

**DECLARATION OF RESTRICTIONS,  
CONDITIONS, EASEMENTS  
COVENANTS, AGREEMENTS, LIENS AND CHARGES**

**COPY  
February 2001**

**DECLARATION OF RESTRICTIONS, CONDITIONS, EASEMENTS,  
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**GOLF COURSE NUMBER 7**

THIS DECLARATION, made this \_\_\_\_\_1st\_\_\_\_\_ day of \_\_\_\_\_MAY\_\_\_\_\_, 1986, by PINEHURST RESORTS CO. (a Joint Venture between Pinehurst No. VII, Inc. and Pinehurst Enterprises, Inc.), hereafter referred to as "Declarant".

**WITNESSETH:**

WHEREAS, Declarant is the owner of that certain real property located in Moore County, North Carolina, as set forth on that certain survey map or plat entitled:

Golf Course Number 7  
Property of Pinehurst Resorts Co.  
Phase I A and Phase I B

consisting of 7 sheets ( hereinafter sometimes referred to as "map") which map or plat is recorded in Plat Cabinet 3, Slides 84-90, in the Office of the Register of Deeds of Moore County, North Carolina, said property being more particularly described on said map or plat: and

WHEREAS, it is the desire and intention of Declarant to sell the above described real property and to impose upon it mutual, beneficial restrictions, conditions, easements, covenants, agreements, liens and charges under a general plan or scheme of improvement for the benefit of all the said lands and future owners of said lands.

NOW THEREFORE, Declarant hereby declares that all of the property described above and such additions thereto as may hereafter be made pursuant to Article IV hereof, is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the following provisions, restrictions, conditions, easements, covenants, agreements, liens and charges, all of which are declared and agreed to be in furtherance of a plan for - use development, improvement and sale of the said real property and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of said real property and every part thereof, and all of which shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the described lands or any part thereof.

**ARTICLE I**  
**DEFINITIONS**

- A. "Association" shall mean and refer to Course Number 7 Homeowners Association, a North Carolina non-profit corporation, its successors and assigns.
- B. "Board" shall mean and refer to a Board of natural individuals of the number stated in the By-Laws of the Course Number 7 Homeowners Association which constitutes the Board of Directors of the Course Number 7 Homeowners Association, and who shall manage the business, operation and affairs of the Association.
- C. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of owners of lots on the property. The common area shall include the streets, roads, and areas shown on filed plats as "Common Areas".
- D. "Declarant" shall mean and refer to Pinehurst Resorts Co., a joint venture between Pinehurst Enterprises, Inc., Managing Joint Venturer, and Pinehurst No. VII, Inc., Joint Venturer, its successors and assigns.
- E. "Lot" shall mean and refer to any numbered plot of land, with delineated boundary lines, appearing on any recorded sub-division map of the properties with the exception of the common areas.
- F. "Member" shall mean and refer to every person or entity who holds a membership in the Association.
- G. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the property. Owner shall not include those having an interest merely as security for the performance of an obligation.
- H. "Properties" or "Property" shall mean and refer to the "existing property" described in Article IV hereof.

**ARTICLE II**  
**TERM**

All of the provisions, restrictions, conditions, easements, covenants, agreements, liens and charges set forth herein shall affect each and all of the above described lots delineated on said map, shall run with the land and shall exist and be

binding upon all parties and all persons claiming under them for a period of fifty (50) years from the date of recordation hereof, after which they shall be automatically extended for successive ten (10) year periods, unless sooner annulled, amended or modified pursuant to the provisions of Article XIX hereof.

### **ARTICLE III**

#### **MUTUALITY OF BENEFIT AND OBLIGATION**

All of said restrictions, conditions, easements, covenants, provisions, agreements, liens and charges set forth herein are made for the mutual and reciprocal benefit of each and every Lot of the Property and are intended to create mutual, equitable servitudes upon each of said lots in favor of each and all other Lots of the Property; to create reciprocal rights between the respective Owners of all the Lots in the development; to create a privity of contract and estate between the grantees of said Lots, and their heirs, successors and assigns; and shall as to the Owner of each Lot in same development, his heirs, successors or assigns, operate as covenants running with the land for the benefit of each and all other Lots in said development and their respective Owners.

### **ARTICLE IV**

#### **PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE COURSE NUMBER 7 HOMEOWNERS ASSOCIATION**

A. Existing Property:

The real property, which is and shall be held, transferred, said, conveyed, and occupied subject to this Declaration, and within the jurisdiction of the Association, is located in Mineral Springs and McNeill Townships, Moore County, North Carolina, and is more particularly described in the description attached hereto as Schedule A. In no case shall property shown as "golf course" or any part of the golf course, clubhouse, or related golf course improvements be brought within the scheme of this Declaration or within the jurisdiction of the Association.

B. Additions to Existing Property:

Additional land may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following manner:

1. Additional land owned by the Declarant or part of the property conveyed to Declarant in Book 523, Page 521 (as later corrected by Correction Deed found in Book 527, Page 837), and by Deeds filed in Book 529, Page 333 and Book 529, Page 339, of the Moore County Registry and described more specifically in Schedule C attached hereto and incorporated by reference

(specifically excluding [a] all property upon which the golf course, clubhouses and all related golf course improvements are located, and [b] the area described in Schedule A may be annexed to the existing property by the Declarant, in future stages of development, provided the said annexations must occur within fifteen (15) years after the filing of this instrument. Upon annexation, said additional land shall be considered Existing Property.

2. The additions authorized under subsection (1) above shall be made by filing of record a plat of the next phase or portion of a phase of Golf Course Number 7 in the Office of the Register of Deeds with respect to the additional properties which shall extend the scheme of this Declaration and the jurisdiction of the Association for such properties and thereby subject such additions to the benefits, agreements, restrictions, and obligations set forth herein, including, but not limited to assessment as herein determined to pay for the Association expenses.
3. Portions of the property described in Schedule C for which plats of Golf Course Number 7 Property are not filed, shall not be brought within the scheme of this Declaration or within the jurisdiction of the Association. In addition, no part of any property shown as "golf course", including the golf course, clubhouse, and all related golf course improvements, shall be brought within the scheme of this Declaration or within the jurisdiction of the Association.

## **ARTICLE V**

### **APPEARANCE OF LOTS**

- A. Each Lot, at all times, shall be kept in a clean, sightly and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber, or other building materials shall be permitted to remain exposed upon any lot so they are visible from any neighboring lot or road, except as necessary during a period of construction.
- B. All service yards, woodpiles and storage piles shall be walled in or kept screened by adequate solid fencing or walls in such manner as to conceal them from neighboring Lots and roadways.
- C. No lot shall be used in whole or in part for the storage of any property or thing that will cause such lot to appear in an unclean, disorderly or untidy condition or that will be otherwise obnoxious. No obnoxious or offensive activity shall be carried on upon any lot nor shall anything be done, placed, or stored thereon which may be or become an annoyance or nuisance to the neighborhood or

occasion any noise or odor which will, or might, disturb the peace, quiet, comfort or serenity of the occupants of nearby Lots.

## ARTICLE VI

### CONSTRUCTION AND IMPROVEMENT

Each and every one of the Lots and tracts of the development described above shall be improved, constructed upon, occupied, and used for the respective purposes and permitted uses as follows:

A. Building Envelope

Any residence constructed on a Lot shall be constructed entirely within the "building envelope" as shown on the filed plats.

B. Building Contractor Approval

Declarant reserves the right for the Architectural Review Board to designate a list of not less than four (4) building contractors generally doing business in the Pinehurst area that may be employed by owners to construct homes on Lots in the development which are subject to these Restrictions. The Architectural Review Board shall establish criteria under which non-designated building contractors may satisfy the designation requirement, thereby qualifying to construct homes within the development.

C. Architectural Review Board Approval

No structures or improvements of any kind shall be erected, altered, placed, or maintained on any Lot within the development without the prior written approval of the Architectural Review Board, which approval will be issued only as a result of a thorough review by the Architectural Review Board of the construction area. The Architectural Review Board, a standing committee of the Association, shall approve, before the commencement of construction, the construction of any improvements upon any Lot within the development. All improvements made upon Lots in the development shall be in accordance with the Architectural Review Board policies and procedures as shown in Schedule B attached. The Architectural Review Board, a standing committee of the Association, shall have power to enforce the policies set forth in Schedule B by any action, including an action in a court of law or equity.

D. Restriction to Single Family Residential Lot

All improvements on a lot shall be made exclusively for the purpose of a single-family residence.

E. Sewage Disposal and Water Systems

1. Owners of homes completed prior to the completion of the central sewage system and/or water system must make connection to such systems within thirty (30) days after completion of each such system.
2. When the central water system and the central sewer system are completed, no permits and/or approvals for the construction of improvements on any lot shall be granted or approved by the Architectural Review Board unless and until the property owner desiring such approval shall have made satisfactory financial arrangements with a licensed plumber, approved by Declarant, for making connections from the central sewer system and the central water system for such property owner's lot.
3. Lots within the development are subject to a water availability charge and a sewer availability charge assessed by MOWASA. When water becomes available to the Lot, MOWASA, its successors or assigns, may charge the availability charge monthly. The sewer availability charge, as set by the North Carolina Utilities Commission, may be charged monthly by MOWASA, its successors or assigns, after sewer is made available to the Lot.

F. Construction Period

The work of constructing, altering, or remodeling, and building on any Lot or Lots shall be pursued diligently from the commencement until the completion thereof, and shall be completed within one (1) year of start of construction.

G. Lot Grading and Filling

1. All planned Lot grading shall be approved in advance by the Architectural Review Board.
2. No Lot may be filled to a point higher than the highest point on the lot in its natural state. All lot filling shall be approved in advance by the Architectural Review Board.

H. Construction of Boat Docks

No boat docks, pilings, or bulkheads shall be placed on any Lot. No cut or change in the shore line of any lake shall be made nor shall any boat canal be dug or excavated nor shall any fill be made in any lake or other waters without the prior written approval of the Declarant.

I. Further Subdivision:

No Lot shall be subdivided, or its boundary lines changed, except with the written consent of the Declarant. However, Declarant hereby expressly reserves the right to replat any of the Lots shown on the map prior to their sale in order to create a modified building Lot or Lots and to subdivide all areas on the map labeled "Unrestricted Reserved". The provisions of this Declaration shall apply to each newly created or modified Lot.

J. Master Television Antennas:

With the prior written consent of Declarant, master antennas or cable television facilities may be located upon certain portions of Golf Course Number 7 property by the Association. Any such antennas and connections shall be maintained in good order and repair by the Association. To the extent required to effectuate the foregoing plan, there shall be an easement in favor of each Lot Owner for the purpose of providing connection of any improvement on said Lot with the cable television facility or the master antenna most convenient thereto. Each Lot shall be subject to easements thereto. All of the foregoing easements are granted and reserved subject to the condition that their use and enjoyment shall not materially interfere with the use, occupancy or enjoyment of all or any part of the Lot. No other mast, tower, dish, or pole or outside television antenna, aerial or pole shall be erected, constructed or maintained on any Lot located in such a manner as to be visible from the outside of the dwelling on the Lot.

## ARTICLE VII

### USE OF COURSE NUMBER 7 PROPERTY

The use of the Property, Lots, and CommonAreas shall be in accordance with the following provisions as long as this Declaration remains in effect:

A. Single Family Use

Each of the Lots shall be occupied only by the owner (or owners), his family, his servants and guests, or lessees and shall be used only as a residence and for no other purpose. No Lot may be divided or sub-divided by any Owner, other than Declarant, into a smaller Lot nor any portion thereof separately sold or otherwise transferred. Lease or rental to one or more tenants of a Lot for single family residential purposes, subject to the other provisions of this Declaration, shall not be considered a violation of this covenant. No structures of a temporary character, trailer, recreational vehicle, tent, shack, carport, bam or other out-building shall be erected or used as a residence on any portion of the Property at any time.

B. Nuisances

No nuisances shall be allowed upon the Property nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Property by its residents. All parts of the Property and the Common Areas shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate, nor any fire hazard allowed to exist. No damage to or waste of the Common Areas or any part thereof shall be committed by any Owner or his family, visitors, guests, servants, lessees, agents, invitees and each Owner shall indemnify and hold the

Association and the other Owners harmless against all losses resulting from any such damage or waste.

C. Lawful Use

No immoral, improper, offensive, or unlawful use shall be made of any part of the Property, and all applicable laws, zoning ordinances and regulations of all governmental bodies shall be observed. The expense of complying with any such laws, ordinances, or regulations which compliance requires maintenance, modification or repair of the Common Areas shall be borne by the Association unless necessitated by the misuse, misconduct, or neglect of an Owner, or his family, visitors, guests, servants, lessees, agents, or invitees, in which case such expense shall be assessed against such Owner.

D. Rules and Regulations

Rules and regulations adopted by the Board shall be binding upon the Owners, their families, visitors, guests, servants, lessees, agents invitees, successors and assigns.

E. Pets and Other Animals

No livestock of any description may be kept or permitted on any lot with the exception of dogs, cats, and other animals which are bona fide household pets, and which do not make objectionable noise or constitute a nuisance or inconvenience to owners of other lots. No raising, breeding, training, or dealing in dogs, cats or any other animals shall be permitted on or from any Lot.

F. Fences and Walls

No fences or walls shall be erected or maintained upon the Property, except such as are installed in accordance with the initial construction of the buildings located thereon as approved by the Architectural Review Board. Initial landscaping for each Lot must be approved by the Architectural Review Board. Any annual plants approved for landscaping by the Architectural Review Board must be cared for by the Lot Owner.

G. Parking Areas

No Owner of a Lot shall park, store, or keep any motor vehicle, boat, trailer, recreational, vehicle or other vehicle upon the Property except in accordance with rules and regulations adopted by the Association. The parking spaces located within the Common Areas shall be for the sole and exclusive use of all of the Owners. No person shall repair or restore any motor vehicle, boat, trailer, recreational vehicle or other vehicle upon any portion of the Common Area except for emergency repairs thereto and then only to the extent necessary to enable movement thereof to a proper facility.

H. Waste Material Containers

No rubbish, trash, garbage, or other waste material shall be kept or permitted upon the Common Areas except in sanitary containers located in appropriate areas and

otherwise in accordance with rules and regulations adopted by the Association from time to time.

I. Signs

Unless prior written approval is obtained from Declarant or the Architectural Review Board, no sign shall be posted on the Common Areas or Lots, which will be visible from the exterior of the residence upon said Lot.

J. Nuisances

No noxious or offensive activity shall be carried on upon any of the Lots in the development, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

K. Refuse

No Lot shall be used or maintained as a dumping ground for rubbish, refuse, or garbage. Garbage or other waste shall be kept in sanitary containers. All incinerators or other equipment for the disposal or storage of such matters shall be kept in a clean and sanitary condition, and all incinerators shall be approved by the Architectural Review Board before installation or use.

L. Boat and Trailer Storage

No boat, boat trailer, travel trailer, camp trailer, recreational vehicle, house trailer, or other similar property shall be stored on any of the Lots or streets within the development without prior written approval of the Architectural Review Board.

M. Rights to Water and Operation of Boats

No vessel or boat shall be anchored in any water within the Property. Regardless of whether any waters on the Property cover any Lot. Declarant reserves all rights to the use and enjoyment of said water-covered areas.

## ARTICLE VIII

### COURSE NUMBER 7 HOMEOWNERS ASSOCIATION

Declarant has incorporated under North Carolina law a North Carolina non-profit corporation, Course Number 7 Homeowners Association, for the purpose of owning and maintaining the streets, roads, and common areas, administering the Architectural Review Board, collecting dues and assessments necessary to achieve its purposes, enforcing these Covenants and Restrictions, and any other purposes properly adopted by the Association Board. The Association shall be governed by this Declaration and the By-Laws attached hereto as Schedule D and made a part thereof. The Association shall at all times maintain the access easements, streets, and roads.

## ARTICLE IX

### **MEMBERSHIP AND VOTING RIGHTS**

Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

1. **Class A Lots.** Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot, all such persons shall be members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any one Class A Lot.
2. **Class B Lots.** Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided, in (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B Lot owned by it. The Class B Lots shall cease to exist as such and shall be converted to Class A Lots.
  - a. When the total number of votes appurtenant to the Class A Lots equal the total number of votes appurtenant to the Class B Lots, or
  - b. On January 1, 2001, whichever is earlier.

## ARTICLE X

### **COVENANT FOR ASSOCIATION ASSESSMENTS**

#### A. Creation of the Lien and Personal Obligation of Assessments

The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment

fell due. The personal obligation for delinquent assessments or charges shall not pass to his successors in title unless expressly assumed by them.

B. Purpose of Assessment

The assessments or charges levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the maintenance, repair and reconstruction of the common streets, roads, access easements, and parking areas and for the acquisition, improvement, and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, and supervision thereof, the payment of taxes assessed against the Common Areas, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

C. Maximum Annual Assessment

Until January 1 of the calendar year following the conveyance of the first Lot the maximum annual assessment shall be \$400.00 per Class A Lot and \$40.00 per Class B Lot.

1. During the period when the votes accorded to Class B Lots exceeds the votes accorded to Class A Lots, the maximum annual assessments may be increased from time to time (Class A and B Lots increased proportionately), after January 1 of the calendar year following the conveyance of the first Lot to an Owner other than Declarant, without a vote of the membership, to an amount necessary to continue the current services provided by the Course Number 7 Homeowners Association.
2. After the period when the votes accorded to Class B Lots exceeds the votes accorded to Class A Lots, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than two thirds (2/3) of the votes (appurtenant to each Class of Lots) represented in person or by proxy at a meeting duly called for this purpose.
3. The Board of Directors may fix the annual assessments (Class A and Class B Lots shall be in the same proportion as above) at amounts not in excess of the maximum.

D. Special Assessments for Capital Improvements

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the streets, roads, access easement, or Common Area, including fixtures and personal property

related thereto, provided that any such assessment shall have the same assent of the Members as provided in Paragraph C(2) of this Article.

E. Assessment Rate

Both annual and special assessments must be fixed at a uniform rate for all Lots within each Class and may be collected on a monthly basis.

F. Notice and Quorum for any Action Authorized Under Paragraphs C and D:

Written notice of any meeting called for the purpose of taking any action authorized under Paragraphs C or D above shall be sent to all Members not less than Thirty (30) days nor more than Sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60 %) of all the votes of each Class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

G. Date of Commencement of Annual Assessments - Due Dates

The annual assessments provided for herein shall commence as to all Lots as shown on a recorded plat on the first day of the month following the conveyance to the Association of the Common Area. As additional Units are completed and are granted certificates of occupancy, the annual assessments provided for herein shall commence as of the date of issuance of such certificates of occupancy. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as of the date of its issuance.

H. Effect of Nonpayment of Assessments - Remedies of the Association

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8 %) per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, whichever is greater. In addition to such interest charge, the delinquent Owner shall also pay such late charges as may have been theretofore established by the Board of Directors of the Association to defray the costs of late payment. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, late payment fee, costs and reasonable

attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area for abandonment of his Lot.

I. Subordination of the Lien to Mortgages

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage granted to a bank, trust company, insurance company or other recognized lending institution, or deed of trust on a Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

## ARTICLE XI

### PROPERTY RIGHTS

A. Owner's Easements of Enjoyment

Every Owner shall have a right and easement of enjoyment in and to the Common Area, including an easement and full and mutual right of use of, for the purpose of access, ingress and egress, over such portions of the Common Area designated for such purposes, all of which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

1. The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area.
2. The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations.
3. The right of the Association to grant utility, drainage and other easements of the type and for the purposes set forth in Article XIV.

B. Delegation of Use

Any Owner may delegate, in accordance with the By-Laws of the Association (a copy of which is attached as Schedule D), his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

## **ARTICLE XII**

### **ARCHITECTURAL REVIEW BOARD**

- A. The Architectural Review Board shall be appointed by the Board of Directors of the Course Number 7 Homeowners Association and shall be empowered and act according to the terms of the Architectural Review Board policies and procedures as outlined in Schedule B attached.
  
- B. The Association Board of Directors shall appoint members to serve on the Architectural Review Board as follows:
  - 1. The members of the Architectural Review Board shall be elected by a majority vote in the Board of Directors of the Course Number 7 Homeowners Association.
  
  - 2. Any vacancy on the Architectural Review Board shall be filled by a majority vote of the Board of Directors of the Course Number 7 Homeowners Association.
  
  - 3. The members of the Architectural Review Board shall serve three-year terms on the Board and be eligible for re-election at the end of each term. The five (5) members will be appointed to serve starting January 1<sup>ST</sup> of their year of appointment. The terms of the members of the initial Architectural Review Board shall be staggered so that two (2) of the initial member will serve a one-year term, two (2) initial members will serve a two-year term, and the remaining initial member shall serve a three-year term. At the end of these initial terms, new members shall be elected for three-year terms resulting in staggered expirations of terms.
  
- C. Neither the Declarant, the Architectural Review Board, or any architect or agent thereof, or of Declarant, shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing, nor for any structural or other defects in any work done according to such plans and specifications.

## **ARTICLE XIII**

### **TRAFFIC REGULATION**

Declarant shall have the right and power and option to establish and enforce rules and regulations governing the operations of vehicles and conveyances, motor powered or otherwise, on the streets and roads of the subdivision. Such rule and regulation making power and option shall include, but is in no way limited to, the establishment and enforcement of speed limits, stop signs, yield signs, no parking zones, traffic

control signals, safety zones and other traffic control and safety devices, rules and regulations together with reasonable remedies, including fines for violations of such rules and regulations. The right, power, and option given to Declarant. in this Paragraph may be assigned to any appropriate governmental body or authority or to the Association.

## **ARTICLE XIV**

### **UTILITY AND DRAINAGE EASEMENTS**

- A. The right is reserved to construct and maintain public utilities on the streets and roads of the subdivision, including the removal of such trees or bushes as Declarant deems necessary to accomplish same, either above or below ground and to make all necessary slopes for cuts or fills upon the lots shown on the map in the original grading of said streets and roads; and Declarant reserves perpetual, alienable and releasable utility easements and easements for ingress and egress in connection with all utility easements under, over and across all areas of each lot outside the building envelope for the purpose of placing, laying, erecting construction, maintaining and operating, or of authorizing the placement, laying, erection, construction, maintenance and operation of utilities (including, without limitation, sewage, water, electricity, gas, telephone, and telegram) and drainage systems. No change in the natural drainage shall be made by any Lot Owner without prior written approval from the Architectural Review Board.
- B. The interest conveyed by Declarant in any of said lots by contract, deed or other conveyances, shall not in any event be held or construed to include the title to the water, gas, sewer, storm sewer, electric light, power, telephone and telegraph lines, poles or conduits, or any other utility or appurtenances thereto constructed by Declarant, or its agents or by any utility company along or upon said lots, or any part thereof to serve said property. The right to sell, convey or lease water and sewer lines and their appurtenances erected by or on behalf of Declarant is hereby expressly reserved to Declarant.

## **ARTICLE XV**

### **INSTALLATION AND CHARGES FOR ELECTRIC UTILITIES**

The Declarant reserves the right to subject the real property in this development to a contract with Carolina Power & Light Company for: (1) the installation of underground electric cables which may require an initial contribution to Carolina Power & Light Company by the owner for each lot, and/or (2) the installation of street lighting which will require a continuing monthly payment to Carolina Power & Light Company by the owner of each lot.

## ARTICLE XVI

### **EASEMENT FOR USE OF STREETS, ROADS, AND ACCESS EASEMENTS**

- A. Declarant hereby grants, conveys, assigns, and sets over unto the Owners of all Lots of the Property, a perpetual non-exclusive easement and full and mutual right of use of, for the purpose of access, ingress, egress, and regress all of the areas designated as access easements, streets, and roads, upon the Property and any additions thereto pursuant to Article IV(B). The Declarant shall convey all streets and roads as shown on the filed plats of the Property (and any additions to the Property pursuant to Article IV(B) to the Association when Declarant has conveyed all the Lots owned by Declarant or within ten (10) years of the date of this Declaration, whichever is sooner. Access easements on a Lot Owner's property shall remain the property of the respective Lot Owner, subject to the easement herein to the Declarant and other Owners.
- B. In the event that Declarant should convey all streets and roads as shown on the filed plats of the Property (and any additions to the Property shown on the filed plats of the Property pursuant to Article IV(B) to the Association before Declarant has conveyed all the Lots owned by Declarant, then Declarant hereby reserves for itself, its successors and assigns, an assignable non-exclusive easement for use of the access easements, streets, and roads for access, ingress, egress, and regress on the Property. Declarant reserves the right to assign its interest in any easement to the Association.
- C. Declarant hereby reserves for the use and benefit of the Owners of properties within the section of the property shown in Schedule C zoned multi-family, which is described with more particularity in Schedule E attached, and commonly known as the Golf Course Number 7 Townhomes, an easement to use the access easements, streets, roads, and Common Areas of the Property (and any additions to the Property pursuant to Article IV(B) for access, ingress, egress, regress, and recreation.
1. As consideration for said easement, the Owners of properties within the multifamily section of the property described in Schedule C (which multifamily section is shown in Schedule E), shall pay to the Course Number 7 Homeowners Association a pro rata share of the expenses for the maintenance and repair of access easements, streets, and roads on the Property.
  2. Payment shall be made by the Course Number 7 Townhomes Association, on behalf of owners in the multi-family section, to the Course Number 7 Homeowners Association. The pro rata share of the expenses shall be determined based on the number of occupied Lots or Units in the multi-family section compared to the total number of Lots in the Property.

- D. Declarant hereby grants, conveys, assigns, and sets over unto the non-resident members, staff, employees and invitees of Golf Club Number 7 and Pinehurst No. VII., Inc., a perpetual, assignable, non-exclusive easement for the operation and maintenance of the Property of Pinehurst No. VII. Inc. known as Golf Club Number 7.

## ARTICLE XVII

### FINANCING PROVISIONS

A. Approval of Owners and Holders of First Deeds of Trust

Unless at least seventy-five percent (75%) of the owners and holders of first deeds of trust on Lots located within the property described in Schedule A have given their prior written approval, the Association shall not:

1. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause.
2. Change the method of determining the obligations, assessments, dues or other changes which may be levied against an Owner.
3. By act or omission change, waive or abandon any plan of regulation or enforcement thereof pertaining to the architectural design or the exterior appearance of residences located on Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the subdivision.
4. Failure to maintain fire and extended coverage insurance on insurable improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100 %) of the full insurable value (excluding footings and foundations).
5. Use the proceeds of any hazard insurance policy covering losses to any part of the Common area for other than the repair, replacement or reconstruction of the damaged improvements.

B. Books and Records

Any owner and holder of a first deed of trust on any Lot will have the right to examine the books and records of the Association during any reasonable business hours.

1. Payment of Taxes and Insurance Premiums

The owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may have become a charge of lien against the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefor from the Association.

**ARTICLE XVIII**

**CONDEMNATION**

A. Partial Taking Without Direct Effect on Lots

If part of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that no Lot is taken, all compensation and damages for and on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board of Directors of the Association in trust for all Owners and their mortgagees according to the loss or damages to their respective interests in such Common Area. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Areas, without limitation on the right of the Owners to represent their own interests. Such proceeds shall be used to restore the Common Areas with the excess, if any, paid to the Owners pro rata. Nothing herein is to prevent Owners whose Lots are specifically affected by the taking or condemnation from joining in the consequential damages relating to loss of value of the affected Lots, or personal improvements therein, exclusive of damages relating to Common Areas. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Board of Directors as their interest may appear by arbitration in accordance with the rules of the American Arbitration Association.

B. Partial or Totaling Directly Affecting Lots:

If part or all of the Common Areas shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Areas as provided in Paragraph 1 of this Article and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective

Lots. All compensation and damages for and on account of the taking of any one or more of the Lots, or personal improvements therein, shall be paid to the Owners of the affected Lots and their mortgagees, as their interests may appear.

C. Notice to Mortgagee

A notice of any eminent domain or condemnation proceeding shall be sent to holders of all first mortgages.

## ARTICLE XIX

### GENERAL PROVISIONS

A. Enforcement

The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereinafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

B. Severability

Invalidation of any one these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

C. Amendments by Declarant

Until such time as title to any Lot is conveyed by Declarant, Declarant shall have the right to make any and all amendments to this Declaration as Declarant deems necessary or appropriate in its sole discretion. After the first conveyance of a Lot by Declarant, this Declaration may be amended by an instrument signed by Declarant and the Owners of not less than 66 2/3% of the Lots. Any and all such amendments shall be recorded in the office of the Register of Deeds, and upon recording the same shall become effective with respect to the matter to which such amendment pertains. Other amendments which do not affect materially any rights of any then Lot Owners or his mortgagee or any amendment necessary to effect compliance with any other law may be made by Declarant by recording the same in the foregoing manner at any time prior to the earlier of ( i) the date on which Declarant certifies to the Association that all of the residence units have been conveyed to respective purchasers or (ii) January 1, 2001.

D. Amendments by Owners

At any time after Declarant relinquishes control of the Association as provided above, this Declaration shall be amended in the following manner:

1. Proposed Amendments  
Any member of the Association can propose an amendment to this Declaration. Such proposed amendment must be submitted in writing to the Secretary of the Association at least twenty (20) days prior to the date of the special or regular Association meeting at which the proposal is to be considered.
2. Notice  
A statement of the subject matter of the proposed amendment or amendments shall be included in the notice of any Association meeting at which the proposed amendments are to be considered.
3. Resolution  
A resolution for the adoption of a proposed amendment may be proposed by any member of the Association. The resolution for adoption must be approved by the Owners entitled to cast not less than eight percent (80 %) of the total authorized vote of the Association, provided, however, that any proposed amendment which would increase or decrease the percentage vote required to effect any action by the Association must be approved by Owners having, in the aggregate, the larger of such percentage vote as therefore required or as would thereafter be required if such amendment were approved.
4. Absentee Vote  
Members not present at any meeting may vote by proxy or by written vote as provided in the By-Laws.
5. Execution and Recording  
A copy of each amendment adopted pursuant to this Article XX shall be attached to an affidavit certifying that the amendment was duly adopted, which affidavit shall be executed by the President and Secretary in recordable form. The amendment shall be effective when such affidavit and a copy of the amendment are filed for record in the office of Register of Deeds.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this  
\_\_\_\_\_ day of \_\_\_\_\_, 1996.

PINEHURST RESORTS CO.  
By: Its Joint Venturers:

PINEHURST ENTERPRISES, INC.  
Managing Joint Venturer

(CORPORATE SEAL)

ATTEST

By: \_\_\_\_\_  
Edward E. Coleman  
Chief Executive Officer

\_\_\_\_\_  
John Karscig, Secretary

**AMENDMENT OF  
DECLARATION OF RESTIRCTIONS, CONDITIONS, EASEMENTS,  
COVENANTS, AGREEMENTS, LIENS AND CHARGES**

**GOLF COURSE NUMBER 7  
(Book 545,Page 146)**

**THIS AMENDMENT OF DECLARATION**, made this 15th day of March, 1995, by the Course No. 7 Homeowners Association (hereafter "Association") and the Owners of Property at Course Number 7 (hereinafter referred to collectively as "Declarant").

**WITNESSETH:**

**WHEREAS**, the Course No. 7 Homeowners Association Board of Directors passed a resolution upon request of a member of the Association to amend the Restrictive Covenants governing Course Number 7 to allow wells on individual lots for irrigation purposes; and

**WHEREAS**, on December 16, 1994, the Course No. 7 Homeowners Association notified lot owners of a special meeting called for February 22, 1995, at 9:00 a.m. for the purpose of voting on said Amendment (hereafter "Amendment") to the Declaration of Restrictions, Conditions, Easements, Covenants, Agreements, Liens and Charges (hereafter "Declaration") filed in Book 545, Page 146 of the Moore County Registry; and

**WHEREAS**, said notice was properly given pursuant to the notice provisions in the Restrictive Covenants and the By-Law of the Course No. 7 Homeowners Association; and

**WHEREAS**, the vote was postponed at the February 22, 1995, meeting and notice was given at the meeting pursuant to North Carolina state law that the vote would be taken at a special meeting of Members to be held March 14, 1995, for the purpose of voting on the Amendment; and

**WHEREAS**, at said special meeting of the Members of the Association, 83.8% of the Members of the Association, voting in person or by proxy, voted to approve the Amendment with a vote at the meeting of 176 for and 5 against.

**NOW, THEREFORE**, pursuant to the affirmative vote of over 80% of the members as required by Article XIX D of the Declaration filed in Book 545, Page 146 of the Moore County Registry, the following amendment is made to said Declaration:

Schedule B – the Architectural Review Board Policies and Procedures for Golf Course Number 7 "Landscaping Irrigation" section on page 28 as found in Book 545, Page 200 of the Moore County Registry of Deeds is hereby amended to delete "irrigation from wells shall not be permitted" and said statement is replace with the following:

