



***Amended and Restated  
Declaration of  
Covenants and Restrictions  
for the  
National Golf Club Development***

The Only Jack Nicklaus Signature  
Course in the Sandhills

FOR REGISTRATION REGISTER OF DEEDS

Judy D. Martin  
Moore County, NC

July 16, 2009 03:46:03 PM

Book 3605 Page 314-358

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INSTRUMENT # 2009011265

STATE OF NORTH CAROLINA

COUNTY OF MOORE

AMENDMENT OF DECLARATION OF COVENANTS AND RESTRICTIONS OF  
THE NATIONAL GOLF CLUB DEVELOPMENT

THIS AMENDMENT TO THE DECLARATION OF COVENANTS AND RESTRICTIONS OF THE NATIONAL GOLF CLUB DEVELOPMENT is made with an effective date of April 15, 2009.

WITNESSETH

WHEREAS, the Declarant, Tri-City, Inc., successor by merger to National Golf Club Corporation, Inc. heretofore imposed certain conditions and restrictions on the property, which conditions and restrictions are more particularly set forth in that certain document entitled "Declaration of Covenants and Restrictions" originally recorded in Book 599, Page 162 and Restated at Deed Book 1947, Page 112, both of the Moore County Public Registry, and as thereafter amended (hereinafter referred to collectively as the Declaration); and

WHEREAS, Section 14.2.2 of the Declaration provides that the Declaration may be amended upon the initiation of Declarant, at any time, upon approval of at least fifty-one (51%) percent of the votes of the Members; and

WHEREAS, the Declarant initiated the writing and circulation to all of the Members, certain amendments to the Declaration, and a vote of the Members was taken regarding the same; and,

WHEREAS, there are 471 Lots with Membership in the National Golf Club Development;

WHEREAS, the Board of Directors of the National Property Owners Association, Inc. collected and maintains the affirmative vote of 253 Lots and its Members regarding the proposed amendments to the Declaration, which constitutes a 53.5% passage vote in favor of the amendments; and,

WHEREAS, the Board of Directors of the National Property Owners Association, Inc., through its officers, and the Declarant desire to certify, memorialize and place on the public record, the Declaration *as amended*.

NOW, THEREFORE, the undersigned, do hereby certify that the Declarant initiated the amendments described hereinbelow (and which are contained within the body of the attached Declaration, which for ease of reading and use is reproduced in its entirety and with amendments included); and that the requisite vote of the Members was achieved in order to successfully amend the Declaration as follows:

#### Article 1

1.5: add to the end: Specifically, the Association Members are as follows: The Private Residence Club Cottages at National.

#### Article 3

3.2.2: strike the last sentence. The last sentence, to be stricken, says: Each class shall have specific members of the Board of Directors representing it, pursuant to the By-Laws of the Master Association.

3.3: replace in its entirety with the following language: Voting. After transfer of control by the Declarant, The Master Association shall have two (2) classes of voting membership consisting of the Condominium Residence Association Members Class and the Single-Family Class. Only Members of a specific class shall be entitled to vote on matters solely affecting that particular class. Whether a matter solely affects only one class of voting membership shall be determined by the majority vote of the entire Board of Directors. All Members shall be entitled to vote on all other matters coming before the membership.

Each Association Member shall have one (1) vote for each Unit subject to its control, to be exercised by that member of the Board of Directors appointed by the Association Member. Votes shall be cast or exercised by each Association Member in such manner as may be provided in the By-Laws of the Master Association. Each Association Member shall file with the Secretary of the Master Association a notice designating the name of the individual who shall represent the Association Member on the Board of Directors of the Master Association, and who shall be authorized to cast the votes of such Association Member. In the absence of such designation, the Association Member shall not be entitled to vote on any matters coming before the Board of Directors.

Each Single Family Class Member shall have one (1) vote for each Unit it owns. If two or more persons own a Single Family Class Unit, then the persons shall decide amongst them, the person who shall vote for the Single Family Class Unit. In no event shall a Single Family Class Unit submit more than one vote and in the event it does, all submitted votes shall be discounted and of no effect.

Anything contained herein to the contrary notwithstanding, after transfer of control of the Master Association, the Declarant shall be entitled to cast that number of votes equal to the number of Units permitted within National, less the number of Units which Declarant has sold or submitted to an Association at any given time or, in the case of Single-Family Lots, as to which Declarant has transferred fee simple title to an Owner.

Members may vote either in person or by any agent authorized by a written proxy executed by the member or by his duly authorized attorney-in-fact. The vote of a majority of members of each class of the members present in person or by proxy, voting on any matter at a meeting of members at which a quorum is present shall be the act of the members, unless the vote of a greater number is required by law or by the Charter of this Corporation.

#### Article 4

4.5: To the end of 4.5 add: The enforcement of Rules promulgated as aforesaid shall be as stated in Article 14, section 14.5.

#### Article 6

6.11: add the following underlined statements: Payments by Declarant. Prior to transfer of Control By Declarant, in lieu of the payment of any Assessments, Declarant shall be responsible only for the payment of that portion of the Common Expenses, which exceeds the amount paid by the Association Members, the Single-Family Lot Owners, and the Golf Club Owner, pursuant to the budget of the Master Association; provided, however, Declarant shall make up any deficiencies to the Capital Reserve Account for the expired life expectancy of capital improvements, if

any, at the time of transfer from Declarant to the Master Association of Common Property. After transfer of Control by Declarant, Declarant shall be responsible for payment of assessments as a Member and Single Family Lot Owner in accordance with this Declaration.

6.12.4: add the following underlined statements: Prior to transfer of Control by Declarant, any portion of the Property owned by Declarant; Declarant shall pay those amounts stated above in that section entitled "Payments by Declarant," in lieu of Assessments. After transfer of Control, the Declarant's Property is no longer exempt from Assessments by the Master Association.

#### Article 11

11.1, second to last sentence, add the following underlined statements: Subject to Board approval, the ARB may impose standards for construction and development which may be greater or more stringent than standards prescribed in applicable building, zoning, or other governmental codes.

11.1.10: add to beginning: Subject to Board approval before they take effect, the ARB is empowered....

#### Article 14

14.2.1: add the underlined statement: Except as provided hereinbelow, an amendment initiated by any party other than Declarant must obtain the approval of at least eighty (80%) percent of the votes of those Members who are present in person or by proxy at an annual meeting or special meeting called for amendment purpose; provided, however, that until such time as Declarant relinquishes control of the Master Association, as described hereinabove, all amendments must include the express written joinder and consent of the Declarant.

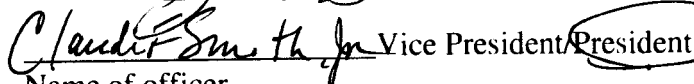
14.2.2: add the underlined statement: This Declaration may be amended upon the initiation of Declarant, at any time, upon approval of at least fifty-one (51%) percent of the votes of those Members who are present in person or by proxy at an annual meeting or special meeting called for amendment purposes. Provided, however, that the Declaration may be amended by Declarant, at any time, for the purpose of subjecting additional real property to the provisions hereof for the purpose of designating the basis of voting, membership, and assessment for such additional real property for the purposes of granting easements to Declarant over the Common Property and for the purpose of complying with the requirements of government authorities and lenders (including FNMA) without the joinder or consent of Owners, the Master Association, the Associations, Institutional Mortgagees, or any other party, except that when additional real property is subject to this Declaration, the joinder of the Association, if any, which will govern the additional property shall be required.

14.6: to the end of the paragraph add: In addition to the foregoing, the Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable fine assessment, as a fine or penalty for violation of this Declaration, including, but not limited to, a violation of rules and regulations promulgated pursuant to Article 4, section 4.5, violations of the Use Restrictions as stipulated in Article 12, and violations of Architectural Review Board policies, all in accordance with the Planned Community Act. A lien may be filed for this fine assessment and this fine assessment may be enforced by foreclosure and otherwise treated as an Assessment pursuant to Article 6.

**IN WITNESS WHEREOF**, Declarant has caused this instrument to be signed in its corporate name, by its duly authorized officer, the day and the year first above written.

Tri-City, Inc., a North Carolina Corporation

By: 

 Vice President ~~President~~

Name of officer

STATE OF North Carolina

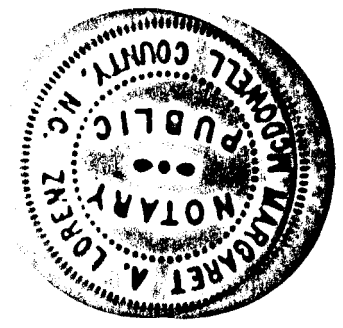
COUNTY OF Madison

I, Margaret A Lorenz, a Notary Public of <sup>Madison</sup> ~~the~~ County and <sup>Madison</sup> ~~the~~ State aforesaid, certify that Claude F Smith Jr. [Name of officer], either being personally known to me or proven by satisfactory evidence (said evidence being \_\_\_\_\_), personally appeared before me this day and acknowledged that (s)he is President [title of officer] of Tri-City, Inc., a North Carolina corporation, and that (s)he as President, [title of officer] being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes stated therein.

WITNESS my hand and official stamp or seal, this 9 day of July, 2009

*Margaret A Lorenz*  
Notary Public

My Commission Expires: 6-18-2010



IN WITNESS WHEREOF, The National Property Owners Association, Inc. has caused this instrument to be signed in its corporate name, by its duly authorized officer, the day and the year first above written.

National Property Owners Association, Inc., a North Carolina non profit Corporation

By: [Signature]  
GARY C. GAUGH Vice President/President  
Name of officer

STATE OF North Carolina

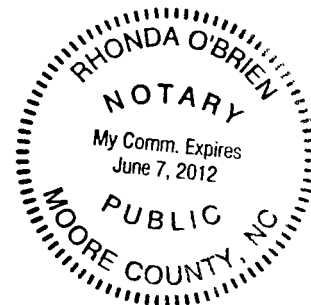
COUNTY OF Moore

I, Rhonda O'Brien, a Notary Public of the County and State aforesaid, certify that Gary C. Gaugh [Name of officer], either being personally known to me or proven by satisfactory evidence (said evidence being \_\_\_\_\_) personally appeared before me this day and acknowledged that (s)he is President [title of officer] of the National Property Owners Association, Inc., a North Carolina non profit corporation, and that (s)he, as President, [title of officer] being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes stated therein.

WITNESS my hand and official stamp or seal, this 15 day of July, 2009

[Signature]  
Notary Public

My Commission Expires: June 7, 2012



**AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS**

**FOR THE**

**NATIONAL GOLF CLUB DEVELOPMENT**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS, made and executed this 5<sup>th</sup> day of June, 2001, by NATIONAL GOLF CORPORATION, INC., a North Carolina corporation, its successors and assigns ("Declarant"), joined by NATIONAL PROPERTY OWNERS ASSOCIATION, INC., a North Carolina not-for-profit corporation (the "Master Association"),

**WITNESSETH**

WHEREAS, it is the intent of Declarant to establish a general plan and uniform scheme of development and improvement of the Property; and

WHEREAS, Declarant wishes to provide for the preservation and enhancement of property values, amenities and opportunities within the Property in order to contribute to the personal and general health, safety and welfare of the property owners and residents therein, and to maintain the land and improvements therein, and to this end wishes to subject the Property to the covenants, restrictions, easements, reservations, assessments, charges, liens and other provisions hereinafter set forth.

NOW THEREFORE, Declarant hereby declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, reservations, assessments, charges, liens and other provisions hereinafter set forth in this Amended and Restated Declaration of Covenants and Restrictions for NATIONAL GOLF CLUB DEVELOPMENT.

**ARTICLE I - DEFINITIONS**

The following terms, as used in this Declaration, shall have the following meanings:

1.1 "Architectural Review Board" or "A.R.B." shall mean and refer to that permanent committee of the Master Association created for the purpose of establishing and enforcing criteria for the construction of improvements within the Property.

1.2 "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Master Association as they may exist from time to time.

1.3 "Assessment" shall mean and refer to those charges made by the Master Association from time to time, against Units, Association Members, and the Golf Club Owner, for the purposes and subject to the terms set forth herein.

1.4 "Association(s)" shall mean and refer to the homeowners associations and condominium associations created or to be created to govern a portion of the Property.

1.5 “Association Member” shall mean and refer to an Association which is a Member of the Master Association. Specifically, the Association Members are as follows: The Private Residence Club Cottages at National.

1.6 “Board or Board of Directors” shall mean and refer to the Board of Directors of the Master Association.

1.7 “By-Laws” shall mean and refer to the By-Laws of the Master Association as they may exist from time to time.

1.8 “Club Cottages” shall mean and refer to all present and future lots and the common area owned by their Association, so designated on a recorded map of any portion of the Property. Although not subject to the North Carolina Condominium Act, where the use of the term “Condominium Residence” or “Condominium” is used herein, Club Cottages shall be included in such term as the contest so requires.

1.9 “Condominium Residence” shall mean and refer to a residential unit and its undivided percentage of ownership in the common land upon which such condominium is constructed or to be constructed. Also, “Condominium Residence” and “Condominium” shall mean and refer to those Lots hereafter designated as “Club Cottages” in Sections 10-A and 10-B of the Property, even though they have not been subjected to the North Carolina Condominium Act.

1.10 “Common Expenses” shall mean and refer to all expenses incurred by the Master Association in connection with its ownership, maintenance and other obligations set forth herein.

1.11 “Common Property” shall mean and refer to all portions of the Property which are intended for the common use and enjoyment of the Owners, and which are identified and dedicated to the Master Association on any recorded subdivision plats of the Property, or conveyed to the Master Association by Deed.

1.12 “Common Surplus” shall mean and refer to the excess of all receipts of the Master Association, including but not limited to Assessments, rents, profits and revenues in excess of the amount of Common Expenses.

1.13 “Endangered Species” shall mean and refer to the red-cockaded woodpecker which is recognized as a federally endangered species, and as such it and its cavity trees are protected by federal law. Cavity trees of the red-cockaded woodpecker exist in various locations throughout the Property and have been tagged for easy identification. Any person or persons attempting to remove trees or causing damage to such sites are subject to prosecution to the fullest extent permissible under federal law.

1.14 “Golf Club” shall mean and refer to all present and future organizations consisting of members who have use and enjoyment rights in the Golf Club Property.

1.15 “Golf Club Owner” shall mean and refer to PNGC, INC., a North Carolina corporation, which operates the Golf Club Property.



1.16 “Golf Club Property” shall mean and refer to those properties and the improvements thereon which are designated as Golf Club Property on the Development Plan, including without limitation the golf and tennis facilities; and such other properties and improvements as may now or hereafter be constructed, acquired or designated as “Golf Club Property” by Declarant or by the Golf Club Owner.

1.17 “County” shall mean and refer to Moore County, North Carolina.

1.18 “Declarant” shall mean and refer to NATIONAL GOLF CORPORATION, INC., a North Carolina corporation, its affiliates, successors and assigns.

1.19 “Declaration” shall mean and refer to this instrument and all exhibits hereto, as the same may be amended from time to time.

1.20 “Development Plan” or “Master Plan” shall mean and refer to that certain graphic representation of the proposed manner of the development of NATIONAL GOLF CLUB DEVELOPMENT, which is attached hereto as Exhibit “B.” Declarant reserves the right to change the number of Units within National Golf Club and to change the mix of Unit types; however, any change which would increase the total number of Units to a number in excess of Six Hundred (600) must be approved by a two-thirds (2/3) vote of the Owners (other than Declarant) at a duly called meeting of the Master Association.

1.21 “Development(s)” shall mean and refer to such residential developments including, without limitation, the homeowner and the single-family lots or condominiums which are now or will hereafter be located within NATIONAL GOLF CLUB.

1.22 “Improvements” shall mean and refer to all structures of any kind, including, without limitation, any building, fence, wall, sign, paving, grating, parking and building addition, alteration, screen enclosure, sewer, drain, disposal system, decorative building, landscaping or landscape device (including existing and planted trees and shrubbery), or object.

1.23 “Institutional Mortgagee” shall mean and refer to a bank, bank holding company, trust company or subsidiary thereof, savings and loan association, insurance company, union pension fund, mortgage company approved by Declarant, an agency of the United States Government or Declarant, which holds a first mortgage of public record on a Unit, and the holder of any mortgage of public record given or assumed by Declarant, whether a first mortgage or otherwise, and their successors and assigns.

1.24 “Master Association” shall mean and refer to NATIONAL PROPERTY OWNERS ASSOCIATION, INC., a North Carolina corporation, not-for-profit, its successors and assigns.

1.25 “Master Association Property” shall mean and refer to all real and personal property, including the Common Property, which may be acquired by the Master Association for the benefit and private use and enjoyment of all Owners.

1.26 “Member” shall mean and refer to Association Members, the Single Family Member, and the Declarant; Declarant shall be a Member of the Master Association from and after the date of recordation of the Declaration in the public records of the County.

1.27 “Owner” shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any Unit, excluding, however, Declarant and any mortgagee unless and until such Declarant and mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.28 “National Golf Club” shall mean and refer to the planned development project which is located in the Town of Southern Pines and the Village of Pinehurst, Moore County, North Carolina, and formerly known as The Pinehurst National Development, as same is legally described in the zoning applications and approvals.

1.29 “Property” shall mean and refer to that real property legally described in Exhibit “A,” attached hereto and incorporated herein by reference, and such additional property as may be submitted to this Declaration from time to time pursuant to Article 2 of this Declaration.

1.30 “Single-Family Lot” or “Lot” shall mean and refer to any lot located within the areas of National Golf Club designated by a “Village Home (VHL) Lot” or a “Single Family Lot” on the Development Plan or on any amendment to the Development Plan, together with the Single-Family Residence, if any, constructed on such lot.

1.31 “Single Family Member” shall mean and refer to the Owner of a Single-Family Lot who is a Member of the Master Association.

1.32 “Single-Family Residence” shall mean and refer to a single-family dwelling constructed or to be constructed on a Single-Family Lot.

1.33 “Street” shall mean and refer to any street, highway, or other thoroughfare which is constructed by Declarant within National Golf Club and is dedicated to the Master Association or an Association by deed, whether same is designated as street, avenue, boulevard, drive, place, court, road, terrace, way, circle, lane, walk, or other similar designation.

1.34 “Surface Water Management System” shall mean and refer to those lakes, canals, and other facilities created and used for drainage of the Property.

1.35 “Unit” shall mean and refer to a Condominium Residence or Single-Family Lot.

1.36 “Village Home Lot” shall mean and refer to any Lot designated as a “VHL” or a Village Home Lot on the Development Plan or on any amendment to the Development Plan, together with the Single-Family Residence, if any, constructed on such Lot.

## **ARTICLE 2 - PROPERTY SUBJECT TO THIS DECLARATION**

2.1 Existing Property. The initial property which shall be subject to this Declaration upon the recordation hereof in the Public Records of the County is the Property.

2.2 Additional Property. Declarant may, at any time and from time to time, subject additional property to this Declaration by recording in the Public Records of the County an amendment to this Declaration, describing such additional property, provided, however, that all such additional property is shown on the Development Plan and provided further that at no time shall the total number of Units within National Golf Club exceeds Six Hundred (600), without the prior approval of two-thirds (2/3) of the Members (other than Declarant) at a duly called meeting of the Master Association. Except as otherwise provided herein, such amendments may be made by Declarant without the joinder of any entity or individual other than the Association governing the Development to be subject to this Declaration.

### **ARTICLE 3 - NATIONAL PROPERTY OWNERS ASSOCIATION, INC.**

3.1 Formation. At or about the time of the recording of this Declaration, Declarant has caused the Master Association to be formed by the filing of the Articles of Incorporation therefor in the office of the Secretary of State of North Carolina. The Master Association is formed to operate, maintain and ultimately own the Common Property, to enforce the covenants, conditions, restrictions and other provisions set forth in this Declaration and in the Declaration of Covenants and Restrictions for the development, and for the enforcement of the rules and regulations, including traffic regulations, promulgated by the Master Association. The Master Association shall have such other specific rights, obligations, duties and functions as are set forth in this Declaration and in the Articles of Incorporation and the By-Laws of the Master Association. Subject to the additional limitations provided herein and in the Articles of Incorporation and By-Laws, the Master Association shall have all of the powers and be subject to all of the limitations of a not-for-profit corporation as contained in the North Carolina statutes in existence as of the date of recording this Declaration. The purposes and powers of the Master Association shall be all of the purposes and powers set forth in this Declaration and in its Articles of Incorporation and By-Laws. The Master Association shall provide an entity for the execution, performance, administration and enforcement of all the terms and conditions of this Declaration. Declarant, by including additional property within the imposition of this Declaration, may cause additional membership in the Master Association and may designate the ownership basis for such additional membership, provided that any additional property to be subjected to the Declaration is shown on the Development Plan and provided further that at no time shall the total number of Units within National Golf Club exceed Six Hundred (600), without the prior approval of two-thirds (2/3) of the Members (other than Declarant) at a duly called meeting of the Master Association.

### 3.2 Membership

3.2.1 General. Each Association created by Declarant (or by any other party approved by Declarant) with respect to any property now or hereafter subjected to this Declaration shall automatically become a Member of the Master Association upon the incorporation of the Association with the North Carolina Secretary of State. Such membership shall be mandatory

and may not be terminated by the Association. No person or entity who holds an interest of any type or nature whatsoever in a Single-Family Lot only as security for the performance of an obligation may be appointed as a member of the Master Association. Declarant shall be considered a Member of the Master Association from and after the date of recordation of this Declaration in the public records of the County

3.2.2 Classes of Membership. Membership in the Master Association shall be divided into two specific classes: (1) The Condominium Residence Association Members ("Condominium Residence Class") and (2) the Single-Family Member ("Single-Family Class").

3.3 Voting. After transfer of control by the Declarant, The Master Association shall have two (2) classes of voting membership consisting of the Condominium Residence Association Members Class and the Single-Family Class. Only Members of a specific class shall be entitled to vote on matters solely affecting that particular class. Whether a matter solely affects only one class of voting membership shall be determined by the majority vote of the entire Board of Directors. All Members (which includes the Declarant both before and after transfer of Control) shall be entitled to vote on all other matters coming before the membership.

Each Association Member shall have one (1) vote for each Unit subject to its control, to be exercised by that member of the Board of Directors appointed by the Association Member. Votes shall be cast or exercised by each Association Member in such manner as may be provided in the By-Laws of the Master Association. Each Association Member shall file with the Secretary of the Master Association a notice designating the name of the individual who shall represent the Association Member on the Board of Directors of the Master Association, and who shall be authorized to cast the votes of such Association Member. In the absence of such designation, the Association Member shall not be entitled to vote on any matters coming before the Board of Directors.

Each Single Family Class Member shall have one (1) vote for each Unit it owns. If two or more persons own a Single Family Class Unit, then the persons shall decide amongst them, the person who shall vote for the Single Family Class Unit. In no event shall a Single Family Class Unit submit more than one vote and in the event it does, all submitted votes shall be discounted and of no effect.

Anything contained herein to the contrary notwithstanding, after transfer of control of the Master Association, the Declarant shall be entitled to cast that number of votes equal to the number of Units permitted within National, less the number of Units which Declarant has sold or submitted to an Association at any given time or, in the case of Single-Family Lots, as to which Declarant has transferred fee simple title to an Owner.

Members may vote either in person or by any agent authorized by a written proxy executed by the member or by his duly authorized attorney-in-fact. The vote of a majority of members of each class of the members present in person or by proxy, voting on any matter at a meeting of members at which a quorum is present shall be the act of the members, unless the vote of a greater number is required by law or by the Charter of this Corporation.

3.4 Administration of the Master Association. The affairs of the Master Association shall be administered by the Board of Directors in accordance with this Declaration, the Articles of Incorporation and the By-Laws of the Master Association. The Articles of Incorporation and the By-Laws may be amended in the manner set forth therein; provided, however, that no such amendment shall conflict with the terms of this Declaration or adversely affect the rights of Declarant, without Declarant's prior written approval; and provided further that no amendment, alteration or rescission

may be made which affects the rights or privileges of any Institutional Mortgagee, without the express prior written consent of the Institutional Mortgagee so affected. Any attempt to amend contrary to these prohibitions shall be of no force or effect.

3.5 Suspension of Membership Rights. No Member shall have any vested right, interest or privilege in or to the assets, functions, affairs or franchises of the Master Association, or any right, interest or privilege which may be transferable, or which shall continue after the Member's membership ceases, or while the Member is not in good standing. A Member shall be considered "not in good standing" during any period of time in which the Member is delinquent in the payment of any Assessment, or in violation of any provision of this Declaration, any rules or regulations promulgated by the Master Association, the Traffic Regulation, or in violation of any provision of the Declaration of the Covenants and Restrictions for any development or any rules or regulations promulgated by an Association. All such determinations shall be made by a majority of the Board of Directors. While not in good standing, the Member shall not be entitled to vote or exercise any other right or privilege of membership of the Master Association.

3.6 Control by Declarant. Anything contained herein to the contrary notwithstanding, Declarant shall have the right to retain control of the Master Association until Declarant has closed the sale of eighty (80%) percent of all Units within National Golf Club or at any time prior thereto as determined by Declarant, in Declarant's sole discretion. At the time of turnover of control of the Master Association, the Master Association shall record a Notice of Turnover in the public records of the County. So long as Declarant retains control of the Master Association, Declarant shall have the right to appoint all members of the Board of Directors and the Architectural Review Board and to approve the appointment of all officers of the Master Association, and no action of the membership of the Master Association shall be effective unless, and until, approved by Declarant. After turnover of control of the Master Association and so long as Declarant owns any property within National Golf Club, Declarant shall have the right to appoint one (1) member of the Board of Directors. Directors appointed by the Declarant need not be a Member of the Master Association, a member of any Association or an Owner. In the event that Declarant shall enter into any contracts or other agreements for the benefit of Owners, or the Master Association, Declarant may, at its option, assign its obligations under the agreements to the Master Association, and in such event, the Master Association shall be required to accept such obligations.

#### **ARTICLE 4 - COMMON PROPERTY, COUNTRY CLUB PROPERTY AND ASSOCIATION PROPERTY**

4.1 Common Property. The Common Property is intended for the use and enjoyment of the owners and their guests and invitees. Title to the Common Property shall remain vested in Declarant until the date that Declarant voluntarily relinquishes control of the Master Association, as such date is defined hereinabove. Notwithstanding the manner in which fee simple title is held, the Master Association shall be responsible for the management, maintenance, and operation of the Common Property and the Master Association Property, and for the payment of all property taxes and other assessments which are liens against the Common Property and the Master Association Property, from and after the date of recordation of this Declaration. Simultaneously with its relinquishment of control of the Master Association, Declarant shall convey all of its right, title and interest in the Common Property to the Master Association.

4.2 Golf Club Property. The Golf Club Property is intended for the use of the members of the Golf Club and their guests and invitees. The Golf Club Owner is responsible for the management, maintenance, and operation of the Golf Club Property. Golf Club membership, rules, and regulations are provided for in separate documentation.

4.3 Master Association Property. The Master Association shall have the power and authority to acquire and convey such interest in real and personal property as it may deem beneficial to its Members. Such interest may include fee simple or other absolute ownership interests, leaseholds, or such other possessory use interests as the Master Association may determine to be beneficial to its Members.

4.4 Maintenance of Master Association Property and Common Property. The Master Association is authorized to and shall, either by virtue of the appointment of a real estate management agent or through its own personnel, be responsible for the maintenance and repair of the Master Association Property and the Common Property, including the performance of obligations which may be placed upon the Common Property by applicable regulatory agencies. Specifically, the property the Master Association shall maintain and be responsible for shall include, but not be limited to, the following:

4.4.1 Security Facilities. Such security system(s), guardhouse(s), and other security facilities which shall be operated and maintained for the benefit of the Units within National Golf Club.

4.4.2 Streets. All Streets within National Golf Club which are dedicated to the Master Association on any plat of any portion of the Property.

4.4.3 Surface Waters. The Surface Water Management System, which shall be maintained as required by regulatory agencies.

4.4.4 Landscaping. All landscaping of the Common Property and Master Association Property, including, without limitation, all sodding, irrigation, and the planting and care of trees and shrubbery. Although not included within the general definition of "Common Property," said irrigation system shall include the water withdrawal structure, pump, and transmission lines.

4.4.5 Signs. All signs located on the Common Property.

4.4.6 Maintenance Structures. All maintenance buildings located or to be located on the Common Property.

4.4.7 Fences. All fencing located on the Common Property.

4.4.8 Paths. All cart and bike paths located within National Golf Club.

4.4.9 Contracts. Declarant, its affiliates, successors or assigns may be the management agent for the Master Association and may hire such employees, including, but not limited to attorneys, accountants, bookkeepers, gardeners and laborers as the Declarant

may deem necessary in order to maintain the Master Association Property and the Common Property. No agreement between the Master Association and Developer, its successors or assigns shall be held invalid solely for the reason that at the time of entering into the agreement, employees, officers or agents of the Declarant or its affiliates, successors or assigns are officers, directors and/or employees of the Master Association. In the event any maintenance is performed on Golf Club Property by the Master Association, under contract or otherwise, the costs of such maintenance will be billed to and paid by the Golf Club, and in the event any maintenance is performed on Master Association Property by the Golf Club under contract, the costs of such maintenance will be billed to and paid by the Master Association.

4.5 Rules and Regulations Governing Use of the Master Association Property and Common Property. The Master Association, through its Board of Directors, shall regulate the use of the Common Property by its Members and Owners and may from time to time promulgate such rules and regulations consistent with this Declaration, governing the use thereof as it may deem to be in the best interest of its Members. Without limiting the foregoing, the Master Association shall have the right to promulgate rules and regulations governing use of golf carts within the Property by Owners, their guests, and employees. No rules or regulations may be adopted which would adversely affect the rights of any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee. A copy of all rules and regulations established hereunder and any amendments thereto shall be made available to all Members of the Master Association at the office of the Master Association. Such rules and regulations, and all provisions, restrictions, and covenants contained in this Declaration and the Declaration of Covenants and Restrictions and the Declaration of Condominium for the Developments, including, without limitation, all architectural and use restrictions contained therein, may be enforced by legal or equitable action by the Master Association. The enforcement of Rules promulgated as aforesaid shall be as stated in Article 14, section 14.5.

4.6 Traffic Regulations. The Master Association, through its Board of Directors, shall have the right to post motor vehicle speed limits throughout National Golf Club and to promulgate traffic regulations (the speed limits and traffic regulations are collectively referred to herein as the "Traffic Regulations") for use of the Streets. A copy of all Traffic Regulations established hereunder and any amendments thereto shall be made available to all Members at the office of the Master Association. The Master Association, through its Board of Directors, shall also have the right to establish enforcement mechanisms for violation of the Traffic Regulations, including, without limitation, the assessment of fines which shall be collected as an individual Assessment from Owners, the removal of vehicles from the Property, and the suspension of an Owner's rights and easements of enjoyment, as provided hereinbelow. Those who violate the Traffic Regulations shall be entitled to notice and a hearing before the Board of Directors, prior to the imposition of any fine, the removal of any vehicle, the deprivation of any rights or the enforcement of any other penalty for violation of the Traffic Regulations.

4.7 Owners Easement of Enjoyment. Subject to the provisions hereinbelow, each Owner shall have a right and easement of enjoyment in and to the Common Property, which easement shall be appurtenant to, and shall pass with, the title to each Unit.

4.8 Extent of Owner's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

4.8.1 The right of Declarant and the Master Association to borrow money for the purpose of improving the Common Property and, in connection therewith, to mortgage the Common Property.

4.8.2 The right of Declarant and the Master Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure.

4.8.3 The right of the Master Association to suspend the enjoyment rights and easement of any Owner for any period during which an Assessment remains unpaid by the Association, an individual Single-Family Lot Owner, or by the Association to which an Owner belongs, and for any period during which such Single-Family Lot Owner or Association is in violation of this Declaration, the Declaration of Covenants and Restrictions, or the Declaration of Condominium for any Development, or any of the rules and regulations promulgated by the Master Association, or by any Association or the Traffic Regulations.

4.8.4 The right of the Master Association to properly maintain the Common Property.

4.8.5 The rules and regulations and the Traffic Regulations governing the use and enjoyment of the Common Property, as promulgated by the Master Association.

4.8.6 The right of Declarant and the Master Association to dedicate or transfer all, or any part, of the Common Property to any governmental or quasi-governmental agency, authority, utility, water management or water control district.

4.8.7 Restrictions contained on any plat, or filed separately, with respect to all or any portion of the Property.

4.8.8 All of the provisions of this Declaration, the Declaration of Covenants and Restrictions and the Declaration of Condominium for the Developments, and the Articles of Incorporation and By-Laws of the Master Association and Associations, if any, and all exhibits thereto, and all rules and regulations adopted by the Master Association and the Associations, if any, and the Traffic Regulations, as same may be amended from time to time.

4.8.9 The right of the Master Association to dedicate or transfer all or any part of the Common Property and the Master Association Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members provided that no such dedication, transfer, or determination as to the purposes or conditions thereof shall be effective unless approved by a two-thirds (2/3) vote of the total membership at a duly called meeting of the Master Association, and unless written notice of the proposed agreement and action thereunder is sent to all Members at least ninety (90) days in advance of any action.



4.8.10 The right of the Declarant to develop National Golf Club and to sell or lease Units to purchasers or lessees. As a material condition for ownership of a Unit in National Golf Club, each Owner releases Declarant from any claim that the Owner might have for interference with his quiet enjoyment of the Common Property of the Master Association Property due to the development of National Golf Club, whether or not the construction operations are performed on the Common Property, the Master Association Property, or on any Units owned by Declarant, and each Owner acknowledges and agrees that Declarant shall have the sole right of design, construction, development, and improvement of the Common Property, the Master Association Property, and the Units of National Golf Club (with the exception only of Single-Family Residences).

For so long as Declarant owns or has any use rights to any property subject to this Declaration, Declarant shall have the rights to transact any business necessary to consummate sales of property throughout National Golf Club, including, but not limited to, the right to maintain office(s) on the Common Property or the Master Association Property in location(s) to be selected by Declarant, to have employees in such offices, to construct and maintain other structures or appurtenances which are necessary or desirable for the development and sale of the Property throughout National Golf Club including, without limitation, sales models and parking lots; to post and display a sign or signs on any Units owned by Declarant or the Common Property or Master Association Property; and to use the Common Property and to show Units. Sales office signs and all other structures and appurtenances pertaining to the sale or development of property within National Golf Club shall not be considered Common Property and shall remain the property of the Declarant. Further, Developer and/or PNGC, Inc. shall have the right to lease for a period of up to three (3) years, three (3) Condominium Residences for use as temporary golf pro shop and sales offices. Declarant may authorize other builder/developers to exercise the rights reserved in this paragraph 4.8.10, singularly or in consent with Declarant.

After turnover of control of the Master Association and regardless of whether Declarant owns or has any use rights to any property in National Golf Club, Declarant or its assignee shall have the right, but not the obligation, to continue to exercise the rights granted to Declarant under Section 14.6 hereinbelow at no cost or charge of any kind except its prorata share of utility expenses and real estate taxes and payment of a rental for use of property based on the current market rate for commercial space in Moore County. This office shall be used as a real estate brokerage office to assist Owners in the sale or lease of their Units and obtaining necessary approvals for such transfers. No other commercial or real estate offices shall be located on the Common Property after turnover of control of the Master Association.

4.9 Continual Maintenance. In the event of a permanent dissolution of the Master Association, the Members shall immediately thereupon hold title to the Common Property as tenants in common and shall collectively provide for the continued maintenance and upkeep thereof. In no event shall the Town of Southern Pines or Village of Pinehurst be obligated to accept any dedication offered to them by the Master Association or the Members pursuant to this section, but said municipalities may accept such a dedication and any such acceptance must be made by formal resolution of the then empowered Town Councils.

4.10 Golf Club Membership. All persons using the Golf club facilities shall do so only pursuant to and under the auspices of a valid Membership Certificate. Each person using the Golf Club facilities shall be subject to such rules and regulations of the Golf Club as are in effect as of the date of his/her/its use and shall be required to pay such fees and membership dues as may be assessed by the Golf Club pursuant to separate documents established for the Golf Club.

## ARTICLE 5 - EASEMENTS

5.1 Easement Grants. The following easements are hereby granted and/or reserved to or by Declarant over, across, and through the Property:

5.1.1 Easements for the installation and maintenance of utilities are granted for a width of ten (10) feet across the front and rear Lot lines and for a width of ten (10) feet along each side Lot line, other than for Village Home Lots, or as shown on the recorded subdivision plats of the Property, for present and future utility services to National Golf Club, including, but not limited to, water lines, sanitary sewer lines, storm drainage culverts, sprinkler lines, natural gas lines, electrical wires, TV wires, telephone cables, irrigation lines, security wires, and street lights. Within these easement areas no structure, planting, or other material (other than sod), which may interfere with the installation and maintenance of underground utility facilities, shall be placed or permitted to remain unless such structure, planting, or other material was installed by the Declarant. The Master Association and its successors and assigns (or such other entity as is indicated on the plats of the Property) are hereby granted access to all easements within where such underground facilities are located for the purpose of operation, maintenance, and replacement thereof.

5.1.2 Easements for the installation and maintenance of drainage facilities are granted to the Master Association and Golf Club, as shown on the recorded subdivision plats of the property and for a width of ten (10) feet across the front and rear Lot lines and for a width of ten (10) feet along each side Lot line, other than for Village Home Lots or as shown on the recorded plats and five (5) feet on either side of any stream. In addition, an easement for the empondment of waters is reserved upon each Lakefront Lot for a width necessary to accommodate an increase in the elevation of any lake waters six (6) inches above its spill-way elevation. Within these easement areas, no structure, planting, or other material (other than sod), which may interfere with the installation and maintenance or which may obstruct or retard the flow of water through lakes, streams, or drainage channels, shall be placed or permitted to remain, unless such structure, planting, or other materials was installed by Declarant. The Master Association and its successors and assigns or the Golf Club shall have access to all such drainage easements for the purpose of operation and maintenance of the lakes, streams, and Surface Water Management System. Ownership and use of the lakes are reserved to the Golf Club Owner.

5.1.3 The Common Property is hereby declared to be subject to a perpetual, non-exclusive easement in favor of the Master Association, employees, and agents of the Master Association, and of any management entity contracted by the Master Association in order that such employees, agents, or management entity may carry out their duties.

5.1.4 An easement is hereby granted to each Institutional Mortgagee for the purpose of access to the property subject to its mortgage.

5.1.5 Easements are hereby reserved throughout the Common Property, including, without limitation, the Streets and the easements shown on the plat(s) of the Property, for use by Unit Owners and by Developer, for their use and the use of their agents, employees, licensees, and invitees, for all purposes in connection with the use, development, and sales of the Property.

5.1.6 A perpetual easement is hereby granted to members of the Golf Club and their guests and to the Golf Club Owner and its agents and employees to permit the doing of every act necessary and incident to the playing of golf on the golf course adjacent to the Units and the maintenance thereof; provided, however, this shall not include the intrusion of golf carts upon any Unit or its Lot. These acts shall include, but not be limited to, the recovery and play of golf balls from Units, the flight of golf balls over and upon Units, and the use of the necessary and usual equipment upon the golf course, the creation of the usual and common noise level associated with the playing of the game of golf, together with all such other common and usual activities associated with the operation and maintenance of a golf club. "Out of Bounds" stakes shall not be permitted and the U.S.G.A. Rules of Golf, as modified by the Golf Club, shall control play. The Declarant shall have the right to prescribe in writing to the members of the Golf Club and the Golf Club Owner the manner and extent to which the rights under this easement shall be exercised. In addition, the Declarant may, in its sole discretion, limit or withdraw or prohibit certain of the acts authorized by this easement, and Declarant may limit the manner or place of doing all or certain of the acts authorized by this easement. After transfer of control to the Master Association by Declarant, these rights shall be negotiated between the Golf Club and the Master Association. Provided, however, they shall not be withdrawn or limited without the consent of the Golf Club.

5.1.7 A non-exclusive easement is hereby granted for ingress and egress over, across, and through all Streets for access to and from the Golf Club Property to Declarant and all members and guests of the Golf Club, regardless of whether such members or guests are also Owners. This easement is subject to all rules and regulations promulgated by the Master Association from time to time.

5.1.8 The Declarant reserves the right, prior to completion of National Golf Club and without the consent or approval of any Association or the Owners being required, to grant such additional easements or to relocate existing easements on any portion of the Common Property, as the Declarant shall deem necessary or desirable for the proper operation and maintenance of National Golf Club, or any portion thereof, or for the general health and welfare of the Owners, provided such additional easements or relocation of existing easements will not prevent or unreasonably interfere with the use or enjoyment of the Units, and, provided further, that the Property and the Improvements constructed thereon will not be structurally weakened thereby.

5.1.9 Easement of Entry by Master Association and/or Declarant. Declarant reserves for itself and the Master Association, their successors, assigns, and agents, a special easement for the right to enter upon any lot or Association's property, such entry to be made by

personnel with tractors or other suitable devices, for the purposes of mowing, removing, cleaning, cutting, or pruning underbrush, weeds, or other unsightly growth, or for the purpose of building or repairing any land contour or other earth work, which in the opinion of the Company detracts from or is necessary to maintain the overall beauty, ecology, setting, and safety of the Property. Any such entrance shall not be deemed a trespass. The Company and its agents may likewise enter upon any lot or Association's property to remove any trash which has collected or remove any unauthorized Improvement, vehicle, or other object, without such entrance and removal being deemed a trespass. The provision in this paragraph shall not be construed as an obligation on the part of Declarant to undertake any of the foregoing.

5.1.10 Easement for Endangered Species. An easement is hereby granted to the Master Association and its authorized designee to enter on any Single-Family Lot or Association property for the purpose of inspecting, maintaining, and preserving the red-cockaded woodpecker and its cavity trees, if located thereon. Any such entry shall not be deemed a trespass.

## **ARTICLE 6 - ASSESSMENTS AND LIEN**

6.1 Authority of Master Association. The Master Association, through its Board of Directors, shall have the power and authority to make and collect Assessments as hereinafter set forth.

6.2 General Assessments. General Assessments shall be determined annually for the purpose of maintenance and management of the Master Association, the Master Association Property, the Common Property, and for the purpose of promoting the safety and welfare of the owners; provided, however, that such General Assessments are not attributable to only one specific class of membership. Without limiting the foregoing, General Assessments shall be used for the payment of: operation, maintenance, and management of the Master Association, the Common Property, and the Master Association Property; operations and maintenance of the Surface Water Management System; property taxes and assessments against and insurance coverage for the Common Property and the Master Association Property; legal and accounting fees; maintenance of the Streets; security costs; management fees; normal repairs and replacements; charges for utilities used upon the Common Property and the Master Association Property; cleaning services; expenses and liabilities incurred by the Master Association in the enforcement of its rights and duties against Members, Owners, or others; maintenance of vacant property; the creation of reasonable reserves; and all other expenses deemed by the Board of Directors of the Master Association to be necessary and proper for management, maintenance, repair, operation, and enforcement.

6.3 Basis and Collection of General Assessments. The Master Association shall annually estimate the Common Expense it expects to incur and the period of time involved therein and may assess the Association Members, the individual Single-Family Lot Owners, and the Golf Club Owner sufficient monies to meet this estimate. All Units shall be assessed at a uniform rate; provided, however, that the rate of Assessment for Lots without Single-Family Residences shall be seventy-five (75%) percent of that assessed for a Single-Family or Condominium Residence. Assessments against the Lots will be collected from the individual Lot Owners. Assessments against Units governed by an Association shall be collected from the respective Association Member based upon the number of

Units governed by such Association Members; provided, however, that as additional property is subjected to this Declaration, Declarant shall have the right to determine, in its sole discretion, the basis for assessment of such additional property. In the imposition of a General Assessment against the Golf Club Owner by the Association, the Golf Club Owner shall be assessed fifty (50%) percent of the difference between the dues paid by Associate Members and the amount of dues the Associate Members would have paid as a Principal Member; provided, however, that such Assessment shall not exceed five (5%) percent of the total General Assessment of the Master Association. Should the Master Association, through its Board of Directors, at any time determine that the Assessments made are not sufficient to pay the expenses, or in the event of emergency, the Board of Directors shall have authority to levy and collect additional General Assessments to meet such needs. General Assessments shall be collectible in advance monthly, quarterly, semi-annually, or annually, as the Board of Directors shall determine.

6.4 Special Assessments. The Master Association shall have the power and authority to levy and collect special Assessments from Association Members, the individual Single-Family Lot Owners, and the Golf Club Owner. Without limiting the foregoing, special Assessments shall be used for the payment of: the acquisition of property; the cost of construction of capital Improvements to the Common Property or the Master Association Property; the cost of construction, reconstruction, unexpected repair or replacement of a capital Improvement, including the necessary fixtures and personal property related thereto, and the expense of indemnification of each director and officer of the Master Association and each member of the A.R.B. All special Assessments shall be assessed at a uniform rate for each Unit assessed. Special Assessments against the Lots shall be collected from the individual Lot Owners. Special assessments against Units governed by an Association shall be collected from the respective Association Members, based upon the number of Units governed by such Association Member; provided, however, that as additional property is subjected to this Declaration, Declarant shall have the right to determine in its sole discretion, the basis for assessment of such additional property. The Golf Club Owner shall be assessed at such amount as shall be determined by the Board of Directors of the Master Association, in its sole discretion, but shall not exceed five (5%) percent of the total special Assessment. If a special Assessment shall exceed THREE HUNDRED AND NO/100 (\$300.00) DOLLARS, per unit, it shall require the approval of the Members of the Master Association, to be obtained at a duly convened regular or special meeting at which a quorum exists and which is called at least in part to secure this approval. Approval shall be by an affirmative vote of at least sixty (60%) percent of the votes present in person or by proxy. Special Assessments shall be collectible in such manner as the Board of Directors shall determine.

6.5 Emergency Special Assessments. The Master Association may levy an emergency special Assessment when, in the sole determination of the Board of Directors, there is potential danger of damage to persons or property. Such emergency special Assessments may be utilized to pay for preventative, protective, or remedial construction, reconstruction, Improvements, repairs, or replacements. Events justifying emergency special Assessments include, but are not limited to, hurricanes, floods, and fires. Emergency special Assessments shall be collectible from Association Members, individual Single-Family Lot Owners, and the Golf Club Owner, in such manner as the Board of Directors shall determine.

6.6 Individual Assessments. The Master Association shall have the power and authority to levy and collect an individual Assessment against a particular Unit or the Golf Club Owner for the cost of maintenance, repairs, or replacements within or without the Unit or the Golf Club Property, as

the case may be, which the Owner thereof or the Golf Club Owner has failed or refused to perform, and which failure or refusal has, in the opinion of the Master Association, endangered or impaired the use or value of other portions of the Property. The Master Association shall have a right of entry onto each Unit and the Golf Club Property to perform necessary maintenance, repairs, and replacements, including the right to abate or eliminate any nuisance. The individual Assessment may include an administrative fee charged by the Master Association in an amount to be determined by the Board of Directors in its discretion from time to time. All individual Assessments shall be collectible in such manner as the Master Association shall determine. All Association By-Laws and Declarations shall provide for such individual Assessment by the Master Association.

6.7 Effect of Non-Payment of Assessments. All notices of Assessments from the Master Association to the Association members, the Single-Family Lot Owners, and the Golf Club Owner shall designate when the Assessment is due and payable. If any Assessment is not paid on the date when due, the Assessment shall then become delinquent with a late charge of \$25.00 and shall bear interest at the maximum rate allowed by the civil usury laws of the State of North Carolina from the date when due until paid. The Assessment, together with interest thereon and the costs of collection thereof, including attorneys' fees, shall be a continuing lien against all Units governed by, and all property owned by, the Association Member against which the Assessment is made, all Single-Family Lots against which the Assessment is made, all property owned by the Golf Club Owner, including without limitation, the Golf Club Property, as the case may be, and shall also be the continuing personal obligation of the Association Member, the Single-Family Lot Owner, or the Golf Club Owner, as the case may be. Any successor in title to any Owner or Golf Club Owner shall be held to constructive notice of the records of the Master Association to determine the existence of any delinquency in the payment of Assessments by the Association Member to which the Unit is subject, by a Single-Family Lot Owner, or by the Golf Club Owner, as the case may be. The Master Association may also record a claim of lien in the Public Records of the County against all Units governed by and/or all property owned by the delinquent Association Member, against all Single-Family Lots, and/or all property owned by the delinquent Single-Family Lot Owner, or against any real property owned by the Golf Club Owner, as the case may be, setting forth the amount of the unpaid Assessment, the rate of interest due thereon, and the costs of collection thereof. If any Assessment, or any installment thereof, shall not be paid within thirty (30) days following the due date, the Master Association may declare the entire Assessment immediately due and payable.

Each Association's By-Laws and Declarations shall provide for the apportionment of any past due Master Association Assessment among its members in accordance with its Articles of Incorporation, By-Laws, and Declarations, which shall require that said proportional assessment will become a lien upon the individually owned Unit (and its undivided interest in common property of the Association, if applicable), upon demand by the Master Association. Should any Association fail to record said lien within thirty (30) days after its due date with the Register of Deeds of the County, the Master Association shall have such rights as its Attorney-in-Fact, coupled with an interest. Should any Association fail to pay, when due, any General or Special Assessment of the Master Association, then in such event the defaulting Association shall assign its rights in said individually liened Units, upon demand, to the Master Association for its enforcement. The foregoing rights of the Master Association shall be in addition to those lien rights given herein to lien Association property.

The Master Association may, at any time thereafter, bring an action to foreclose the lien against any one or more of the Units, or the Golf Club Property, in the manner in which deeds of trust

on real property are foreclosed, under a power of sale under Article 2A of Chapter 45 of the General Statutes, and/or a suit on the personal obligation of the Association Member, the member of an Association, the Single-Family Lot Owner, or the Golf Club Owner, as the case may be. There shall be added to the amount of such Assessment the costs of such action, including attorneys' fees, and, in the event a Judgment is obtained, such Judgment shall include interest on the Assessment as above provided and attorneys' fees incurred by the Master Association, together with the costs of the action. Regardless of the date of recordation of any claim of lien, the effective date thereof shall relate back, and it shall take priority, as of the date of recordation of this Declaration. Each Owner of a Condominium Residence may relieve his Unit of the Assessment lien by paying to the Master Association the proportionate amount of the Assessment of an Association that is attributable to his Unit, as determined by the Master Association. Upon such payment or the payment by a Lot Owner, the Master Association shall execute and record a release of lien with respect to such Unit. The Golf Club Owner may relieve its property of the Assessment lien by paying to the Master Association the proportionate amount of the Assessment attributable to its property, as determined by the Board of Directors of the Master Association. Upon such payment, the Master Association shall execute and record a release of lien with respect to such Unit or the Golf Club Property, as the case may be.

6.8 Additional Assessments. The Assessments provided for herein shall be in addition to any other assessments, charges, or taxes which may be levied by any of the Associations or other entity.

6.9 Certificate of Assessments. The Master Association shall prepare a roster of the Associations, the Single-Family Lot Owners, the Golf Club Owner, and the Assessments applicable thereto, which roster shall be kept in the office of the Master Association and shall be open to inspection by all Members, Owners, and the Golf Club Owner. The Master Association shall, upon demand by a Member, Owner, or the Golf Club Owner, prepare a Certificate of Assessments signed by an officer of the Master Association, setting forth whether the Association Member's, member of an Association's, Single-Family Lot Owner's, or Golf Club Owner's Assessments have been paid and/or the amount which is due as of the date of the Certificate. As to parties without knowledge of error who rely thereon, such Certificate shall be presumptive evidence of payment or partial payment of any Assessment therein stated as having been paid or partially paid.

6.10 Subordination to Lien of Mortgages. Regardless of the effective date of the lien of any Assessments made by the Master Association, such Assessment lien shall be subordinate and inferior to the lien of the mortgage of any Institutional Mortgagee. The Assessment lien shall also be subordinate to the lien of any mortgage securing a loan or loans made to the Declarant, whether a first mortgage or otherwise. Such subordination shall, however, apply only to the Assessments which have become due and payable prior to a final sale or transfer of the mortgaged Unit pursuant to a decree of foreclosure, or in any other proceeding or conveyance in lieu of foreclosure of the mortgage. No sale or other transfer shall relieve any Unit from liability for any Assessment becoming due thereafter, nor from the lien of any such subsequent Assessment. Any delinquent Assessments which are extinguished pursuant to a sale or transfer in connection with the foreclosure of a mortgage or any proceeding or deed in lieu of foreclosure shall be reallocated and assessed to all Association Members, Single-Family Lots, or to the golf Club Owner, as the case may be. The written opinion of the Master Association that the Assessment lien is subordinate to a mortgage lien shall be dispositive of any question of subordination; provided, however, that such opinion shall have no effect upon the priority of a mortgage securing a loan or loans made to the Declarant.

6.11 Payments by Declarant. Prior to transfer of control by Declarant, in lieu of the payment of any Assessments, Declarant shall be responsible only for the payment of that portion of the Common Expenses, which exceeds the amount paid by the Association Members, the Single-Family Lot Owners, and the Golf Club Owner, pursuant to the budget of the Master Association; provided, however, Declarant shall make up any deficiencies to the Capital Reserve Account for the expired life expectancy of capital improvements, if any, at the time of transfer from Declarant to the Master Association of Common Property. After transfer of Control by Declarant, Declarant shall only be responsible for payment of assessments as a Member and Single Family Lot Owner in accordance with this Declaration.

6.12 Exempt Property. The following property shall be permanently exempt from the payment of all Assessments by the Master Association:

6.12.1 All property dedicated to, or owned by, the Master Association or an Association.

6.12.2 Any portion of the Property dedicated or conveyed to any municipal corporation.

6.12.3 Any portion of the Property exempted from ad valorem taxation by the laws of the State of North Carolina.

6.12.4 Prior to transfer of Control by Declarant, any portion of the Property owned by Declarant; Declarant shall pay those amounts stated above in that section entitled "Payments by Declarant," in lieu of Assessments. After transfer of Control, the Declarant's property is no longer exempt from Assessments by the Master Association.

## ARTICLE 7 - MAINTENANCE OF PROPERTY

7.1 Association Responsibilities:

7.1.1 Condominium Residences. Each Association responsible for maintenance and operation of a Condominium Residence Development shall be responsible for the routine and extraordinary maintenance of the exterior of each Condominium Residence, including the exterior walls and roofs and the painting of the exterior surfaces of such Condominium Residences with the exception of windows, doors, and screen enclosures. The Condominium Residence Associations shall be responsible for extraordinary maintenance of Condominium Residence Units, and such Associations shall maintain liability and casualty insurance covering Condominium Residences and provide the Master Association with proof of such coverage, upon request.

If a Condominium Residence is damaged by casualty, the Association must immediately clear the site of casualty and begin reconstruction and reconstruct the Unit within one (1) year following the casualty. The reconstruction must be substantially in accordance with the original plans and specifications approved by the Architectural Review Board.



7.1.2 Single-Family Lots. There shall be no separate Association for the Single-Family Lots.

7.1.3 Common Property and Common Elements. Each Association shall also be responsible for the maintenance of all common property or common or limited common elements (as same is defined in the Declaration of Covenants and Restrictions or the Declaration of Condominium for such Development) dedicated to the Association on the plat of any portion of the Property, or as otherwise established by other legal documentation affecting such common property or common elements.

7.2 Unit Ownership Responsibilities:

7.2.1 Condominium Residences. Each Condominium Residence Owner shall be responsible for the maintenance of the interior areas of his condominium Residence and for maintenance of the windows, doors, and screen enclosures of his Condominium Residence. Each Owner of a Condominium Residence shall obtain casualty insurance for the interior of his Unit to protect the Owner's interest in the Unit.

7.2.2 Single-Family Lots. The Owner of a Single-Family Lot shall be responsible for all maintenance and repair of such Single-Family Lot, including, without limitation, the Single-Family Residence located thereon. If a Single-Family Residence is damaged by casualty, the Owner must immediately clear the site of casualty. If reconstructed, the reconstruction must be substantially in accordance with the original plans and specifications of the Single-Family Residence or, if not, then according to plans and specifications approved by the Architectural Review Board.

7.3 Master Association Responsibilities. The Master Association shall be responsible for the maintenance of all Master Association Property and all Common Property pursuant to Section 4.4 of this Declaration.

7.4 Maintenance of Golf Club Property. The Golf Club Owner shall be solely responsible for the maintenance and repair of the Golf Club Property.

7.5 Individual Assessment. Notwithstanding anything contained in this section to the contrary, the expense of any maintenance, repair, or reconstruction of any portion of the Common Property, the Master Association Property, or such other property as is to be maintained by the Master Association, necessitated solely by the negligent or willful acts of an Owner or his invitees, licensees, family, or guests, shall be born solely by such Owner, and his Unit shall be subject to an individual Assessment for such expense by the Master Association. No Owner shall have the right to repair, alter, add to, replace, paint, or in any other way maintain the Common Property, the Master Association Property, or such other property to be maintained by the Master Association or an Association or the Golf Club Property.

7.6 Architectural Review Board. All repairs and replacements which are to be made by an Owner pursuant to the provisions set forth hereinabove shall be subject to the approval of the Architectural Review Board as set forth in Article 12 of this Declaration.

### **ARTICLE 8 - ADDITIONAL USE RESTRICTIONS**

The Declaration of Covenants and Restrictions and the Declaration of Condominium for the Developments shall include use, architectural, and landscaping restrictions which shall govern portions of the Property. Such architectural, landscaping, and use restrictions, and all other provisions, restrictions, and covenants in the foregoing Declaration of Covenants and Restrictions and Declaration of Condominium, as well as all rules and regulations adopted by the Associations, may be enforced by legal or equitable action of the Master Association.

### **ARTICLE 9 - INSURANCE**

The Master Association is hereby authorized to purchase property and casualty insurance, other than title insurance, on the Common Property and the Master Association Property as well as liability, indemnity, and fidelity insurance in such amounts and with such companies as the Board of Directors shall deem appropriate.

### **ARTICLE 10 - SALE OF OTHER ALIENATION OF UNITS**

In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the Property, each transfer of a Unit by any Owner, excluding Declarant, shall be subject to the following provisions, which provisions each Owner covenants to observe:

#### 10.1 Transfer Subject to Right of First Refusal:

10.1.1 Sale or Lease. No Unit Owner may dispose of a Unit or any interest in a Unit by sale or lease without first offering said Unit to the Declarant (or the Master Association if Declarant has relinquished control) as provided in Section 10.2.1 hereof. In no event may there be more than one (1) lease of any Unit commencing in one (1) calendar year. The foregoing restrictions on leasing shall not apply to special Condominium Residences to be located in the development designated by the Declarant for lease of less than thirty (30) days. These areas which have a voluntary rental program, hereinafter called "Exempt Condominium Residences," for so long as a rental program is in operation at the Exempt Condominium Residences.

10.1.2 Gift. If any Owner shall acquire title by gift, the continuance of the ownership of the Unit shall be subject to Section 10.2.2 hereof.

10.1.3 Devise or Inheritance. If any Owner shall acquire title by devise or inheritance, the continuance of ownership of the Unit shall be subject to Section 10.2.2 hereof.

10.1.4 Other Transfers. If any Owner shall acquire title by any manner not mentioned in the foregoing subsections, the continuance of ownership of the Unit shall be subject to Section 10.2.2 hereof.

10.1.5 Corporations, Partnerships, and Trusts. Changes in excess of fifty percent (50%) of beneficial ownership of a Unit through sale or acquisition of stock in

a corporation or in rights in a partnership or trust shall constitute a transfer and occupancy, and continuance of ownership of the Unit shall be subject to Section 10.2.2 hereof.

10.2 Notice and Offer to Sell or Lease. All transfers of ownership or for possession by lease of Units shall be subject to the following:

10.2.1 Sale or Lease. An Owner intending to make a bona fide sale or lease of his Unit or any interest in it shall give notice of such intention accompanied by an offer to sell or lease his Unit to Declarant or the Master Association upon the same terms and conditions, in writing, to the Master Association, together with the name and address of the intended purchaser or lessee and such other information concerning the intended purchaser or lessee as the Master Association may reasonably require, together with an executed copy of the proposed sales contract or lease. The foregoing requirements with regard to the furnishing of information to the Master Association with regard to proposed leases shall not apply to the owners of Exempt Condominium Residence Units which are governed by separate agreements.

10.2.2 Gift; Devise or Inheritance; Other Transfers. An Owner who has obtained his title by gift, devise or inheritance, or by any other manner not previously mentioned shall give the Master Association notice, accompanied by his offer to negotiate and arbitrate under Section 10.4, in writing, of the acquisition of title together with such information concerning the Owners as the Master Association may reasonably require and a certified copy of the instrument evidencing such Owner's interest.

10.2.3 Failure to Give Notice. If the above required notice and offer to sell or lease is not given to the Declarant or Master Association, then, at any time after receiving knowledge of a transaction or event transferring ownership or possession of a Unit or after receiving knowledge of a lease, the Declarant or Master Association, at its elections and without notice, may waive or reserve its right of first refusal as to the transaction, ownership, or lease. If the right of first refusal is reserved for the transaction, ownership, or lease, the Declarant or Master Association shall so notify the transferor and transferee, accompanied by its demand for all information required by the preceding notice sections of this Article, and the right of first refusal shall be preserved to Declarant or the Master Association until said information is supplied.

10.3 Certificates of Waiver or Acceptance. Certificates of Waiver or Acceptance shall be given in the following manner:

10.3.1 Sale or Lease. If the proposed transaction is a sale or lease, then within thirty (30) days after receipt of the required notice, offer to sell or lease, and information, the Declarant or Master Association must issue either its Certificate of Acceptance or Waiver, in recordable form, accepting or waiving its right of first refusal of the proposed sale or lease. If accepted, the acceptance shall be communicated to the Owner who shall cause a new Sales or Lease Agreement to be executed with Declarant or the Master Association upon the same terms and conditions and for the same sums as called for in the noticed contract. Failure of the Declarant or Master Association to respond within the required thirty (30) days period shall

constitute a Waiver, and compliance with this paragraph may be shown by affidavit with supporting documentation duly recorded by Owner.

10.3.2 Gift; Devise or Inheritance; Other Transfers. If the Owner giving notice as hereinbefore required has acquired title by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt of the required notice and information the Declarant or Master Association must issue its Certificate in recordable form either accepting or waiving its right of first refusal of the Owner's continuance of the ownership of the Unit. If accepted, the acceptance shall be communicated to the Owner who shall commence negotiations with Declarant or the Master Association, whichever is appropriate.

10.3.3 Mortgage. No Owner may mortgage his Unit nor any interest in it without the approval of the Declarant or the Master Association, except to an Institutional Mortgagee including the Federal National Mortgage Association (FNMA). The approval of any other mortgage shall be upon such conditions as shall be determined by the Declarant or Master Association in its sole discretion, including the granting of a right of first refusal to purchase said mortgage and its debt.

10.4 Declarant's and Master Association's Rights of First Refusal. If the Declarant or Master Association exercises its right of first refusal on the sale or other transfer (other than a lease) of a Unit, the Declarant or Master Association shall have the right to purchase the Unit in accordance with the terms of the proposed purchase and sale agreement. In the case of a gift, devise or inheritance, or other transfer, this right of first purchase shall be exercised upon terms negotiated between the Declarant and the transferor; in such event and if such terms cannot be negotiated within thirty (30) days after the exercise of said right of purchase, or should Owner fail or refuse to negotiate, the purchase price shall be determined by mandatory arbitration in accordance with the existing rules of the American Arbitration Association, except that Arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon the average of their appraisals of the Unit. A Judgment of specific performance of the sale may be entered in any court of competent jurisdiction. The expense of the arbitration shall be equally shared by the Owner and the Declarant or Master Association in the event of purchase by the Declarant or Master Association, and all such arbitration expense shall be borne by Declarant or Master Association if it does not elect to purchase. The Declarant or Master Association's right of first refusal shall be exercised, if at all, within the aforesaid thirty (30) day exercise period. Anything herein contained to the contrary notwithstanding, in no event shall the Declarant or Master Association be obligated to exercise its right of first refusal or to purchase any Unit.

10.5 Exceptions. The provisions of this Article 10 shall not apply to an Institutional Mortgagee or FNMA that acquires its title as a result of owing a mortgage upon the Unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor, his successors or assigns, or through the foreclosure; nor shall such provisions apply to a sale, lease, gift, devise, or other transfer by an Institutional Mortgagee that so acquires its title. Neither shall such provisions apply to a purchaser who acquires title to a Unit at a duly advertised public sale with open bidding provided by law, such as, but not limited to, execution sale, foreclosure sale, judicial sale, or tax sale.

Further, the provisions of this Article 10 with regard to leases shall not apply to leases of Units in the Exempt Condominium Residences.

10.6 Transfer Void. Any sale, lease, gift, devise, other transfer, or mortgage not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Declarant or Master Association in the case of a sale, lease, gift, devise, other transfer, or mortgage.

10.7 Reliance Upon Certificate. A waiver of the rights of first refusal duly executed by either the Declarant or the Master Association shall be binding upon both as to each sale, lease, gift, devise, other transfer, or mortgage, and no party relying thereon shall be charged with the duty to determine when and if the Declarant has relinquished its control of the Master Association; provided, however, nothing contained herein shall be construed to mean that a waiver of the right of first refusal on one sale, lease, gift, devise, other transfer, or mortgage shall apply to subsequent transfers of Ownership rights.

### **ARTICLE 11 – ARCHITECTURAL AND LANDSCAPE CONTROLS**

11.1 Architectural Review Board. It is the intent of Declarant to create a general plan and uniform scheme of development of the Property and to create within the Property a residential community of high quality and harmonious Improvements. Accordingly, the Architectural Review Board (the “A.R.B.”) shall have the right to approve or disapprove all architectural, landscaping, and locating of any proposed Improvements, as well as the general plan for development of all Units within the Property. Subject to the Board approval, the A.R.B. may impose standards for construction and development which may be greater or more stringent than standards prescribed in applicable building, zoning, or other governmental codes. The procedures of the A.R.B. shall be as set forth below:

11.1.1 The A.R.B. shall be a permanent committee of the Master Association and shall administer and perform the architectural and landscape review and control functions of the Master Association and the Associations. The A.R.B. shall consist of five (5) voting members who shall initially be named by the Declarant and who shall hold office at the pleasure of the Declarant. Until turnover of control of the Master Association, as defined in this Declaration, the Declarant shall have the right to change the number of members on the A.R.B.; provided, however, that the A.R.B. shall at all times consist of at least three (3) members; to appoint all members of the A.R.B.; and to remove and replace all members appointed to the A.R.B. The Declarant shall determine which member of the A.R.B. shall serve as its Chairman or which members of the A.R.B. shall serve as Co-Chairmen. In the event of the failure, refusal, or inability to act of any of the members appointed by the Declarant and in the event that the Declarant fails to fill any such vacancy within thirty (30) days of such occurrence, the remaining members of the A.R.B. shall fill such vacancy by appointment. At such time as Declarant no longer owns any property within National Golf Club or at such earlier date as Declarant may decide, the Declarant shall assign to the Master Association the rights, powers, duties, and obligations of the A.R.B., whereupon the Board of Directors shall determine how many persons shall serve on the A.R.B., provided that the A.R.B. shall at all times consist of no less than three (3) members, shall appoint the members of the A.R.B., shall provide for the terms of the members of the A.R.B. and shall determine which member of the A.R.B. shall serve as its Chairman. There shall be no requirement that any of the members of the A.R.B. be a member of either the Master Association or one of the Associations or an Owner within National Golf Club. A majority of the A.R.B. shall

constitute a quorum to transact business at any meeting, and the action of a majority present shall constitute the action of the A.R.B.

11.1.2 No Improvements shall be constructed, erected, removed, or planted, nor shall any addition to or any change, replacement, or alteration be made unless and until the approval thereof shall be obtained in writing from the A.R.B.

11.1.3 Each applicant shall submit a preliminary application to the A.R.B. with respect to any proposed Improvement or Improvements that he may contemplate. The preliminary application shall include such information as may be required by the application form promulgated by the A.R.B. Prior to the commencement of any work on such Improvement, the plans and specifications therefor shall be subject to a final review and approval by the A.R.B. At that time, the applicant shall submit to the A.R.B. such additional information as the A.R.B. may reasonably require, including, without limitation, three (3) sets of plans and specifications for the proposed Improvements sealed by an architect licensed in the State of North Carolina or an AIA member in good standing so that the A.R.B. may be able to adequately make the determinations required of it pursuant to this Declaration, a surface water drainage plan showing existing and design grades, and/or contours relating to the predetermined ground floor finish elevation as established by Declarant, and three (3) sets of plans and specifications for the Unit's landscaping design and irrigation system showing all proposed Improvements, including their site locations. Three (3) copies of a detailed tree survey, showing all existing trees of four (4) inches or more in diameter and major vegetation stands, together with a written application on such form and together with such fees, as may be provided or required by the A.R.B. The A.R.B. may also require submission of samples of building materials and colors proposed to be used, as well as requiring the location of the proposed Improvements to be staked out on the ground.

11.1.4 In the event the information submitted to the A.R.B. is, in the A.R.B.'s opinion, incomplete or insufficient in any manner, the A.R.B. may request and require the submission of additional or supplemental information.

11.1.5 No later than thirty (30) days after receipt of all information required by the A.R.B. for final review (unless the applicant waives this time requirement), the A.R.B. shall respond to the applicant in writing. The A.R.B. shall have the right to refuse to approve any plans and specifications which are not suitable or desirable, in the A.R.B.'s sole discretion, for aesthetic or any other reasons. In approving or disapproving such plans and applications, the A.R.B. shall consider the suitability of the proposed Improvements and the materials of which the same are to be built, the site upon which such Improvements are proposed to be erected, the harmony thereof with the surrounding area, and the effect thereof on adjacent or neighboring property or an Endangered Species. In the event the A.R.B. fails to respond within said thirty (30) day period (or such additional time as may be allowed by the applicant pursuant to a written waiver), the plans and specifications shall be deemed approved by the A.R.B.

11.1.6 In the event construction of an Improvement is not commenced within five (5) months of approval by the A.R.B. (Or the Board of Directors, in the event the decision of the

A.R.B. is appealed to the Board of Directors), the approval of the A.R.B. and/or the Board of Directors will terminate, and the Improvement will be treated as if originally disapproved.

11.1.7 Upon approval by the A.R.B. of any plans and specifications submitted to the A.R.B., the A.R.B. shall notify the applicant in writing, which notification shall set forth any qualifications or conditions of approval. In the event that the A.R.B. disapproves any plans and specifications submitted to the A.R.B., the A.R.B. shall so notify the applicant in writing, stating the grounds upon which such disapproval is based. Any applicant may request a formal meeting with the A.R.B. to review the plans and specifications disapproved, said meeting to take place no later than thirty (30) days after written request for such meeting is received by the A.R.B. (unless applicant waives this time requirement in writing). The A.R.B. shall make a final written decision no later than thirty (30) days after such meeting. In the event the A.R.B. fails to provide such written decision within said thirty (30) days, the plans and specifications shall be deemed approved. Upon continued disapproval, the applicant may appeal the decision of the A.R.B. to the Board of Directors of the Master Association within thirty (30) days of the A.R.B.'s written review and disapproval. Review by the Board of Directors shall take place no later than thirty (30) days subsequent to the receipt by the Board of Directors (unless applicant waives this time requirement in writing). If the Board of Directors fails to hold such a meeting within thirty (30) days after receipt of request of such meeting, then the plans and specifications shall be deemed approved. The Board of Directors shall make a final decision no later than thirty (30) days after such meeting. In the event the Board of Directors fails to provide such written decision within said thirty (30) days of the A.R.B.'s decision, such plans and specifications shall be deemed approved. The decision of the Board of Directors shall be final and binding upon the applicant, his heirs, legal representatives, successors and assigns; provided, however, that no Improvement shall be erected or shall be allowed to remain which violates any of the covenants, conditions, or restrictions contained in this Declaration, the Declaration of Covenants and Restrictions, or the Declaration of Condominium for the Developments, or which violates any zoning or building ordinance or regulation.

11.1.8 Any and all alterations, deletions, additions, and changes of any type or nature whatsoever to the plans and/or specifications approved by the A.R.B. shall be subject to the approval of the A.R.B. in the same manner as is required for approval of original plans and/or specifications.

11.1.9 There is specifically reserved unto the A.R.B., and to any agent or member of the A.R.B., the right of entry and inspection upon any portion of the Property for the purpose of determination by the A.R.B. whether there exists any construction of any Improvement which violates the terms of any approval by the A.R.B. or the terms of this Declaration, the Declaration of Covenants and Restrictions, or the Declaration of Condominium for the Developments, or any amendments thereto, or of any other covenants, conditions, and restrictions to which any deed or other instrument of conveyance makes reference. If any Improvement of any nature shall be constructed or altered without the prior written approval of the A.R.B., the Owner or Association shall, upon demand of the Master Association, cause such Improvement to be removed or restored in order to comply with the plans and specifications originally approved by the A.R.B. The Owner or Association shall be liable for the payment of all costs of such removal or restoration, including all costs and attorneys' fees

incurred by the Master Association. The A.R.B. is specifically empowered, upon receipt of Board of Director's approval, to enforce the architectural and landscaping provisions of this Declaration and the Declaration of Covenants and Restrictions for the Development, by any legal or equitable remedy, and in the event that it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement or to remove any unapproved Improvement, the Master Association shall be entitled to the recovery of Court costs, expenses, and attorneys' fees in connection therewith. All costs, expenses, and attorneys' fees of the A.R.B., including those incurred in connection with its enforcement or other powers as provided herein, shall be borne by the Master Association; provided, however, that nothing herein shall be deemed to negate the Master Association's right to an award of the Master Association's and the A.R.B.'s attorneys' fees and costs if the Master Association is the prevailing party in any administrative or judicial proceeding. In the event that any Owner or Association fails to comply with the architectural and landscape provisions contained herein or in the Declaration of Covenants and Restrictions or Declaration of Condominium for the Developments, or other rules and regulations promulgated by the A.R.B., the A.R.B. may, in addition to all other remedies contained herein, record against that Owner's Unit a Certificate of Non-Compliance stating that the Improvements on the Unit fail to meet the requirements of the A.R.B.

11.1.10 Subject to Board approval before they take effect, the A.R.B. is empowered to publish or modify from time to time design and development standards for the entire National Golf Club project or for one or more of the developments, or for the Single-Family Lots, including, but not limited to, the following:

1. Roof and roof design;
2. Fences, walls, and similar structures;
3. Exterior building materials and colors;
4. Exterior landscaping;
5. Signs and graphics, mail boxes, address numbers, and exterior lights;
6. Building set backs, side yards, and related height, bulk, and design criteria;
7. Pedestrian and bicycle ways, sidewalks, and pathways.

11.1.11 Notwithstanding anything contained herein to the contrary, any Improvements of any nature made or to be made by the Declarant, including, without limitation, Improvements made or to be made to the Common Property, shall not be subject to the review of the A.R.B.

11.1.12 The A.R.B. may adopt a schedule of reasonable fees for processing requests for approval. Such fees, if any, shall be payable to the Master Association at the time that the plans and specifications and other documents are submitted to the A.R.B. The payment of such fees, as well as other expenses of the A.R.B. required to be paid, shall be deemed to be an individual Assessment enforceable against the Owner and the Unit as provided hereinabove.



11.1.13 Neither the Declarant, the directors or officers of the Master Association, the members of the A.R.B., nor any person acting on behalf of any of them shall be liable for any costs or damages incurred by the Owner or Association within National Golf Club or any other party whatsoever due to any mistakes in judgment, negligence, or any action of the A.R.B. in connection with the approval or disapproval of plans and specifications. Each Owner or Association and occupant of any property within National Golf Club agrees, as do their successors and assigns, by acquiring title thereto or an interest therein or by assuming possession thereof that they shall not bring any action or suit against the Declarant, the directors or officers of the Master Association, the members of the A.R.B., or their respective agents in order to recover any damages caused by the actions of the A.R.B. The Master Association shall indemnify, defend, and hold the A.R.B. and each of its members harmless from all costs, expenses, and liabilities, including attorneys' fees, of all nature resulting by virtue of the acts of the A.R.B. or its members. Neither the Declarant, the directors, or officers of the Master Association, the members of the A.R.B., nor any person acting on behalf of any of them shall be responsible for any defects in any plans or specifications nor for any defects in any Improvements constructed pursuant thereto. Each party submitting plans and specifications for approval shall be solely responsible for the sufficiency thereof, including protection of Endangered Species and for the quality of construction performed pursuant thereto.

## ARTICLE 12 - USE RESTRICTIONS

12.1 Restrictions on Use of Single-Family Lots. The following restrictions shall apply only to Single-Family Lots:

12.1.1 Lot Restrictions. One (1) lot, as shown on the plat for the Single-Family Lots, shall be the minimum land area upon which a Single-Family Residence may be constructed.

12.1.2 Floor Area. Each Single-Family Residence, other than a Village Home Lot (VHL), shall have a minimum floor area of two thousand two hundred (2,200) square feet for one-story Residence of heated floor space. A two (2) story Single-Family Residence shall have a minimum of eighteen hundred (1,800) square feet on the ground floor and six hundred (600) square feet on the second floor of heated floor space, and the distribution of living area among the two (2) stories shall be approved by the A.R.B. Village Home Lot Residences shall have a minimum of eighteen hundred (1,800) square feet for one-story Residences of heated floor space. A two (2) story Residence shall have a minimum of fifteen hundred (1,500) square feet on the ground floor and five hundred (500) square feet on the second floor of heated floor space, all subject to A.R.B. approval. The calculation of square footage shall not include: garages, covered walks, open and/or screened porches, patios and pool areas. Square footage measurements shall be taken from inside exterior walls of Single-Family Residences.

12.1.3 Building Height. No Single-Family Residence shall be more than thirty-five (35) feet in height without prior approval of the A.R.B., as measured from

the average crown of the road fronting the subject Lot. Chimney heights may exceed this limitation with approval of the A.R.B.

12.1.4 Garages. Each Single-Family Residence shall have sufficient enclosed garage space for any and all family-owned or leased vehicles, and each garage shall contain at least two (2) spaces for said vehicles. Garage doors shall be kept in closed position when garage is not being used. No carports will be permitted. The A.R.B. shall be the sole judge or whether detached or attached garages shall be permitted in each use.

12.1.5 Clearing and Removal of Trees - Endangered Species. In reviewing building plans, the A.R.B. shall take into account the natural vegetation, such as trees and shrubs, including the habitat of the red-cockaded woodpecker if located on or near a Unit, and shall encourage the Owner to incorporate them in his landscaping plan or prohibit their disturbance if Federally protected. No Lot may be cleared for any reason without the prior written approval of the A.R.B. No trees of four (4) or more inches in diameter at two (2) feet above the natural grade shall be cut or removed without the prior written approval of the A.R.B. When such a tree is removed, the Owner will replace it with a similar tree of equal value on another portion of the Lot if so directed by the A.R.B.

12.1.6 Landscaping. The A.R.B. must approve all landscape plans.

12.1.7 Accessory Buildings. No accessory buildings of any kind will be permitted on any Lot, except cabanas which will be permitted within the prescribed setbacks, with the prior written approval of the A.R.B.

12.1.8 Construction Phase. During construction of a Single-Family Residence, the Lot shall be kept in a neat and orderly condition so as not to cause an unsightly condition of the Lot or cause damage to the Endangered Species. In the event the Owner or his agent or employees (including, without limitation, any contractor or subcontractor) shall fail to maintain the construction site as specified herein and such failure continues for at least seven (7) days following delivery of written notice thereof from the Master Association, the Master Association shall have the right, exercisable in its sole discretion, to remove any rubbish, refuse, any unsightly debris, and/or growths from the Lot. In the event the Master Association, after such notice, causes the subject work to be done, then, and in that event, the costs of such work, together with interest thereon at the maximum rate permitted by the civil usury laws of the State of North Carolina, shall be charged to the Owner and individual Assessment and shall become a lien on the subject Lot, which lien shall be effective, have priority, and be enforceable pursuant to the procedures set forth in Article 6 of this Declaration. Failure to protect the Endangered Species will subject the Owner or his contractor to prosecution under Title 16 USCA §§1531 et seq., as amended from time to time.

12.1.9 Temporary Structures. No structure or object of a temporary character, such as, but not limited to, trailers, construction trailers, tents, shacks, sheds and

garages, barns, or other temporary or other outbuildings shall be erected, kept, or maintained on any Lot for any use whatsoever, either temporarily or permanently, except that a temporary construction office may be used on a building site when approved, in advance, by the A.R.B. The architectural site plan shall indicate the location of such temporary structure and drawings reflecting the appearance of same.

12.1.10 Maintenance of Lots. All Lots shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate or any fire hazard allowed to exist. All Lots and all areas between Lot lines and pavements shall be maintained by the Owners in the manner required by the Master Association. In the event an Owner fails to maintain his Lot as aforesaid, the Master Association shall have the right, exercisable in its sole discretion, to mow, burn, or clear any weeds, grass, underbrush, or unsightly debris and/or growths from and Lot deemed by the Master Association to be a health menace, fire hazard, or a detraction from the aesthetic appearance of National Golf Club; provided, however, that at least seven (7) days prior notice shall be given by the Master Association to the Owner of such Lot before such work is done by the Master Association. In the event the Master Association, after such notice, causes the subject work to be done, then, in that event, the costs of such work, together with interest thereon at the maximum rate permitted by the civil usury laws of the State of North Carolina, shall be charged to the Owners and shall become a lien on the subject Lot, which lien shall be effective, have priority, and be enforceable pursuant to the procedures set forth in Article 6 of this Declaration. Such entry by the Master Association shall not be deemed a trespass. The Master Association may also, at the request of any Lot Owner, including the Declarant, and for an agreed charge to the Lot Owner, maintain any undeveloped Lots, so as to prevent such undeveloped Lots from becoming unsightly as defined hereinabove. The costs of such work, together with interest thereon at the maximum rate permitted by the civil usury laws of the State of North Carolina, shall be charged to the Owner and shall become a lien on the subject Lot, which lien shall be effective, have priority, and be enforced pursuant to the procedures set forth in Article 6 of this Declaration.

12.1.11 Subdivision of Lots. No Lot shall be re-subdivided to form a lot smaller than a Lot; provided, however, that the Owner of more than one (1) contiguous Lot may apply to the A.R.B. for permission to use such Lots as a site for a Single-Family Residence; and, upon the written consent of the A.R.B., said contiguous Lots shall then be defined as the "Lot" for purposes of this Declaration, except that the Lots shall continue to be treated as separate and distinct Lots for purposes of voting and Assessment. The Owner of such Lots shall not be required to comply with the side yard setbacks set forth herein, except that such Owners shall be required to comply with the outside side yard setback Lot lines of the combined Lots.

12.1.12 Setbacks. Minimum setback requirements are as follows unless otherwise indicated on the recorded plat:

a. Village Home Lots (VHL): Fifteen (15) foot front yard setback from the abutting Street. In the case of corner Lots, the A.R.B. shall determine the fronting Street.

b. All other Single-Family Lots: Forty (40) foot front yard setback from the abutting Street. In the case of corner Lots, the intersecting Street setback shall be thirty-five (35) feet, and the A.R.B. shall determine the fronting Street.

c. Rear yard setbacks shall be generally opposite the front yard, but final determination shall be made by the A.R.B. The minimum distance shall be as follows:

1. Lots adjacent to the Golf Club: Village Home Lots, thirty (30) feet; all other Lots, sixty (60) feet.
2. All other Lots: Village Home Lots, twenty (20) feet; all other Lots, fifty (50) feet.

d. The remaining setbacks (other than front yard or rear yard setbacks) shall be as follows:

1. Village Home Lots: Three (3) foot setback on the patio wall side (as defined by the A.R.B.) and a seven (7) foot setback from the remaining sideline.
2. All other Lots: Not less than fifteen (15) feet from each property line.

e. No structure of any kind, including, without limitation, fences higher than four (4) feet, shall be permitted in any building setback area, except that air-conditioning equipment, water softeners, sprinkler controls, and other similar utilitarian devices are permitted provided they do not extend more than four (4) feet into the setback area and provided further that they are all sited and screened from view in a manner approved by the A.R.B.

f. The Declarant shall have the right to waive minor violations of the setback requirements contained in this Section 12.1.12, if said violation does not exceed fifteen (15%) percent of the required setback. After the Declarant has turned over control of the Master Association, then the Master Association shall have the right to waive minor setback requirements as are given to the Declarant herein.

g. Notwithstanding anything herein to the contrary, the A.R.B. may, when concurred in by the Board of Directors or the Master Association (before or after transfer of control by Declarant), vary the building setback lines recited herein by as much as twenty-five (25%) percent.

Any such variance shall be evidenced by a certificate of variance or compliance in recordable form.

12.1.13 Fences, Walls, and Hedges. The composition, location, and height of any fence, wall, or hedge to be constructed on any Lot shall be approved in advance by the A.R.B. The A.R.B. shall require the composition of any fence, wall, or hedge to be consistent with the material used in the surrounding Single-Family Residences and other fences, if any. Chain link fencing may not be used except for the outer perimeter fencing and the Club Maintenance area, as determined by the Developer or Master Association. Fencing design must accompany the final working drawings submitted to the A.R.B. for any proposed Single-Family Residence.

12.1.14 Swimming Pools. Any swimming pool or jacuzzi to be constructed on any Lot shall be inground and subject to the requirements of the A.R.B., which shall include, but not be limited to, the following:

- a. Composition to be of material thoroughly tested and accepted by the industry for such construction.
- b. Swimming pools, pool decks, fencing, screen enclosures, patio and terrace slabs may not extend into the minimum yard setback areas, except by special permit from the A.R.B.
- c. Landscape, pool, recreation, and security lighting shall be designated so as to not be an annoyance to the surrounding Single-Family Residences. Such lighting shall not be controlled by light sensitive switches. Time clock controls may be used but in no event shall such lighting be permitted to be on after eleven (11:00) o'clock p.m.
- d. If one Owner elects to purchase two (2) adjoining Lots and to use one Lot for recreational purposes, the Lot used for recreational purposes must be adequately screened by landscaping and/or walls or fences on both the front and sides, as required by the A.R.B. It shall be the intent of the A.R.B. to screen any such recreational facilities from the public view.
- e. Pools may be heated only through methods approved by the A.R.B.

12.1.15 Swales. Each individual Lot Owner shall maintain all swale areas abutting his Lot and located between said Lot and a Street or Lake within National Golf Club in the same condition and manner as the Lots are required to be maintained pursuant to Section 12.1.10 of this Declaration. In addition, each individual Lot Owner is required to sod said swale area and to install and maintain an adequate automated irrigation system within or upon said swale area at such time as a Single-Family Residence has been constructed upon the abutting Lot.

12.1.16 Driveways. All driveways and parking areas shall have hard, impervious, dustless surfaces, such as asphalt, concrete, brick, or uncrushed stone. Driveways may connect to Streets at only two (2) points for each Lot, and such connections shall provide continuity of any drainage swale or curb and shall blend into the Street pavement. No curbside parking areas may be created by extending any portions of Street pavement, except as approved for the Village Home Lot Association. All driveways shall be approved in advance by the A.R.B.

12.1.17 Utilities. The central water and sewage system provided by The Town of Southern Pines for service of the Property shall be used by all Owners. Each Owner shall connect his water line to the water distribution main serving his Lot and shall connect his sewer line to the sewage collection line serving his Lot and shall pay all connection charges, periodic charges, and the like in connection therewith. Each Owner shall maintain and repair his water and sewer lines up to the point of delivery and collection. No individual water supply system shall be permitted except for irrigation purposes. No water shall be obtained from any lake, stream, or water body. No septic tank or drain field shall be allowed on any Lot. Water for irrigation of Lots may be supplied by an underground well located on each Lot, approved by the A.R.B.

12.1.18 Lot Filling. No Lot may be filled for any reason until the A.R.B. has reviewed and approved the preliminary application for the Single-Family Residence. The site plan, along with the tree survey and other documents required by the A.R.B., must clearly delineate the extent of filling.

12.1.19 Lots Bordering on Wet Lands. Lots bordering on wet lands as shown and delineated on the Development Plan shall be required to leave undisturbed a minimum upland dimension of ten (10) feet of the entire length of natural vegetation abutting the wet lands bordering on any portion of such Lots. Such undisturbed areas shall be noted on the landscape plan for each Lot as being undisturbed.

12.1.20 Lots Bordering on Lakes. Lots bordering on Lakes shall be required to provide shoreline gradings, using swale and earthen berm design, to detain a minimum of one (1) inch of surface water run-off from all proposed paved surfaces. Such design shall appear on the landscaping plan for the Lot and shall be evidenced by grade elevations and profile drawings showing typical cross-sections. A combination of the above alternatives shall be encouraged by the A.R.B. to provide a more natural lake shoreline. Each Owner shall be responsible for providing to the A.R.B. sedimentation control plans and devices to insure that the development of all Improvements shall not cause filling or damage to the Lakes.

12.2 Restrictions on Use of Condominium Residences and Single-Family Lots. The following restrictions shall apply to all Single-Family Lots and Condominium Residences:

12.2.1 Residential Use. Except as provided in Sections 4.8.10 and 14.6 of this Declaration, all Condominium Residences and/or Single-Family Residences shall be used only as single-family, private, residential dwellings and for no other purpose. No business or

commercial buildings may be erected on any Lot or on any Condominium Residence, and no business may be conducted on any part thereof, except as specially reserved herein.

12.2.2 Clotheslines. No clothesline or outside drying area shall be located on any Lot or Condominium Residence.

12.2.3 Residence Graphics. The size and design of all signs, numbering for the Unit, mail boxes, and other such materials shall be approved by the A.R.B. and shall display continuity and conformity throughout National Golf Club. Except in connection with development or sales of property throughout National Golf Club by Declarant, no signs, billboards, advertisements, or notices of any kind, including, without limitation, "For Sale" or "For Rent" signs, shall be displayed for public view on any Condominium Residence or Lot or on the Common Property without the prior written approval of the A.R.B. or except as may be required by legal proceedings, it being understood that the A.R.B. will not grant permission for said signs unless their erection is reasonably necessary to avert serious hardships to the Owner. If such permission is granted, the A.R.B. reserves the right to restrict size, color, content, and location of such sign(s). No sign shall be nailed or attached to any tree. The A.R.B. shall have the right to adopt reasonable rules regarding signs to be used during construction of Single-Family Residences, such as Owner identification, name of contractor or architect, etc.

12.2.4 Garbage and Trash Containers. No Condominium Residence or Lot shall be used or maintained as a dumping ground for rubbish, trash, or other waste. All trash, garbage, and other waste shall be kept in sanitary containers and, except as required during trash collection, all containers shall be kept within an enclosure which the A.R.B. shall require to be constructed on each Lot or Condominium Residence.

12.2.5 Antenna and Other Rooftop Accessories. No radio, television, or other electronic antenna, aerial, or satellite receiving dish, or other reception or transmission device may be erected or maintained anywhere on the Common Property or on the exterior of any Condominium Residence or Single-Family Residence (unless installed by Declarant or the Master Association) without the prior written approval of the A.R.B. Such approvals may provide for temporary uses, subject to removal upon stated conditions. Plumbing and heating vents protruding from roofs shall be painted so as to blend into the color of the roof and shall be located, whenever possible, so as not to be visible from the Street or from neighboring Units. Electrically powered ventilators may be used if the roof vents are low profile, blended to the roofing materials, and are not visible from the Street or from neighboring Units. Wind-driven attic ventilators are prohibited.

12.2.6 Nuisances. No use or practice which is either an annoyance to Owners or an interference with the peaceful possession and use of the Property by Owners shall be allowed. No Owner shall commit or permit any nuisance or any immoral or illegal activity on or about the Property. For greater clarification, no Owner shall knowingly or willfully make or create any unnecessary, excessive, or offensive noise or disturbance which destroys the peace, quiet, and/or comfort of the Owners, or allow any such noise or disturbance to be made on or about his Unit.

12.2.7 Boats, Trailers, and Motor Vehicles. No commercial vehicles, boats, boat trailers, buses, house trailers, motor homes, trucks, camping trailers, vans, motorcycles, motor scooters, go-carts, motorbikes, or other similar vehicles, whether of a recreational nature or otherwise, with the exception only of four-wheel passenger automobiles, shall be placed, parked, or stored upon any Condominium Residence or Lot.

Vehicles of repairmen, delivery men, moving vans, temporary guests, or vehicles owned or leased by members of the Owner's family may be parked at curbside or on the driveways and private parking areas of a Lot or Condominium Residence for no longer than four (4) hours in a twenty-four (24) hour period. Furthermore, guests of an Owner, visiting for an extended period of time, may park their vehicles on the driveways and private parking areas of a Lot or Condominium Residence for the duration of their stay. Private parking areas shall be designated by the A.R.B. for each Condominium Residence without a garage for extended parking of passenger automobiles by Owners and their guests. Such guests may not park at curbside except as set forth hereinabove. The Master Association shall have the right to authorize the towing of any vehicles which are in violation of these provisions and/or the Traffic Regulations promulgated by the Master Association and to collect the cost thereof from Owners as an individual Assessment.

12.2.8 The Red-Cockaded Woodpecker. No use shall violate the federally protected Endangered Species.

12.3 Additional Protective Covenants. Declarant may include in any contract or deed for any Lot or Condominium Residence additional protective covenants and restrictions not inconsistent with those contained herein.

12.4 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot or on the common areas. However, dogs, cats, and other common household pets may be kept on Lots subject to such rules and regulations as may be adopted by the Association, so long as they are not kept, bred, or maintained for commercial purposes. No animals shall be allowed to run loose at any time.

12.5 Rules and Regulations. No person shall use the Common Property, or the Master Association Property, or any Unit in any manner contrary to or not in accordance with such rules and regulations as may be promulgated by the Master Association, the Association governing the Development in which the Unit is located, or such Traffic Regulations as may be promulgated by the Master Association from time to time.

### **ARTICLE 13 - INDEMNIFICATION OF OFFICERS, DIRECTORS, AND MEMBERS OF THE A.R.B. AND MEMBERS OF THE MASTER ASSOCIATION**

Every officer and director of the Master Association and member of the A.R.B. shall be indemnified by the Master Association against all expenses and liability, including attorneys' fees, incurred by or imposed upon him in connection with any proceeding to which he may be a party or in



which he may become involved by reason of his being or having been an officer, director, or member of the A.R.B. or the Master Association, whether or not he is an officer, director, or member of the A.R.B. or Master Association at the time such expenses are incurred, except in such cases where the officer, director, or member of the A.R.B. or the Master Association is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the officer, director, or member of the A.R.B. or Master Association seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Master Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such officer, director, or member of the A.R.B. or Master Association may be entitled.

#### **ARTICLE 14 - GENERAL PROVISIONS**

14.1 **Assignment.** Any or all of the rights, powers and obligations, easements and estates reserved by or granted to the Declarant or the Master Association or the Associations may be assigned by the Declarant, the Master Association, or the Associations as the case may be. Any such assignment or transfer shall be made by an appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to such assignment and its acceptance of the rights and powers, duties and obligations herein contained. Such assignee or transferee shall thereupon have the same rights and powers and be subject to the same obligations and duties as are herein given to the Declarant and/or the Master Association or the Association. After such assignment, Declarant, the Master Association, and/or the Associations shall be relieved and released of all obligations with respect to such rights, powers, obligations, easements, or estates.

14.2 **Amendment.** This Declaration may be amended upon the recordation of an appropriate instrument in the Public Records of the County, subject however to the following provisions:

14.2.1 Except as provided hereinbelow, an amendment initiated by any party other than Declarant must obtain the approval of at least eighty (80%) percent of the votes of those Members who are present in person or by proxy at an annual meeting or special meeting called for amendment purpose; provided, however, that until such time as Declarant relinquishes control of the Master Association, as described hereinabove, all amendments must include the express written joinder and consent of the Declarant.

14.2.2 This Declaration may be amended upon the initiation of Declarant, at any time, upon approval of at least fifty-one (51%) percent of the votes of those Members who are present in person or by proxy at an annual meeting or special meeting called for amendment purposes. Provided, however, that the Declaration may be amended by Declarant, at any time, for the purpose of subjecting additional real property to the provisions hereof for the purpose of designating the basis of voting, membership, and assessment for such additional real property for the purposes of granting easements to Declarant over the Common Property and for the purpose of complying with the requirements of government authorities and lenders (including FNMA) without the joinder or consent of Owners, the Master Association, the Associations, Institutional Mortgagees, or any other party, except that when additional real property is subject to this Declaration, the joinder of the Association, if any, which will govern the additional property shall be required.

14.2.3 No amendment or change to this Declaration or to the exhibits hereto shall be effective to affect or impair the validity or priority of a first mortgage held by an Institutional Mortgagee encumbering a Unit or to affect or impair the rights granted herein to Institutional Mortgagees without the written consent thereto by the Institutional Mortgagee owning and holding the mortgage encumbering the Unit, which consent shall be executed with the formalities required for deeds and recorded with the amendment. Further, no amendment or change to this Declaration shall be effective to affect or impair the ability of Exempt Condominiums Residents to lease their Units for fifteen (15) years after the recording of this instrument.

14.2.4 Any duly adopted amendment to this Declaration shall run with and bind the Property for the same period and to the same extent as do the covenants and restrictions set forth herein.

14.3 Duration. All of the covenants, restrictions, and other provisions of this Declaration shall run with and bind the Property for an initial term of fifty (50) years from the date of recordation of this Declaration, after which time they shall be automatically extended for successive periods of ten (10) years each, unless an instrument executed by at least seventy-five (75%) percent of the votes of the Members then existing, and by all Institutional Mortgagees, has been recorded agreeing to change or terminate these covenants and restrictions.

14.4 Covenants Running with the Property. The agreements, covenants, conditions, restrictions, Assessments, liens, and other provisions contained herein shall constitute a servitude upon the Property, and each portion thereof shall run with the Property, shall be binding upon the Owners of any portion thereof, and shall inure to the benefit of Declarant, the Master Association, the Associations, and the Owners.

14.5 Enforcement. Enforcement of the covenants, restrictions, conditions, obligations, reservations, rights, powers, Assessments, liens, and other provisions contained herein shall be by a proceeding at law or in equity against any persons or entities violating or attempting to violate

same and/or against the Property subject hereto to enforce any lien created by this Declaration. In the event that Declarant and the Master Association fail to enforce the terms of this Declaration, then any Member may do so. The failure or refusal of Declarant, the Master Association, or any Member to enforce any of the provisions of this Declaration shall in no event be deemed to constitute a waiver of the right to do so thereafter. The cost of any such litigation shall be borne by the Owner in violation, provided that such proceeding results in a finding that such Owner was in violation of the covenants and restrictions contained herein or the covenants and restrictions contained in the Declaration of Covenants and Restrictions for a Condominium in the Development. In addition to the foregoing, the Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable fine assessment, as a fine or penalty for violation of this Declaration, including, but not limited to, a violation of rules and regulations promulgated pursuant to Article 4, section 4.5, violations of the Use Restrictions as stipulated in Article 12, and violations of Architectural Review Board policies, all in accordance with the Planned Community Act. A lien may be filed for this fine assessment and this fine assessment may be enforced by foreclosure and otherwise treated as an Assessment pursuant to Article 6.

14.6 Declarant's Rights. Notwithstanding any other provision in this Declaration to the contrary, Declarant is irrevocably empowered to sell or lease Units on any terms to any purchasers or lessees for so long as it owns any property in National Golf Club, subject only to the provisions set forth in Article 10 of this Declaration. Also, for so long as Declarant owns or has any use rights to any property subject to this Declaration, Declarant shall have the right to transact any business necessary to consummate sales of property throughout National Golf Club including, but not limited to, the right to maintain office(s) on the Property, including Condominium Residences and common property, in location(s) to be selected by Declarant, to have employees in such offices, to construct and maintain other structures or appurtenances which are necessary or desirable for the development and sale of property throughout National Golf Club, including without limitation sales models and parking lots, to post and display a sign or signs on any Units owned by Declarant or on the Common Property, and to use the Common Property and to show Units. Sales office signs and all other structures and appurtenances pertaining to the sale of development of property within National Golf Club shall not be considered Common Property and shall remain the property of the Declarant.

14.7 Notice. Any notice required or permitted to be given by this Declaration shall be given or made in writing by personal delivery or by certified mail addressed:

To the Declarant at:	NATIONAL GOLF CORPORATION, INC. One Royal Troon Drive Village of Pinehurst, NC 28374;
or to the Owner at:	The last known address of Owner as appears on the records of the Master Association at the time of such delivery of mailing;
or to the Master Association at:	NATIONAL PROPERTY OWNERS ASSOCIATION, INC. One Royal Troon Drive

## Village of Pinehurst, NC 28374

As additional property is subjected to this Declaration by amendment to the Declaration, the address of the governing Association shall be set forth in such amendment. Any notice given in accordance with the provisions of this subsection shall be deemed to be effective, if personally delivered, on the date of such delivery or, if mailed by registered or certified mail, on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable as the case may be. Each party may give notice to each of the other parties of a change of its address for the purposes of giving notice under this subsection, which thereafter, until changed by like notice, shall be the address of such party for all purposes of this Declaration.

14.8 Plats. In addition to this Declaration, the Property shall be subject to the additional covenants, restrictions, reservations, and other terms and provisions set forth in the plats of portions of the Property, which are recorded or to be recorded in the Public Records of the County. Also, each Owner must abide by all applicable laws, regulations, and ordinances of the federal government, the Town of Southern Pines, the State of North Carolina, and the County.

14.9 Gender and Number. The use of the singular herein shall include the plural, and the use of any gender shall include all genders.

14.10 Severability. Invalidation of any one of the covenants or restrictions contained herein by Judgment or Court Order shall in no way affect any other provision hereof, which shall remain in full force and effect.

14.11 Captions. The captions used in this Declaration and the exhibits annexed hereto are inserted solely as a matter of convenience and shall not be relied upon or used in construing the text of this Declaration or any exhibits hereto.

14.12 Effective Date. This Declaration shall become effective upon its recordation in the Public Records of the County.

EXHIBIT "A"

All those lots or parcels shown upon maps of survey by Ben P. Powell, Jr., NCRLS, shown and depicted as follows: Sections 1-A; 1-B; 1-C; 2-A; 2-B; 3; 4-A; 4-B; 5-A; 5-B; 6-A, excluding however the unbuildable lots of 186, 187, and 188; 6-B; 6-C; 7; 8; 9; 10-A; 10-B; and 11. Particularly excluded from Property is Tract A-1 (which is the Golf Course and Club property) and Section 12 (which is the commercial property)"

EXHIBIT B

Exhibit B shall be the Development plans of National Golf Club, reference to which are hereby made as forming a part and parcel hereof as if set out in full herein.