

STATE OF NORTH CAROLINA
COUNTY OF MOORE

2000 NOV -6 P 4: 16

SUPPLEMENTARY DECLARATION OF PROTECTIVE COVENANTS
MRS. HUNTS M. ADAMS
REGISTER OF DEEDS
MOORE COUNTY, N.C.

THIS SUPPLEMENTARY DECLARATION OF PROTECTIVE COVENANTS, hereinafter referred to as "Declaration", made and entered into this the 3rd day of November, 2000, by *Pinhurst Area Realty, Inc.*, a North Carolina business corporation with principal offices located at 2209 Midland Road, Pinhurst, North Carolina 28374, with a mailing address of Post Office Box 1511, Pinhurst, North Carolina 28370, hereinafter designated as "Declarant";

WITNESETH:

WHEREAS, there was a "Declaration of Protective Covenants" dated January 21, 1985, executed by Pinhurst Area Realty, Inc., which was recorded in Book 528, at Page 497, et seq., of the Moore County, North Carolina, Public Registry, covering Midland Country Club; and

WHEREAS, there was an Amendment to said Declaration of Protective Covenants dated June 2, 1999, executed by Pinhurst Area Realty, Inc., which Amendment is recorded in Book 1515, at Page 231, et seq., of the Moore County, North Carolina, Public Registry, covering Midland Country Club; and

WHEREAS, in the said Amendment dated June 2, 1999, recorded in Book 1515, at Page 231, et seq., Article numbered 9 on pages numbered 3 and 4 of the said Declaration recorded in Book 528, at Page 497, et seq., of the Moore County Registry, was amended by deleting it in its entirety and by adopting the following Article numbered 9, which, as amended, reads as follows:

"The Declarant reserves the right to subject additional lands to this said Declaration of Protective Covenants without the consent of any entity having an interest in the property which is the subject hereof, and the Declarant further reserves the right to file in the Office of the Register of Deeds of Moore County, North Carolina, supplementary 'Declarations of Protective Covenants'. The Declarant further reserves the right to file in the Office of the Register of Deeds of Moore County, North Carolina, supplementary or additional 'Amendments to Declarations of Protective Covenants';" and

WHEREAS, pursuant to the authority contained in amended Article numbered 9 as recorded in Book 1515, at Page 231, of the Moore County, North Carolina, Public Registry, the said Declarant does desire to substitute for the Declaration of Protective Covenants recorded in Book 528, at Page 497, and the Amendment thereto recorded in Book 1515, at Page 231, of the Moore County, North Carolina, Public Registry, the following "Supplementary Declaration of Protective Covenants", and all of the said real estate which is shown on a map entitled "Midland Farm Country Club", dated April, 1978, as recorded in Plat Cabinet 1, at Slide 141, of the Moore County, North Carolina, Public Registry, shall be held, transferred, sold and conveyed, subject to the following said "Supplementary Declaration of Protective Covenants" and, by the execution of this said Declaration, the said "Declaration of Protective Covenants" recorded in Book 528, at Page 497, et seq., the purported "Amendment to Declaration of Protective Covenants" recorded in Book 488, at Page 407, et seq., the "Amendment to Declaration of Protective Covenants" recorded in Book 487, at Page 337, et seq., and the "Amendment to Declaration of Protective Covenants" recorded in Book 1515, at Page 231,

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et seq., all of the Moore County, North Carolina, Public Registry, are hereby completely stricken from the land, and the following "Declaration of Protective Covenants" is made in substitution and in lieu thereof:

1. "Midland Farm Country Club" is hereby changed to "Midland Country Club".
2. The Declarant reserves the right to build condominiums, townhouses, duplexes, single-family attached dwellings, single-family detached dwellings, and other types of buildings on the lots shown on the recorded plat hereinabove referred to, and on any subsequent plats, and Declarant further reserves the right to subdivide the lots shown on the recorded plat and on any subsequent recorded plat in its discretion. All other lot owners shall adhere to the lay of the lots as shown on the recorded plats hereinabove referred to, and the lot sizes shall not be changed by the owners of lots, other than the Declarant, without the prior written consent of the Building Committee of Declarant, which said Building Committee shall be selected by the Declarant from time to time.
3. Declarant reserves the right to subject the real property in the subdivision to a contract with Carolina Power and Light Company, as well as other utility companies providing service, for telephone lines, electric lines, cablevision, sewer lines, and other utilities of a like nature, for the installation of underground electric cables and/or the installation of street lighting, any of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company and other utilities by the owner or owners of the building.
4. No building, fence, screen, planting, or other improvements, or exterior alterations or additions or deletions, shall be erected or placed or altered on any lot in said development until the building plans, specifications and plot placement showing the location of such building, fences, screens, plantings, and other additions or deletions, including television and radio antennas, and satellite dishes, have been approved by the Declarant, its successors or assigns, or the Building Committee which shall be elected by the Declarant. In the event that exterior painting is approved by Declarant, its successors or assigns, or the Building Committee as referred to above, then the said exterior stain colors must match the original color.
5. No noxious or offensive trade or activity shall be carried on upon any building site or lot in the said subdivision, nor shall anything be done thereon which may be or become an annoyance or nuisance to the other lot owners in the said subdivision or to property owners in adjacent or adjoining improved properties. No signs or billboards of any kind shall be erected or maintained on the premises of any lot within the subdivision without the prior written consent of the Declarant or its Building committee. No trade materials or inventories shall be stored upon the premises covered by this Declaration and no business activity or trade of any kind whatsoever shall be carried on upon any building site in the said subdivision. The provisions of this paragraph shall in no way be deemed to preclude the said Declarant from development and sale of the property which is the subject hereof. Notwithstanding the provisions of this paragraph, the Building Committee of the said Declarant, as hereinabove referred to, shall have the power and authority to give written consent for variances from these provisions which shall be binding upon the Declarant and other entities having legal interests in the property herein.
6. No trailers, trucks, mobile homes, boats, campers, motorcycles, motorbikes, or related types of vehicles, tents, sheds, barns, or other outbuildings, shall be erected or placed on any building site covered by these covenants, except on a temporary basis, without the prior written consent of the Declarant.
7. No livestock, poultry, rabbits, or other animals whatsoever, including dogs, cats and other household pets, shall be allowed or kept on the premises without the prior written consent of the Declarant.
8. No residential dwelling, or any portion thereof, shall be leased by the owners thereof, except with the prior written consent of Declarant, and Declarant reserves unto itself the right of first refusal on the sale of any residential dwelling or lot within the said subdivision, and the Declarant herein shall have a reasonable time thereafter, not to exceed thirty (30) days, in which to accept or reject an offer to sell said real estate by the owner thereof. In the event that the said Declarant elects not to purchase the said residential dwelling or lot within the said subdivision, then the owner of said lot or residential dwelling in said subdivision, prior to attempting to sell the said lot or residential dwelling by himself or through another agent or broker or other person, firm, or corporation, shall list the said residential dwelling or lot for sale

with Declarant and, if the same is not under contract of sale or closed by the Declarant within one hundred eighty (180) days from the date of listing and, further, provided that the commission to be paid to Declarant shall not exceed the customary rate of commissions charged by other brokers in the area where the said property is located, then the said owner shall have the right and privilege of selling the same himself or listing with other brokers of his choice. In the event that the said owner fails to give the Declarant an offer to sell said property to the Declarant and/or fails to list the property with the Declarant pursuant to the terms of this paragraph, then the owner shall be liable to the Declarant, as damages for owner's breach of the provisions of this paragraph, a real estate commission equal to the prevailing commission rate for similar type units in the Pinehurst and Southern Pines communities, which said commission shall be payable to Declarant at the time and on the date of sale by said owner to a third party.

9. The Declarant reserves the right to subject additional lands to this said Supplementary Declaration of Protective Covenants without the consent of any entity having an interest in the property which is the subject hereof, and the Declarant further reserves the right to file in the Office of the Register of Deeds of Moore County, North Carolina, supplementary 'Declarations of Protective Covenants'. The Declarant further reserves the right to file in the Office of the Register of Deeds of Moore County, North Carolina, supplementary or additional 'Amendments to Declarations of Protective Covenants'.

10. Declarant reserves unto itself all right, title and interest in and to the open spaces and other areas shown on the herein referred to map or plat, and the same shall be the sole and exclusive property of Declarant.

11. Each owner or purchaser of a lot in the Midland Country Club Subdivision, or any additional lands which are made subject to the Supplementary Declaration of Protective Covenants or any amendments or additions thereto or to any supplementary declarations, shall, by acceptance of a deed thereto or by the signing of a contract or an agreement to purchase the same, whether from the Declarant or a subsequent owner or purchaser of such lot, covenants and agrees and binds himself, his heirs, personal representatives, successors and assigns, to pay an annual assessment to be determined by Declarant for the maintenance, repair, upkeep and care of the roads and streets, easements, and open spaces within the said Midland Country Club Subdivision and any additions thereto. Declarant shall establish the assessment for the first year, in its discretion, and there shall be a proration of the first year's assessment for roads and streets, easements and open spaces, at the time a lot is purchased, with the purchaser. After the first year of the assessment by Declarant, said assessment shall be determined and enforced by Declarant, and any increase or decrease in said assessment for roads and streets, easements and open spaces as above set forth after the first year's assessment by Declarant will require the approval of sixty six and two-thirds percent (66 2/3%) of the owners of lots in the said subdivision. In the event of a shortfall for lack of a vote of approval of the amount necessary to maintain and repair the roads and streets in the subdivision as determined by Declarant, then, in such event, the said shortfall shall be the responsibility of the lot owners, and Declarant shall have the right to pay that portion of the shortfall which owners fail to pay and to file liens against lots of those owners who fail to pay their portion of the said shortfall. In addition to the assessments as called for above for the maintenance, repairs, upkeep and care of the roads and streets, easements and open spaces, Declarant shall have the right and authority to assess the lot owners for extraordinary or catastrophic damages to the roads and streets, easements and open spaces when there are insufficient funds available from the assessments outlined above for these extraordinary or catastrophic damages, and Declarant shall have the right to advance the funds necessary for payment of these extraordinary or catastrophic damages in the event that there is a shortfall after the special assessment as called for herein, and Declarant shall further have the right to file liens against lots of those owners who fail to pay their portion of the special assessments.

Following are the rules adopted by Declarant for the assessments:

a. The statement or bill for the aforesaid applicable annual assessment for each year (or for a prorata portion thereof for the year in which the purchase was made) shall be rendered by Declarant in January of each calendar year, due and payable no later than sixty (60) days after the date of the assessment. Any statement for a special assessment, i.e. for extraordinary or catastrophic damages, shall be rendered by Declarant immediately upon its determination of the assessment and shall be due and payable no later than ten (10) days after the date of the assessment.

b. Any assessments as aforesaid not paid when due shall bear interest at the rate of eight percent (8.00%) per annum until paid and shall have the collection cost thereof, including a reasonable attorney fee, if any, added thereto.

c. The obligation to pay the aforesaid assessments, interest and costs shall constitute a lien upon and an obligation running with the land.

d. The lien provided for herein shall be enforceable by appropriate legal proceedings in the manner provided for by law. No proceedings for enforcement of any such lien or liens shall be commenced except upon the expiration of four (4) months from and after the date the assessment giving rise to such lien becomes due and payable.

e. Liens of first mortgages and/or first deeds of trust placed upon any lot for the purpose of constructing a residence or other improvement thereon and recorded in accordance with the laws of the State of North Carolina shall, from the date of such recordation, be superior to any and all liens provided for herein. Declarant may, if requested, execute instruments to subordinate any and all liens provided for herein to such liens of first mortgages and/or first trust deeds.

f. Declarant may, at its option, by appropriate written instrument recorded in accordance with the laws of the State of North Carolina, subordinate any and all liens provided for herein to the liens of other mortgages, deeds of trust, and/or other encumbrances.

12. Declarant reserves the right to turn over the enforcement of the restrictions as contained in paragraphs numbered 4, 5, 6, 7, and 16 hereinabove and hereafter set forth to a homeowners' association or landowners' association at such time as said association shall be formed by the Declarant or after the same has been formed in the discretion of Declarant and with its prior written approval, and said Declarant further reserves the right to convey title to the said roads and streets, easements and open spaces to the said association at any time in its discretion.

Subject to the provisions of paragraph numbered 9 set forth hereinabove, the owners of the real properties in the said Midland Country Club subdivision shall have the right to modify or change the protective covenants in paragraphs numbered 4, 5, 6, 7 and 16 except the said owners shall have no right or authority to modify or change the protective covenants in paragraph numbered 5 as the provisions of said paragraph relate to the rights of the Declarant to develop and sell the property which is the subject hereof, nor shall the owners have the authority to modify or change the right of the Building Committee of the said Declarant to give written consent for variances from the provisions contained in the protective covenants. The right to modify or change the said protective covenants as outlined in this paragraph shall be by the affirmative vote of at least seventy-five percent (75%) of all units in said Midland Country Club subdivision.

No homeowners', landowners' or lot owners' association shall be the official one which governs the Midland Country Club, except that one which may be formed by Declarant or with its prior written approval.

13. All provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein shall be binding on all the lots described on the herein referred to map or plat and the owners thereof, regardless of the source of title of such owners, and any breach thereof, if continued for a period of thirty (30) days from and after the date that Declarant or any other property owner shall have notified in writing the owner or resident in possession of the lot upon which or as to which such breach has been committed to refrain from a continuance of such action and to correct such breach, shall warrant the Declarant or other lot owner to apply to any court of law or equity having jurisdiction thereof for an injunction or other proper relief and, if such relief be granted, the court may, in its discretion, award to the plaintiff in such action reasonable expense in prosecuting such suite, including attorneys' fees.

Violation of any of the foregoing provisions, restrictions, conditions, easements, covenants, agreements, liens and charges shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any lot or portion thereof in the subdivision; but, such provisions, restrictions, conditions, easements, covenants, agreements,

liens and charges shall be enforceable against any portion thereof acquired by any persons through foreclosure or by deed in lieu of foreclosure for any violation of the said provisions, restrictions, conditions, assessments, covenants, agreements, liens and charges herein contained occurring after the acquisition of said property through foreclosure or deed in lieu of foreclosure.

14. The following property, individuals, partnerships or corporations subject to this Declaration shall be exempted from the assessments, charges and liens created herein:

a. The Grantee(s) in conveyances made for the purposes of granting utility easements; and

b. The Declarant, except for so long as it owns and operates the Dunes Table restaurant and the Midland Golf Pro Shop located in the Midland Country Club Clubhouse, shall pay assessments not to exceed Five Hundred and No/100 (\$500.00) Dollars per calendar year.

15. The Declarant grants unto the Association a right of first refusal to purchase recreational areas, golf course properties, and other common areas at some future time in the sole discretion of the Declarant and for a consideration to be established by Declarant and Association.

16. The Declarant reserves the right to place or grant easements over and upon any properties which are the subject hereof for ingress, egress and regress and for such other purposes deemed necessary by said Declarant, which said easements shall be placed on the said lots which are the subject hereof at places and upon conditions designated by the said Declarant in a manner so as not to interfere with the use of the said lot by the owner or owners thereof, except as necessary for said easements. The Declarant shall further have the right to maintain any lot or portion of any lot which is under contract for sale to a third party or is owned by a third party other than the Declarant in the event that the said owner or contract owner of the said lot does not maintain the said lot in conformity with the general condition of the entire subdivision and, in the event that the Declarant in its discretion deems it necessary to maintain a lot by cutting grass or planting or by general maintenance of said lot, the Declarant shall bill the said owner or contract owner of the said lot for such work, and the said owner or contract owner shall immediately reimburse Declarant for the amount of the statement, said statement being due within ten (10) days from its date, and, if said statement is not paid when due, it shall bear interest at the rate of one and one-half percent (1.5%) per month until paid and shall have the collection costs thereof, including a reasonable attorney's fee, if any, added thereto, and the obligation to pay the aforesaid statement, interest, costs, and attorneys' fees, shall constitute a lien upon and an obligation running with the land and shall be enforceable in the same manner as the lien provided for in paragraph numbered 11 above, and subject to rules a. through f. as set forth thereunder.

17. At such time as any recognized and legitimate governmental water and sewer services, including those furnished by non-governmental entities approved by the governmental agencies having jurisdiction thereof, become available to any lot owner in the said Midland Country Club Subdivision or any addition thereto, then it shall be mandatory upon said lot owner to connect on to the said water and sewer system immediately upon the same becoming available at owner's expense.

18. Declarant reserves the right to charge a transfer of membership fee on the resale or transfer of legal title by whatever means to any unit or lot, which said transfer fee shall be set by the Declarant from time to time and which said transfer fee shall be paid to Declarant at the time of transfer of title to the said real estate and shall be paid by the buyer, devisee, heir, assignee, transferee, or purchaser. Every person, firm, corporation, or other legal entity, upon acceptance of a deed to any lot in the said subdivision, shall automatically be a member of the Midland Country Club and shall be bound by all of the rules and regulations thereof, including, but not limited to, the obligation to pay dues and other assessments from time to time and, upon the resale of the said lot, Declarant agrees to waive the initiation fee for membership in the said Midland Country Club, provided that the golf club dues and other assessments and liens affecting the said lot are paid in full, meaning that all monies by virtue of this said Declaration or the rules and regulations of Midland Country Club are paid in full at the time of closing. This agreement to waive the initiation fee for membership shall not be deemed to or construed to include the transfer fee for membership as set forth above on the resale or transfer of legal title to any unit or lot in said subdivision. The said golf club dues and

initiation fees shall be liens against the said lot and shall be enforceable pursuant to the terms set forth above for other liens on real estate. There shall be one (1) membership for each lot in the said subdivision, which said membership for the said individual lot shall run with the title to the said lot.

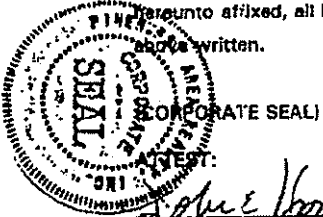
This "Supplementary Declaration of Protective Covenants" shall be deemed to cover that certain real estate which is shown on that certain plat recorded in Plat Cabinet 1, at Slide 41, of the Moore County, North Carolina, Public Registry, and to cover any additional lands which are subsequently made a part of the Midland Country Club Subdivision and, wherever used herein, "lot", "residential dwelling", "condominium", "single-family attached dwelling", "duplex", "townhouses", "single-family detached dwelling", and any other designation of residential real estate shall be deemed to mean "unit".

The foregoing Supplementary Declaration of Protective Covenants shall be deemed and considered as covenants running with each and all of the lots hereinabove referred to and the same are imposed upon each lot for equal benefit of the Declarant, its successors and assigns, and all of the said protective covenants may be enforced by either the Declarant, its successors or assigns, or the owner of any lot in said Midland Country Club Subdivision, or its personal representatives, successor, heirs or assigns.

Invalidation, revision, revocation, or amendment of any one or more of the foregoing protective covenants by judgment, court order, or by statutory law, or by ordinances shall in no wise affect any of the remaining protective covenants, all of which shall remain in full force and effect.

When reference herein is made to "owner", the same shall be deemed to include the plural, and the masculine shall be deemed to include the feminine neuter.

IN WITNESS WHEREOF, the Declarant, Pinehurst Area Realty, Inc., has caused these presents to be signed in its corporate name, by its duly authorized officers, and its seal to be hereunto affixed, all by authority of its Board of Directors duly given, the day and year first above written.



PINEHURST AREA REALTY, INC., Declarant

By: Helen E. Kramer
Helen E. Kramer, President

John E. Kramer
John E. Kramer, Secretary

STATE OF NORTH CAROLINA
COUNTY OF MOORE

I, a Notary Public of the County and State aforesaid, certify that John E. Kramer personally came before me this day and acknowledged that he is the Secretary of Pinehurst Area Realty, Inc., a North Carolina 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, Helen E. Kramer, sealed with its corporate seal and attest by himself as its Secretary.

WITNESS my hand and official stamp or seal, this the 3rd day of November, 2000.

My Commission Expires:
July 23, 2001

Joan E. Annis
Notary Public



NORTH CAROLINA-MOORE COUNTY
The foregoing certificate(s) Joan E. Annis
is/are certified to be correct.
This 6th day of November, 2000
JUDITH M. ADAMS, REGISTER OF DEEDS
Judith Adams ASSISTANT/DEPUTY

_____(SEAL) _____
APPLICANT'S SIGNATURE DATE

_____(SEAL) _____
APPLICANT'S SIGNATURE DATE

MIDLAND COUNTRY CLUB & KNOLLWOOD FAIRWAYS
ACCEPTED THIS ____ DAY OF _____, 20__.

BY: _____
CLUB REPRESENTATIVE

STATE OF NORTH CAROLINA, COUNTY OF MOORE

I, _____, a Notary Public for said County and State, do hereby certify that _____, either being personally known to me or proven by satisfactory evidence, personally appeared before me this day, and acknowledged the voluntary due execution of the foregoing instrument by he/she/them for the purposes stated therein. Witness my hand and notarial seal, this ____ day of _____ 20__.

Notary Public
By: _____

(Official Seal)

My Commission Expires: _____