioned into finished Units.

6. Common Areas and Facilities

6.1. Description. The Common Areas and Facilities shall consist of all parts of the Condominium Property except the Units.

6.2. Ownership of Common Areas and Facilities. The Common Areas and Facilities comprise, in the aggregate, a single freehold estate and shall be owned by the Unit Owners, as tenants in common, and ownership thereof shall remain undivided. No action for partition of any part of the Common Areas and Facilities shall be maintainable, except as specifically provided in the Unit Ownership Act, nor may any Unit Owner otherwise waive or release any rights in the Common Areas and Facilities; provided, however, that if any Unit be owned by two or more co-owners as tenants in common or as tenants by the entirety nothing herein contained shall be deemed to prohibit a voluntary or judicial partition of such Unit ownership as between such co-owners.

The percentage of interest in the Common Areas and Facilities for each Unit, as required by the provisions of the Unit Ownership Act, shall be equal to the ratio the square footage of such unit bears to the total square footage of all units and unit space submitted to the provisions of the "Unit Ownership Act" by this Declaration, and by subsequent amendments hereto. The total square footage of all units and unit space is 51,540 square feet and this square footage shall be used as the denominator and the unit space of each unit as shown on Exhibit "B" shall be the Numerator, in determining the undivided percentage of interest of a Unit Owner in the Common Areas and Facilities. The square footage dimensions required to compute the above percentages, together with the percentage for each Unit computed therefrom shall be shown and depicted on Exhibit "B" and on that Exhibit as amended from time to time, the percentages for each unit are also shown on Exhibit "D" attached hereto, and the percentage so shown shall be inserted in the deeds of each Unit to Unit Owners, and on an amendment to this Declaration as an Exhibit E hereto. In determining the value of each square foot of Unit and Unit Space area for purposes of this Paragraph, it shall be concluded that each square foot has the same value. In determining square footage values, the value of interior improvements made by or on behalf of a Unit Owner other than Grantor, its successors or assigns shall not be considered. The undivided percentage of interest of the Unit Owners in the Common Areas and Facilities and the fee title to their respective Office Unit shall not be separated or separately conveyed, encumbered, inherited or divided.

6.3. Use of Common Areas and Facilities. Each Unit Owner, its guests, invitees, employees and tenants shall have the right to use the Common Areas and Facilities in accordance with the purposes for which they are intended and for all purposes incident to the use and occupancy of his Unit, including the use of parking areas situated on the Condominium Property as shown on the Plans, together with the right and easement over the Common Areas to and from dedicated public streets along the private streets and access areas to such parking areas, and such rights shall be appurtenant to and run with his Unit; provided, however, that no person shall use the Common Areas and Facilities or any part thereof in such manner as to interfere with or restrict or impede the use thereof by others entitled to the use thereof or in any manner contrary to or not in accordance with this Declaration, the By-Laws, and the Rules.

6.4. Use of Limited Common Areas and Facilities. Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy the Limited Common

Areas and Facilities located within the bounds of his Unit or which serve only his Unit. The Limited Common Areas and Facilities with respect to each Unit shall consist of:

- (a) all interior walls, doors, floors and ceilings located within the bounds of such Unit, excluding the structural and component parts thereof;
- (b) all glass and screens within windows and doors within the perimeter walls of such Unit;
- (c) all ducts and plumbing, electrical and other fixtures, equipment and appurtenances, including heating and air conditioning systems and control devices, and water heaters located within the bounds of such Unit or which serve only such Unit;
- (d) all gas, electric, water or other utility or service lines, pipes, wires and conduits located within the bounds of such Office Unit and which serve only such Office Unit;
- (e) patios, courtyards and appurtenant improvements, front and back stoops and balconies and decks (if any), and entry areas which serve only such Unit;
- (f) all other Common Areas and Facilities as may be located within the bounds of such Unit and which serve only such Unit or which may be designated on the Drawings as a Limited Common Area of Facility.

7. Covenants of Unit Owners.

Grantor, its successors and assigns, by this Declaration, and all future owners of the Office Units, by their acceptance of their deeds, covenant and agree as follows:

7.1. That the Office Units shall be occupied and used by the respective owners only as an office for the owner, his tenants, and guests and for no other purpose.

7.2. That the owner of the respective Office Units shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his respective Unit, nor shall such owner be deemed to own pipes, wires, conduits or other public utility lines running through his Unit which are utilized for, or serve more than one Unit, except as tenants in common with the other Unit Owners as heretofore provided in Paragraph 6. Said owner, however, shall be deemed to own the walls and partitions which are contained within said owner's Unit, and also shall be deemed to own the inner decorated or finished surfaces of the perimeter walls, floors and ceilings, including plaster, paint, wallpaper, and the like.

7.3. That the owners of the respective Office Units agree that if any portion of the Common Areas and Facilities encroaches upon their Unit, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event any Building is partially or totally destroyed, and then rebuilt, the owners of Office Units agree that minor encroachment of parts of the Common Areas and Facilities due to construction shall be permitted and that valid easement for said encroachment and the maintenance thereof shall exist.

7.4. That the owner of an Office Unit shall automatically, upon becoming the owner of such Unit, be a member of the Pembroke Square Condominiums Association, herein referred to as the "Association", and shall remain a member of said Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease.

7.5. That the owners of Office Units covenant and agree that the administration of the condominium shall be in accordance with the provisions of this Declaration, the Charter and the By-Laws of the Association.

7.6. That each owner, tenant or occupant of an Office Unit shall comply with the provisions of this Declaration, the By-Laws, and decisions and resolutions of the Association or its representative. Failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, or for injunctive relief.

7.7. That this Declaration shall not be revoked or any of the provisions herein amended except as provided in the Unit Ownership Act and in Paragraph 17 below.

7.8. That no owner of an Office Unit may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by the abandonment of his Office Unit.

7.9. That no owner, tenant, guest or invitee shall use or occupy any Unit in such manner that will violate any laws of the United States and the State of North Carolina, or any provisions of the Code of the City of Raleigh. Failure to comply with any such laws or provisions shall be grounds for an action to recover sums due, for damages, or for injunctive relief.

7.10. That the Association shall (a) have the right, in conformity with the provisions of the City Code of the City of Raleigh, to limit the number of parking spaces available for use with each Unit, and (b) have the right, but not the duty, to assign specific parking spaces to each Unit.

8. Assessments

8.1. All sums assessed by the Association but unpaid for the share of the common expenses chargeable to any Unit shall upon compliance with the provisions of N.C.G.S. 47A-22(a), constitute a lien on such Unit prior to all other liens except only (1) assessments, liens and charges for real estate taxes due and unpaid on the Unit, (2) all sums unpaid on deeds of trust, mortgages and other encumbrances duly of record against the Unit prior to the docketing of the lien in the Office of the Clerk of Superior Court as provided herein, and (3) materialmen's and mechanics' liens. The rights of the parties with respect to such lien and unpaid assessments shall be governed by North Carolina G.S. 47A-22.

8.2. The assessments, and lien therefor, shall commence as to all Units and Unit Space shown on Exhibit "B", as the same may be amended from time to time, on the first day of the first month following the recording thereof with the Architect's and Engineer's "as-built" certification affixed.

9. Purchaser at Foreclosure Sale

Where the mortgagee of a first mortgage of record or other purchaser of such Unit obtains title to the Unit as a result of foreclosure of the first mortgage, or where the mortgagee of a first mortgage of record obtains title to the Unit by deed in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Unit which become due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Units including such acquirer, his successors and assigns.

10. Rental of Units by Unit Owners

The owners of the respective Units shall have the absolute right to lease same provided that said lease is made subject to the covenants and restrictions contained in this Declaration and further subject to the By-Laws attached hereto.

11. Reconstruction

In the event the property subject to this Declaration is totally or substantially damaged or destroyed, the repair, reconstruction, or disposition of the property shall be as provided by the provisions of the Unit Ownership Act.

12. Conveyance of Office Unit

In a conveyance (as opposed to a conveyance by virtue of a foreclosure of a first mortgage, or deed-in-lieu of foreclosure of a first mortgage) of an Office Unit the Grantee of the Unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. However, any such Grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the Grantor due the Association and such Grantee shall not be liable for, nor shall the Office Unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the Grantor in excess of the amount therein set forth.

13. Voting

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Unit Ownership Act, this Declaration or in the By-Laws, shall be deemed to be binding on all owners of Office Units, their successors and assigns.

14. Insurance and Reconstruction

14.1. Insurance. The insurance which shall be carried upon the Condominium Property shall be governed by the following provisions:

(i) All improvements comprising the Common Areas and Facilities and all personal property as may be owned by the Association shall be insured by the Association in an amount equal to the full insurable replacement value thereof, exclusive of excavation and foundations. Such coverage shall afford protection against the following:

(a) loss or damage by fire and other hazards covered by standard extended coverage endorsement; and

(b) such other risks as from time to time customarily shall be covered with respect to buildings similar to the Buildings in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm and water damage, subject to such deductible amounts not in excess of \$1,000.00 as the Board shall determine. The policy or policies providing such coverage (hereinafter called "Casualty Insurance") shall provide that notwithstanding any provision thereof which gives the carrier an option to restore damage in lieu of making a cash settlement therefor, such option shall not be exercisable in the case of removal of the Condominium Property from the provisions of the Unit Ownership Act as provided for in this Declaration or in the Unit Ownership Act and shall further provide that the coverage thereof shall not be terminated for non-payment of premiums without at least ten (10) days written notice to each Unit mortgagee. All Casualty Insurance policies shall be purchased by the Association for the benefit of the Grantor, the Association, the Unit Owners and their respective mortgagees, as their interests may appear, and shall provide (a) for the issuance of certificates of insurance with mortgagee endorsements to the holders of mortgages on the Units, if any, and (b) that the insurer waives its rights of subrogation against Unit Owners, Occupants and the Association. All Casualty Insurance policies shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association, as trustee.

(ii) The Association shall insure itself, the members of the Board, the Unit Owners and the Occupants against liability for personal injury, disease, illness or death and for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Common Areas and Facilities, including without limitation water damage, legal liability, hired automobile, non-owner automobile and off-premises employee coverage, such insurance to be in such amounts as is determined necessary and adequate from time to time by the Board. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group or to a Unit Owner. In

the event the insurance effected by the Association on behalf of the Unit Owners and Occupants against liability for personal injury or property damage arising from or relating to the Common Areas and Facilities shall, for any reason, not fully cover any such liability, the amount of any deficit shall be a Common Expense to the Unit Owners, and any Unit Owner who shall have paid all or any portion of such deficiency in an amount exceeding his proportionate share thereof based on his percentage of interest in the Common Areas and Facilities shall have a right of contribution from the other Unit Owners according to their respective percentages of interest in the Common Areas and Facilities.

(iii) Premiums upon insurance policies purchased by the Association shall be paid by the Association at least thirty (30) days prior to the expiration date of such policies and shall be assessed as Common Expenses.

(iv) Each Unit Owner may, at his own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of his Unit and Casualty Insurance affording coverage upon his Unit and property inasmuch as the same will not be insured by the Association, but such Casualty Insurance shall provide that it shall be without contribution as against the Casualty Insurance purchased by the Association or shall be written by the carrier of such Casualty Insurance and shall contain the same waiver of subrogation as that, referred to in sub-paragraph (i) above.

14.2. Responsibility for Reconstruction or Repair

(i) If any portion of the Common Areas and Facilities shall be damaged by perils covered by the Casualty Insurance, the Association shall cause such damaged portion to be promptly reconstructed or repaired to the extent of the funds made available to the Insurance Trustee, as hereinafter provided, and any such reconstruction or repair shall be substantially in accordance with the Drawings; provided, however, if such damage renders two-thirds or more of the Units then comprising within the Condominium Property untenable, the Unit Owners may, by the vote of those entitled to exercise not less than 75% of the voting power, elect not to reconstruct or repair such damaged part at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within thirty (30) days after such final

adjustment, and upon such election;

(a) The property shall be deemed to be owned as tenants in common by the unit owners;

(b) The undivided interest in the property owned by the unit owners as tenants in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities;

(c) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property as provided herein; and

(d) The property shall be subject to an action for sale in lieu of partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among all the unit owners in proportion to their respective undivided ownership of the common areas and facilities, after first paying off, out of the respective shares of unit owners, to the extent sufficient for that purpose, all liens on the unit of each unit owner.

(ii) Each Unit Owner shall be responsible for reconstruction and repair of his Unit after casualty.

14.3. Procedure for Reconstruction or Repair

(i) Immediately after a casualty causing damage to any portion of the Common Areas and Facilities, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board deems necessary.

(ii) If the proceeds of the Casualty Insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association (including the aforesaid fees and premiums, if any) one or more special assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs, and the proceeds of such special assessments

shall be deposited with the Insurance Trustee.

(iii) The proceeds of the Casualty Insurance referred to in Subsection (i) of Paragraph 14.1 and the sums deposited with the Insurance Trustee from collections of special assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed to the Insurance Trustee and be applied by the Insurance Trustee to the Payment of the cost of reconstruction and repair of the Common Areas and Facilities from time to time as the work progresses. It shall be presumed that the first monies disbursed in payment of such costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance in any construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be disbursed to the Association.

(iv) Each Unit Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under the Casualty Insurance policies referred to in Subsection (i) of Paragraph 14.1.

15. Water and Sewer Charges

If water shall be supplied to the units and the common areas through one or more building meters, then the Association shall pay, as a common expense, all charges for all water consumed on the property, including water consumed by the individual Unit Owners and the cost of said water and the corresponding sewer charge shall be a common expense of the Association. The Association may grant any necessary easements, licenses or contract rights required by any governmental authority to provide water and sanitary sewerage service.

16. Developer as Unit Owner

That so long as said Grantor, its successors and assigns, owns one or more of the Office Units or Unit Space established and described herein, said Grantor, its successors and assigns shall be subject to the provisions of this Declaration and of Exhibits A and B attached hereto; and said Grantor covenants to take no action which would adversely affect the rights of the Association with respect to assurances against latent defects in the property or other right assigned to the Association, the members of such association and their successors in interest, as their interests may appear, by reason of the establishment of the condominium.

17. Amendment of Declaration

This Declaration may be amended upon the filing for record with the Register of Deeds of Wake County, North Carolina of an instrument in writing setting forth specifically the item or items to be amended and any new matter to be added, which instrument shall have been duly executed by Unit Owners having not less than seventy-five (75%) interest in the Common Areas and Facilities, or in any case where the Unit Ownership Act requires unanimous consent of the Unit Owners, by all of the Unit Owners. Such amendment must be executed with the same formalities as this instrument and must refer to the volume and page in which this instrument and its attached exhibits are recorded and must contain an affidavit by the President of the Association or Grantor, as the case may be, that a copy of the amendment has been mailed by certified mail to all mortgagees having bona fide first liens of record against any Unit ownership. No amendment shall have any effect, however, upon Grantor, the rights of Grantor under this Declaration and upon the rights of bona fide mortgagees until the written consent of Grantor and such mortgagees to such amendment has been secured. Such consents shall be retained by the Secretary of the Association or the Grantor, as the case may be, and his certification in the instrument of amendment as to the consent or non-consent of Grantor and the names of the consenting and non-consenting mortgagees of the various Units may be relied upon by all persons for all purposes.

18. Miscellaneous Provisions

18.1. Grantor to appoint initial Directors of Association. The initial Board of the Association shall consist of three persons appointed by Grantor, who may be employees of Grantor, and who need not be Unit Owners. They shall serve until the first meeting of Unit Owners which shall be held at such time as is provided in the By-Laws. During their term in office, the three person Board appointed by Grantor shall exercise the powers, rights, duties and functions

of the Association and the Board, including, without limitation, the power to determine the amount of, and to levy special assessments and assessments for Common Expenses and to enter into a management agreement with such party and upon such terms and conditions as they may deem to be in the best interest of the Association.

18.2. Notices of Mortgages. Any Unit Owner who mortgages his Ownership Interest or interest therein, shall notify the Association, in such manner as the Association may direct, of the name and address of his mortgagees and thereafter shall notify the Association of the payment, cancellation or other alteration in the status of such mortgages. The Association shall maintain such information in a book entitled "Mortgagees of Units".

18.3. Copies of Notices to Mortgage Lender. In addition to notice of other matters required herein to be given to Lenders, the holder of any duly recorded mortgage on any Ownership Interest or interest therein shall be entitled to the following:

- (i) Notice of any condemnation loss or any casualty loss which affects a material portion of the Condominium Property or any Unit on which such Lender holds a mortgage or deed of trust;
 - (ii) Notice of any delinquency in the payment of assessments or charges owed by an owner of a Unit upon which such Lender holds a mortgage or deed of trust;
 - (iii) Notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
 - (iv) Notice of all meetings of the Board of Directors of the Members;
 - (v) Notice of any proposed action which would require the consent of a specified percentage of mortgage holders, and
 - (vi) Have available for inspection during normal business hours or under other reasonable circumstances:
 - (a) Current copies of the Declaration;
 - (b) Current copies of the By-Laws;
 - (c) Current copies of the Rules concerning the Association,
- and
- (d) The books, records and financial statements of the Association.

18.4. Covenants Running with the Land. Each grantee of the Grantor, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved, or declared, and all impositions and obligations hereby imposed 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 said land, and shall inure to the benefit of such person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

18.5. Termination. Subject to the provisions of N.C.G.S. 47A-16, upon the removal of the Condominium Property from the provisions of Unit Ownership Act, all easements (except those dedicated to the City of Raleigh, North Carolina), covenants and other rights, benefits, privileges, impositions and obligations declared herein to run with the land or any Ownership Interest or interest therein shall terminate and be of no further force and effect.

18.6. Waiver. No covenants, restrictions, conditions, obligations, or 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.

18.7. Severability. The invalidity of any covenant, restriction, condition, limitation or any other provisions of this Declaration, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.

18.8. Time Limits. If any of the privileges, covenants, or rights, created by this Declaration shall be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living children of Steven R. Brady, a Principal of Grantor.

18.9. Liability. Neither Grantor, nor any subsidiary of Grantor, nor any employee, agent, successor or assign of Grantor or any such subsidiary, shall be liable for any claim or damage whatsoever arising out of or by reason of any actions performed pursuant to or in accordance with any authority granted or delegated to them or any of them by or pursuant to this Declaration.

18.10. Loans to Association. Grantor may at its discretion loan funds to the Association from time to time as required, which loans shall be repayable with interest at twelve percent (12%) per annum as funds are available, but in no event more than one (1) year from the date of advancement of funds, unless a later payment is approved by Grantor.

18.11. Service of Notices on the Board. Steven R. Brady, whose mailing address is 2003 Shelly Road, Raleigh, North Carolina, is hereby appointed agent for service of all notices required to be given to the Board or the Association. Any such notices may be delivered to Steven R. Brady, either personally or by certified mail, with postage prepaid, addressed to such agent. The Board may from time to time designate a substitute agent for service.

18.12. Headings. The heading to each Paragraph and each Section hereof is inserted only as a matter of convenience for reference and in no way defines, limits or describes the scope or intent of this Declaration nor in any way affects this Declaration.

18.13. Restriction on Amendments. No amendment hereto shall be effective until approved by the City of Raleigh, or until the City of Raleigh fails to approve or disapprove any amendment within thirty (30) days after such amendment is submitted thereto for approval.

18.14. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the establishment of a condominium development of the highest standards.

18.15. Responsibility for Maintenance of Private Streets and Driveways. The maintenance responsibility of the private streets and driveways comprising a part of the Common Area shall rest with the Association pursuant to the provisions of the Raleigh City Code Section 10-3074, which section provides substantially in part that in no case shall the City of Raleigh be responsible

for failing to provide any emergency or regular fire, police, or other public service to the property and/or occupants when the failure is due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, the Association, or occupants.

18.16. Easement Over Common Areas and Facilities. Grantor hereby establishes over the Common Areas and Facilities easements for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

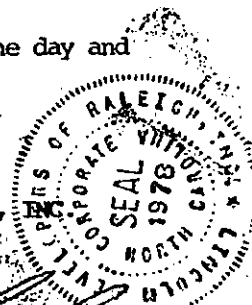
IN WITNESS WHEREOF, the Grantor has executed this instrument the day and year first above written.

ATTEST:

LINCOLN DEVELOPERS OF RALEIGH, INC.

[Signature]
Secretary

By [Signature]
President



NORTH CAROLINA

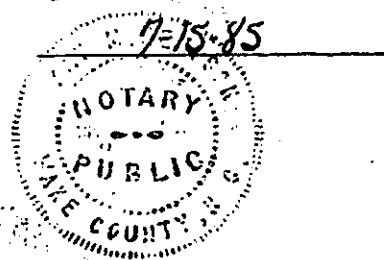
WAKE COUNTY

This 5th day of April, 1983, personally came before me Kay M. DENISON, a Notary Public in and for the said County and State, David L. Brady, who, being by me duly sworn, says that he is the President of LINCOLN DEVELOPERS OF RALEIGH, INC., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said Secretary acknowledged the said instrument to be the act and deed of said corporation.

WITNESS my hand and notarial seal, this 5th day of April, 1983.

Kay M. Denison
Notary Public

My Commission Expires:



NORTH CAROLINA - WAKE COUNTY

The foregoing certificate of Kay M. Denison

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

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

By [Signature]
Deputy Register of Deeds

BY-LAWS OF PEMBROKE SQUARE OFFICE
CONDOMINIUMS ASSOCIATION, INC.

EXHIBIT A

ARTICLE I

THE ASSOCIATION

Section 1. Name and Nature of Association. The Association shall be an incorporated association and shall be called "Pembroke Square Office Condominiums Association, Inc." The business and property of the Pembroke Square Office Condominium shall be managed and directed by the Association, or its successors or assigns, or by an unincorporated association of all the members if the corporation is terminated without other successor or assign.

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

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

some other person designated by such owners to act as proxy on their behalf. Such designation shall be in writing to the Board and shall be revocable at any time by actual notice to the Board by the Owners.

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

Section 5. Meetings of Members.

A. Annual Meeting. The annual meeting of members of the Association for the election of members of the Board, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held at the office of the Association, or at such other place upon or in close proximity to the Condominium Property as may be designated by the Board and specified in the notice of such meeting, at 8:00 o'clock P.M., or at such other time as may be designated by the Board and specified in the notice of the meeting. The first annual meeting of members of the Association shall be held within one year after the filing of the Charter of this corporation, and successive annual meetings of members of the Association shall be held on such day and month as shall be determined by the Board.

B. Special Meeting. Special meetings of the members shall be called upon the written request of the President of the Association or, in case of the President's absence, death or disability, the Vice President of the Association authorized to exercise the authority of the President, the Board by action at a meeting,

or a majority of the Board acting without a meeting, or of members entitled to exercise at least twenty-five percent (25%) of the voting power. Calls for such meetings shall specify the time, place and purpose thereof. No business other than that specified in the call shall be considered at any special meeting.

C. Notices of Meetings. Not less than Fifteen (15) nor more than Sixty (60) days before the day fixed for a meeting of the members of the Association, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these By-laws to give such notice. The notice shall be given by personal delivery or by mail to each members of the Association. If mailed, the notice shall be addressed to the members of the Association at their respective addresses as they appear on the records of the Association. Notice of the time, place and purposes of any meeting of members of the Association may be waived in writing, either before or after the holding of such meeting, by any member of the Association, which writing shall be filed with or entered upon the records of the meeting. The attendance of any member of the Association at any such meeting, without protesting, prior to or at the commencement of the meeting, the lack of proper notice, shall be deemed to be a waiver by him of notice of such meeting.

D. Quorum; Adjournment. At any meeting of the members of the Association, the members of the Association entitled to cast one-tenth (1/10) of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Declaration, or by these By-laws to be authorized or taken by a designated percentage of the voting power of the Association may be authorized or taken by a lesser percentage; and provided further, that the members of the Association entitled

to exercise a majority of the voting power represented at a meeting of members, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

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

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

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

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Qualification. Except as provided in Section 11 of this Article II, the Board shall consist of Five (5) persons, and all persons nominated or elected to the Board shall be a Unit Owner.

Section 2. Nomination and Election of Board; Vacancies. Nomination for election to the Board of Directors shall be made by a Nominating Committee appointed

by the Board of Directors. Nominations may also be made from the floor. Board members shall be elected at the annual meeting of members of the Association or at a special meeting called for such purpose. At a meeting of members of the Association at which Board members are to be elected, only persons nominated as candidates shall be eligible for election as Board members and the candidates receiving the greatest number of cumulative votes shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board, however caused, (except as provided in Section 9 of this Article II) the remaining Board members, though less than a majority of the whole authorized number of Board members, may, by vote of a majority of their number, fill any such vacancy for the unexpired term.

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

Section 4. Organization Meeting. Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members whose terms hold over shall hold an organization meeting for the purpose

of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 5. Regular Meetings. Regular meetings of the Board shall be held not less than quarterly at such times and places as shall be determined by a majority of the Board.

Section 6. Special Meetings. Special meetings of the Board may be held at any time upon call by the President or any two Board members. Written notice of the time and place of each such meeting shall be given to each Board member either by personal delivery or by mail, telegram or telephone at least three days before the meeting, which notice need not specify the purposes of the meeting; provided, however, that attendance of any Board member at any such meeting, without protesting, prior to or at the commencement of the meeting, the lack of proper notice, shall be deemed to be a waiver by him of notice of such meeting, and such notice may be waived in writing either before or after the holding of such meeting, by any Board member, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting.

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

Section 8. Powers and Duties. Except as otherwise provided by law, the

Declaration or the By-laws, all power and authority of the Association shall be exercised by the Board. In carrying out the purposes of the Condominium Property and subject to the limitations prescribed by law, the Declaration of these By-laws, the Board, for and on behalf of the Association, may

A. Purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer, and dispose of property of any description or any interest therein, including the right to bid for a Unit at a foreclosure sale;

B. Make contracts;

C. Effect insurance;

D. Borrow money, and issue, sell, and pledge notes, bonds, and other evidences of indebtedness of the Association;

E. Levy assessments against Unit Owners;

F. Employ a managing agent to perform such duties and services as the Board may authorize;

G. Employ lawyers and accountants to perform such legal and accounting services as the Board may authorize;

H. Dedicate, sell or transfer all or any part of the Association's property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members holding sixty-seven (67%) percent of the voting power of the Association, agreeing to such dedication, sale or transfer;

I. Do all things permitted by law and exercise all power and authority within the purposes stated in these By-laws or the Declaration or incidental thereto;

J. Suspend the voting rights and right to use of the facilities of a member during any period in which such member shall be in default in the payment of any

assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for the infraction of published rules and regulations; and

K. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

L. Set the fiscal year of the corporation, which year may coincide with the calendar year.

M. Approve payment vouchers for expenses incurred pursuant to these By-laws, the Declaration and Regulatory Agreement.

N. Designate and/or remove personnel necessary for the maintenance, repair and replacement of the common areas and facilities.

Section 9. Removal of Members of Board. Except for Board members appointed pursuant to Section 11 of this Article II, at any regular or special meeting of members of the Association duly called, at which a quorum shall be present, any one or more of the Board members may be removed with or without cause by the vote of the members of the Association entitled to exercise at least seven y-five percent (75%) of the voting power of the Association, and a successor or successors to such Board member or members so removed shall then and there be elected by the members to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting.

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

Section 11. Initial Board. From the time of incorporation until replaced by election at an annual or special meeting, the Board shall consist of three

persons appointed by the Grantor in the Declaration to which this Exhibit "A" is attached. These persons may be employees of Grantor and need not own a Unit. Until these three persons are replaced by elected Board members, they shall constitute the Board of Directors and exercise all powers and duties granted to the Board of Directors in these By-laws. They are further specifically authorized to enter into a management agreement with such party and upon such terms and conditions as they may deem to be in the best interest of the Association.

ARTICLE III

OFFICERS

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

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

Section 3. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of members of the Association and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the Association. He may execute all authorized deeds, contracts and other obligations of the Association and shall have such other authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these By-laws.

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

Section 5. Secretary. The Secretary shall keep the minutes of meetings of the members of the Association and of the Board and record all resolutions in the Association's Minute Books. He shall keep such books as may be required by the Board, shall give notices of meetings of members of the Association and of the Board required by law, the Declaration or by these By-laws, and shall have such authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these By-laws. He shall keep the corporate seal of the Association and affix it on all papers requiring the seal.

Section 6. Treasurer. The Treasurer shall receive and have in charge all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board. He shall keep accurate financial accounts and hold the same open for the inspection and examination of the Board and shall have such authority and shall perform such other duties as may be determined by the Board. He shall cause an annual outside audit of the Association's books to be made by a public accountant within sixty (60) days after the completion of each fiscal year for such year or in the case of the first audit, for that portion of the first fiscal year the corporation is in existence; and shall supervise the preparation of an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members. The Treasurer shall also be responsible for giving written statements for unpaid assessments in accordance with North Carolina General Statute 47A-23.

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

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

Section 9. Multiple Offices. Any two (2) offices or more may be held by one (1) person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one (1) capacity.

ARTICLE IV

GENERAL POWERS OF THE ASSOCIATION

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

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

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

C. Liability Insurance. The premium upon policy or policies insuring the Association, the members of the Board, the Unit Owners and the Occupants against liability for personal injury, disease, illness or death or for injury

to or destruction of property occurring upon, in or about, or arising from or relating to the Common Areas and Facilities, as provided in the Declaration, the limits of which policy shall be reviewed annually;

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

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

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

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

H. Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance which may in the opinion of the Association

constitute a lien against the Condominium Property or against the Common Areas and Facilities, rather than merely against the interests therein of such Unit Owner responsible for the existence of such lien or encumbrances, provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended in discharging such lien or encumbrances.

I. Certain Maintenance of Units. The cost of the maintenance and repair of the Limited Common Areas and Facilities and of any Unit, if such maintenance or repair is necessary, in the discretion of the Association, to prevent damage to or destruction of any part of the Common Areas and Facilities, or any other Unit, and the Unit Owner having the exclusive right to use such Limited Common Areas and Facilities or owning such Unit requiring such maintenance or repair shall have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Association to said Unit Owner; provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended for such maintenance or repair.

Section 2. Association's Right to Enter Units. The Association or its agents may enter any Unit or portion of the Limited Common Areas and Facilities when necessary in connection with any maintenance, repair or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Association. The Association reserves the right to retain a pass key to each Unit and no locks or other devices shall be placed on the doors to the Units to obstruct entry through the use of such pass key. In the event of any emergency originating in or threatening any Unit at a time

when required alterations or repairs are scheduled, the managing agent or his representative or any other person designated by the Board may enter the Unit immediately, whether the Unit Owner is present or not.

Section 3. Capital Additions and Improvements. Whenever in the judgment of the Board the Common Areas and Facilities shall require additions, alterations or improvements (as opposed to maintenance, repair and replacement) costing in excess of \$5,000.00 and the making of such additions, alterations or improvements shall have been approved by Unit Owners entitled to exercise not less than a majority of the voting power, the Board shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing \$5,000.00 or less may be made by the Board without approval of the Unit Owners, and the cost thereof shall constitute a Common Expense.

Section 4. Rules and Regulations. The Association, by vote of the members entitled to exercise a majority of the voting power of the Association, or the Board, may adopt such reasonable Rules and from time to time amend the same as it or they may deem advisable for the maintenance, conservation and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Unit Owners and Occupants. Written notice of such Rules shall be given to all Unit Owners and Occupants and the Condominium Property shall at all times be maintained subject to such Rules. In the event such Rules shall conflict with any provisions of the Declaration or of these By-laws, the provisions of the Declaration and of these By-laws shall govern.

Section 5. Special Services. The Association may arrange for special services and facilities for the benefit of such Unit Owners and Occupants as may desire to pay for the same, including, without limitation, the cleaning,

repair and maintenance of Units. The cost of any such special services or facilities shall be determined by the Association and may be charged directly to participating Unit Owners as a special assessment or paid by the Association as a Common Expense, in which case a special assessment shall be levied against such participating Unit Owners to reimburse the Association therefor.

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

Section 7. Ad Valorem Taxes and Public Assessments. Pay all ad valorem taxes and public assessments relating to the Common Area.

ARTICLE V

FINANCES OF ASSOCIATION

Section 1. Preparation of Estimated Budget. Each year the Association shall estimate the total amount necessary to pay all the Common Expenses for the next fiscal year together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and shall on or before thirty (30) days before the end of such year notify each Unit Owner in writing as to the amount of such estimate, with a reasonable itemization thereof. This "estimated cash requirement" shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. On or before the first day of the first month of each fiscal year, and the 1st of each and every month of said year, each Unit Owner shall be obligated to pay to the Association or as it may direct one-twelfth (1/12) of the assessment

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

Section 2. Reserve for Contingencies and Replacements. The Association shall build up and maintain a reserve for contingencies and replacements in such amounts as are established by the Board of Directors. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including non-payment of any Unit Owner's assessment, such extraordinary expenditures shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall be payable with the next regular monthly payment becoming due to the Association not less than ten (10) days after the delivery of mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. Budget for First Year. The budget for the remainder of the initial fiscal year and for the next ensuing fiscal year shall be determined by the Board appointed by Grantor.

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

Section 5. Books and Records of Association. The Association shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Areas and Facilities and the same shall be open for inspection by any Unit Owner or his representative, all as provided in Section 47A-20 of the Unit Ownership Act. Any Unit Owner shall be entitled to a statement of his account setting forth the amount of any unpaid assessment or other charges due and owing from such Unit Owner, all as provided in Section 47A-23 of the Unit Ownership Act.

Section 6. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all of the Unit Owners, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for

the use, benefit and account of all of the Unit Owners in proportion to each Unit Owner's percentage ownership in the Common Areas and Facilities.

Section 7. Annual Audit. The books of the Association shall be audited by an outside audit once a year by a public accountant.

Section 8. Delinquent Charges. The Board of Directors may from time to time adopt regulations providing for delinquent or late payment charges when assessments are not paid within ten (10) days after the same become due, and such charges shall be added to and become a part of the assessment and the lien therefor.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Indemnification of Board Members and Officers. Each Board member and officer of the Association, and each former Board member and officer of the Association, shall be indemnified by the Association against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such Board member or officer of the Association (whether or not he is a Board member or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his duties as such Board member or officer. In case of the settlement of any action, suit or proceeding to which any Board member or officer of the Association, or any former Board member or officer of the Association, is made a party or which may be threatened to be brought against him by reason of his being or having been a Board member or officer of the Association, he shall be indemnified by

the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a Board member or officer at the time of incurring such costs and expenses), if (A) the Association shall be advised by independent counsel that such Board member or officer did not misconduct himself or was not negligent in the performance of his duty as such Board member or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such Board member or officer (and all other Board members and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such Board members and officers as a result of such settlement, or (B) disinterested Association members entitled to exercise a majority of the voting power shall, by vote of any annual or special meeting of the Association, approve such settlement and the reimbursement to such Board member or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the Association other than (i) any Board member or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially 10% or more of any class of voting securities, (iii) any firm of which such Board member or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such Board member or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such Board member or officer, and shall not be exclusive of other rights to which

any Board member or officer may be entitled as a matter of law of under the Declaration any vote of Association members or any agreement. However, in no event, shall indemnification of a Board Member or officer, include liability which results from being a unit owner.

Section 2. Amendments. Provisions of the By-laws may be amended by the Unit Owners at a meeting held for such purpose by the affirmative vote of those entitled to exercise not less than seventy-five percent (75%) of the voting power. Any such amendment shall not be effective until it is set forth in an Amendment to the Declaration, duly recorded, as required under Chapter 47-A of the North Carolina General Statutes (the Unit Ownership Act). No such amendment shall conflict with the provisions of the Declaration or of the Unit Ownership Act. All Unit Owners shall be bound by an amendment upon the same being passed and duly set forth in an amended declaration duly recorded, except that such amendment shall not be effective without the prior written approval of the City of Raleigh and the institutional holders of first mortgages or deeds of trust on the Units.

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

Section 4. Compliance with By-laws, Regulations and Covenants. Each unit owner shall comply strictly with the By-laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in the declaration or in the deed to his unit. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the manager or board of directors on behalf of the Association of unit owners or, in a proper case, by an aggrieved unit owner.

EXHIBIT C.

BEGINNING at the point of intersection of the Northern right of way line of Ammons Drive with the Eastern right of way line of Six Forks Road, thence along the Eastern right of way line of Six Forks Road North $35^{\circ} 20'$ West 376.32 feet to a point in said right of way line, having N.C. grid coordinates: $x=771,664.273$ and $Y=2,106,534.804$, thence leaving the Eastern right of way line of Six Forks Road North $53^{\circ} 48' 27''$ East 494.98 feet to a point in the rear line of Lot 13 of North Haven Subdivision recorded in Book of Maps 1975, Vol. I, Page 104, Wake County Registry; thence along the rear line of Lots 13 and 14 of North Haven Subdivision South $35^{\circ} 39' 53''$ East 205.60 feet to a point, the Northwest corner of Lot 1 shown on map of Ammondale Subdivision recorded in Book of Maps 1975, Vol. II, Page 188, Wake County Registry; thence along the Southwestern and Western line of Lot 1 of Ammondale Subdivision two calls as follows: (1) South $35^{\circ} 45' 27''$ East 215.19 feet to a point and (2) South $04^{\circ} 30' 07''$ East 53.12 feet to a point in the Northern line of that certain 0.48 acre tract designated as "352-35A" on the recorded map hereinafter referred to; thence along the Northern and Northwestern line of said 0.48 acre tract and that certain 0.21 acre tract designated as "351-43A" on said recorded map three calls as follows: (1) in a Westerly direction along a curve to the left having a radius of 330 feet, an arc distance of 211.42 feet to a point, (2) South $54^{\circ} 19' 33''$ West 70 feet to a point and (3) South $60^{\circ} 01' 13''$ West 201.5 feet to the point and place of BEGINNING, containing 4.6042 acres and being designated as "Tract I, Boundary Survey, Property of National Properties, Incorporated, Raleigh, Wake County, North Carolina," dated September 15, 1982, and prepared by Runa A. Cooper, Land Surveyors, and also being all of Tract I shown on map entitled "Recombination Plat, Property of Justus M. Ammons and others near Raleigh, Wake Co., N.C." dated July 3, 1974, prepared by Bass, Nixon & Kennedy, Inc., Consulting Engineers, recorded in Book of Maps 1974, Vol. III, Page 289, Wake County Registry, also being Tract 1 on a map entitled "Property of Lincoln Developers of Raleigh, Inc.", dated September 15, 1982, and revised March 24, 1983, by Runa A. Cooper, Land Surveyors, recorded in Book of Maps 1983, Page 315, Wake County Registry, said map reflecting the dimensional changes in the right of way for Six Forks Road, from 60' to 90', and changes the acreage from 4.6042 acres to 4.4735 acres.

EXHIBIT D

TO DECLARATION OF UNIT OWNERSHIP FOR PEMBROKE SQUARE OFFICE CONDOMINIUM
 DATED THE 5th DAY OF April, 1983

<u>Building</u>	<u>Unit</u>	<u>Office Unit Type</u>	<u>Percentage of Tenant Ownership</u>
1	100	A2	1.7
	101	A1	3.4
	102	A1	3.4
	103	A1	3.4
	104	A1	3.4
	105	A2	1.7
2	200	B3	1.65
	201	B2	3.4
	202	B1	4.1
	203	B1	4.1
	204	B2	3.4
	205	B3	1.65
3	300	B3	1.65
	301	B2	3.4
	302	B1	4.1
	303	B1	4.1
	304	B2	3.4
	305	B3	1.65
4	400	A2	1.7
	401	A1	3.4
	402	A1	3.4
	403	A1	3.4
	404	A1	3.4
	405	A2	1.7
5	500	A2	1.7
	501	A1	3.4
	502	A1	3.4
	503	A1	3.4
	504	A1	3.4
	505	A2	1.7
6	601	C1	3.1
	602	C1	3.1
	603	C1	3.1
	604	C1	3.1