

NORTH CAROLINA

AMENDMENT TO DECLARATION OF INTENTION TO SUBMIT PROPERTY TO THE PROVISIONS OF CHAPTER 47A OF THE NORTH CAROLINA GENERAL STATUTES - QUAIL HILL COLONY, PHASE TWO

MOORE COUNTY

THIS AMENDMENT TO DECLARATION OF UNIT OWNERSHIP, made and executed this 27th day of January, 1986, by QUAIL HILL COLONY, PHASE TWO, HOMEOWNERS ASSOCIATION, with its principal office and place of business in Pinehurst, Moore County, North Carolina, hereinafter called "Association";

W I T N E S S E T H:

WHEREAS, there has been previously filed in the Office of the Register of Deeds of Moore County, North Carolina, an instrument entitled "Declaration of Intention to Submit Property to the provisions of Chapter 47A of the North Carolina General Statutes, Quail Hill Colony, Phase Two", which said instrument was dated July 27, 1978, and which was recorded in the Office of the Register of Deeds of Moore County, North Carolina, in Deed Book 435, Page 718, et seq., and which is hereinafter referred to as "Declaration"; and

WHEREAS, under the provisions of Paragraph 16 of said instrument, the Association was given the right to amend the Declaration by following certain procedures set out therein; and

WHEREAS, said Association has followed all the rules and procedures as set out in Paragraph 16 of the Declaration and all the requirements therein have been met; and

WHEREAS, the Association wishes to make an addition to the Declaration, it does hereby amend said Declaration as follows:

The following paragraph will be inserted on page 11 of the Declaration between the present 12th and 13th lines.

"The right of first refusal of the Board of Administrators provided in this Paragraph 15 shall not apply to transfers, sales or conveyances involving a foreclosure, sale or other judicial sales or transferred to a mortgagee in lieu of foreclosure, any transfer by a mortgagee following foreclosure or any proceeding or arrangement in lieu thereof."

IN WITNESS WHEREOF, the Association has caused this instrument to be executed in its name by its duly authorized officers, this day and year first above written, all be resolution of its Board of Administrators duly given, and by vote of its unit owners duly given.

#6.50pd

Sequel

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QUAIL HILL COLONY, PHASE TWO,
HOMEOWNERS ASSOCIATION

By: David Cleary
Chairman of the Board
David Cleary

ATTEST:

William Ryder
Secretary
William Ryder

STATE OF NORTH CAROLINA

COUNTY OF MOORE

I, Doris B. Andrews, Notary Public, do hereby certify that William Ryder personally appeared before me this day and acknowledged that he is Secretary of QUAIL HILL COLONY, PHASE TWO, HOMEOWNERS ASSOCIATION, and that by authority duly given and as the act of the Association, the foregoing Amendment to Declaration was signed in its name by its Chairman of the Board, and attested by himself as its Secretary.

Witness my hand and notarial seal, this 27th day of January, 1986.

Doris B. Andrews
NOTARY PUBLIC

My Commission Expires:

3/31/90

Notarial Seal

NORTH CAROLINA - MOORE COUNTY

The foregoing (or annexed) certificate of
Doris B. Andrews Notary Public
Moore

STATE OF N. C. is certified to
expire on February 7, 1986
Grier Gilmore

Mary R. Phillips Assistant

FILED
BOOK 541 PAGE 956

FEB 7 4 01 PM '86

GRIER GILMORE
REGISTER OF DEEDS
MOORE COUNTY, N.C.

DECLARATION OF INTENTION TO SUBMIT PROPERTY
TO THE PROVISIONS OF CHAPTER 47A
OF THE NORTH CAROLINA GENERAL STATUTES

FILED
BOOK 435 PAGE 718

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QUAIL HILL COLONY PHASE TWO

GRIER GILMORE
REGISTER OF DEEDS
MOORE COUNTY, N.C.

THIS DECLARATION, made this 27th day of July, 1978, by
SCHERER AND ASSOCIATES, INC., a North Carolina corporation, hereinafter
referred to as "Declarant", pursuant to the provisions of Chapter 47A of the
North Carolina General Statutes, entitled the "Unit Ownership Act";

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of certain real property in Moore
County, State of North Carolina, and more particularly described in Exhibit "A"
attached hereto and made a part hereof by incorporation; and

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

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

NOW, THEREFORE, the Declarant does hereby publish and declare that
all of the property described above and as described in paragraph 1 below is
held and shall be held, conveyed, hypothecated, encumbered, used, occupied and
improved subject to the following covenants, conditions, restrictions, uses,
limitations and obligations, all of which are declared and agreed to be in furtherance
of a plan for the improvement of said property and the division thereof into
condominium units and shall be deemed to run with the land and shall be a
burden and a benefit to Declarant, its successors and assigns, and any person

RECORDING
STAMP
TOTAL
34.00

acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. Description of Property. All that certain parcel of land with the buildings and improvements thereon erected or to be erected together with the easement for ingress and egress thereto, lying and being in Mineral Springs Township, County of Moore, State of North Carolina, and more particularly described in Exhibit "A" attached hereto and made a part hereof.

2. Description of Buildings. The Declarant has constructed or will construct upon the above described property one (1) multi-unit building to be used for residential purposes only. A plat or survey of the property dated July 19, 1978, showing the location of said building thereon is attached hereto and made a part hereof as Exhibit "B". Said multi-unit building is more particularly described in the plans and specifications of said building, a copy of which plans and specifications are attached hereto and made a part hereof as Exhibit "B", showing all particulars of the building, including the layout, locations, ceiling and floor elevations, unit numbers and dimensions of the units and location of the common areas and facilities affording access to each unit. Such plans bear the verified statement of Edmund James Austin, Architect, certifying that said plans are an accurate copy of the plans of said multi-unit buildings.

The foundations of the buildings are constructed of block with concrete footings. The buildings are principally wood frame construction with concrete block exterior walls, cedar shake roofs and exterior walls which are stained wood siding. Floors are constructed of wood overlaid with carpeting, and interior walls are constructed of gypsum dry wall. The carports are similarly constructed with concrete floors. For a more particular description of the principal materials of which said building is to be constructed, reference is hereby made to the plans and specifications filed herewith as Exhibit "C".

3. Unit Designations. The unit designation of such condominium unit, approximate area, number of rooms and other data concerning its proper identification are set forth in Exhibit "D" attached hereto and made a part hereof. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of its perimeter walls and ceiling and floor or crawl space and decks or

porches where applicable which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement or movement of the building, or by permissible repairs, construction or alteration.

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

(a) The land on which the building is erected and all lands surrounding the building as is more fully described in paragraph 1 above.

(b) The easement for ingress and egress shown on Exhibit "B".

(c) All foundations, columns, girders, beams, supports and other structural members.

(d) The yards, roads, driveways and parking areas.

(e) All roofs, exterior walls and interior walls except those partitioned walls wholly located within a unit.

(f) All central and appurtenant installations for services such as power, light, water, cables and antenna for televisions, tanks, pumps, motors, fans, conduits and compressors in connection therewith, whether located in common areas or in individual units.

(g) All sewer pipes.

(h) All exterior walkways.

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

The undivided interest of each unit owner in such common areas and facilities is set forth in Exhibit "D" and attached hereto and made a part hereof.

5. Use. The building and each of the units shall be used for residential purposes only.

6. Person to Receive Service of Process. Leo G. Scherer is hereby designated to receive service of process in any action which may be brought against or in relation to this condominium. Said person's residence or place of

business is Scherer and Associates, Pinehurst, Moore County, North Carolina, which is located with the County in which the building is located.

7. Easements. Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Administrators shall have the right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

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

In the event that any condominium unit shall encroach upon any common property, or any other condominium unit or units, for any reason not caused by the purposeful or negligent act of the condominium unit owner or agents of such owner, then an easement appurtenant to such condominium unit shall exist for the continuance of such encroachment upon the common property or upon a condominium unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the common property shall encroach upon any condominium unit, then an easement shall exist for the continuance of such encroachment of the common property upon any condominium unit for so long as such encroachment shall naturally exist. If any condominium unit or common property shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such unit and/or common property in accordance with paragraph 14 hereof,

there exist encroachments of portions of the common property upon any condominium unit, or of any condominium unit upon any other condominium unit or upon any portion of the common property, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

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

9. Liens. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all of the condominium unit owners and the holders of first liens thereon except such liens as may arise or be created against the several units and their respective common interest under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanics' lien or other similar lien by reason of labor performed or materials furnished is waived. The provisions of this paragraph 9 shall not apply to the Declarant or its successors or assigns.

10. Nature of Interest in Units. Every condominium unit, together with its undivided common interest in the common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easements, by-laws, rules, regulations, resolutions and decisions adopted pursuant hereto and as may be contained herein and in the accompanying by-laws and in the minutes of the Board of Administrators.

11. Assessments.

(a) Taxes. Every unit, together with its undivided interest in the common areas and facilities, shall be separately assessed and taxes by each assessing unit for all types of taxes authorized by law. Each owner shall be liable solely

for the amount taxed against his individual unit.

(b) Assessment by Pinehurst, Incorporated. (1) Each owner by acceptance of a deed to his unit or by signing a contract or agreement to purchase the same, whether from Scherer and Associates, Inc. or a subsequent owner or purchaser of such unit, covenants, agrees and binds himself, his heirs, successors and assigns to pay Pinehurst, Incorporated, its successors or assigns, an annual assessment in an amount not to exceed, in the absolute and sole discretion of Pinehurst, Incorporated, a sum equal to one and one-half per cent (1 1/2%) of the taxable value of the unit as determined from time to time by the constituted authorities for County taxation in Moore County, North Carolina, for the maintenance and care of roads, streets, sidewalks, parks, common areas and common facilities in and around Pinehurst, North Carolina, to which the owner has a right of use or access, and for fire and police protection, and for such other services as may be made available to owners or purchasers by Pinehurst, Incorporated. (2) The one and one-half per cent (1 1/2%) limitation shall be subject to increase in increments of one-fourth (1/4) of one per cent (1%) for every five per cent (5%) percentage increase, if any, of the Consumer's Price Index, U.S. New Series, U.S. Average for All Items for Urban Wage Earners and Clerical Workers, Revised 1953, or any successor index thereto, as published by the Bureau of Labor Statistics of the U.S. Department of Labor. (3) The statement of bill for the aforesaid assessment shall be rendered by Pinehurst, Incorporated in September of each year and is payable at anytime thereafter and shall be due January 31 of the following year. The obligation to pay the aforesaid assessment shall constitute a lien on such unit in the same manner as provided for unpaid common expenses under the provisions of the North Carolina Unit Ownership Act.

(c) Common Expenses. Each unit owner shall contribute prorata, in proportion to their undivided interest as herein set forth, toward the expenses and administration and of maintenance and repair of the common areas and facilities, in accordance with the by-laws of the condominium and under the provisions of the North Carolina Unit Ownership Act. Common expenses shall be paid by the individual unit owners to the Board of Administrators on a quarterly basis in advance based on the annual budget adopted by the Board of Administrators.

At the time of the initial purchase of a unit from the Declarant or its successor in interest each individual unit owner shall be required to remit a quarter-annual common expense payment to the Board of Administrators based on the initial annual budget which shall be prorated in accordance with the number of days remaining in the quarter.

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

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

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

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

(ii) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the building on the land.

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

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

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

(i) Proceeds on account of damage to common areas and facilities-- an undivided share for each unit owner, such share being the same as each unit owner's undivided interest in the common areas and facilities (as set forth in Exhibit "D" attached hereto).

(ii) Proceeds on account of damage to units shall be held in the following undivided shares:

A. When a building is to be restored--for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Administrators.

B. When a building is not to be restored--an undivided share for each unit owner's proportionate interest in the building based upon the total fair market value of the building.

(iii) In the event a mortgagee endorsement has been issued to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interest may appear.

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

(a) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to

defray the cost thereof as provided by paragraph 14 hereof. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners.

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

14. Damage and Destruction. Except as hereinafter provided, damage to or destruction of a building shall be promptly repaired and restored by the Board of Administrators using the proceeds of insurance on the building for that purpose and unit owners shall be liable for assessment of any deficiency; provided, however, if a building be more than two-thirds destroyed by fire or other casualty and the owners of three-fourths of all the units in the multi-unit building(s) located on subject property resolve not to proceed with reconstruction or restoration, then in that event the property shall either be (a) sold or otherwise transferred as hereinafter provided, or (b) deemed to be owned as tenants in common by the unit owners and subject to the provisions of North Carolina General Statutes 47A-25, as the same exists at the date hereof or as amended hereafter. Provided, however, in the event it is determined not to reconstruct and restore a building, then the purchaser of the property, or the unit owners, as applicable, shall demolish and remove any building from the property within not to exceed ninety days from the date of damage or destruction and shall leave the real property clean and free to trash, debris and rubble. The determination of whether to sell the property or to make the property subject to the provisions of North Carolina General Statutes 47A-25 shall be by affirmative vote of three-fourths of all of the unit owners.

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

15. Transfer of Units. In the event that any person, firm or corporation who owns a unit shall desire to sell such unit, then the said unit which such owner shall desire to sell shall first be offered for sale to the Board of Administrators at the same price and on the same terms under which the highest acceptable

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

A unit owner may lease or rent his unit subject to such rules and regulations as may be adopted from time to time by the Board of Administrators.

The Board of Administrators, upon the request of a selling unit owner, shall execute in recordable form an instrument indicating compliance with the terms and provisions of this Declaration by the selling owner.

No unit owner may mortgage his unit or any interest therein without the prior written approval of the Board of Administrators except as to a first mortgage lien made to a bank, life insurance company of savings and loan association. The Board may, and it is hereby authorized to impose reasonable conditions upon which approval as to any other mortgage shall be given. No unit owner may mortgage or otherwise encumber his unit or any interest therein unless such mortgage or

encumbrance shall provide for written notice to the Board of Administrators in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten days written notice to the Board of Administrators prior to any foreclosure under any such mortgage or other encumbrance. Each unit owner who shall mortgage or otherwise encumber his unit or any interest therein shall furnish to the Board of Administrators a copy of all such mortgages, deeds of trust or other instruments creating such encumbrance.

Any sale, voluntary transfer, conveyance, lease or mortgage which is not authorized by the terms of this Declaration or for which authorization has not been obtained pursuant to the terms hereof is voidable and may be voided by certificates of the Board of Administrators duly recorded in the recording office where this Declaration is recorded.

Any owner may give, devise or bequeath his interest in any unit to his spouse, his parents or to any lineal descendants, including adopted children, without the prior written consent of the Board of Administrators. In the event that any owner of a unit or any interest therein shall desire to give, devise or bequeath such unit or any interest therein to a person, firm or corporation other than the parties hereinabove specifically enumerated, then such owner shall comply with the provisions of this paragraph with respect to options to purchase.

For the purpose of the options provided herein to the remaining unit owners and the Board of Administrators, the price for the unit which the owner desires to give, devise or bequeath to a party other than those specifically enumerated above shall be such as shall be agreed upon by such owner to desiring to give, devise or bequeath such property and the Board of Administrators. In the event that such owner and the Board of Administrators are unable to agree upon a value, then such owner so desiring to give, devise or bequeath such property or the personal representative of a deceased owner, as applicable, shall appoint one appraiser, the Board of Administrators shall appoint one appraiser and the two appointed appraisers shall appoint a third appraiser and any decision of a majority of said appraisers as to the value of such property involved shall be conclusive and binding upon all parties for the purposes of this Agreement and payment for such property shall be made on such terms and conditions (including terms of payment) as the parties shall agree to.

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

16. Amendment to Declaration. (a) This Declaration may be amended by the vote of at least 66 2/3% in number and in common interest of all unit owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the by-laws; provided, however, that such amendment shall have been approved in writing by the Declarant or its successor in interest. At such time as the Declarant or its successor in interest no longer owns a unit covered by this Declaration presently in existence or contemplated under subparagraph (b) hereinafter set forth, this right to approve amendments shall cease. No such amendment shall be effective until recorded in the Office of the Register of Deeds for the County wherein the property, the subject to this Declaration, is located.

(b) Anything contained in this article or in this Declaration to the contrary notwithstanding, it is contemplated that the Declarant will construct additional units, not to exceed, in the aggregate, eight (8) units which shall be located in one or more additional buildings. Declarant shall have the absolute right in its discretion to construct additional units and if any of such units are so constructed on the land now owned by the Declarant and contiguous to the land now covered by this Declaration (or contiguous by way of an easement) and if such additional units are substantially equivalent in value and construction to the units now covered under this Declaration, then, for the purpose of amending this

Declaration and the by-laws, each owner of a condominium unit under this Declaration (and the mortgagee of each owner of a unit hereunder) shall be deemed to have consented to an amendment or amendments to this Declaration and the by-laws for the purpose of including such additional units and shall be deemed to have given to the Declarant an irrevocable power of attorney, coupled with an interest, to effectuate such amendment and agrees to execute such further papers and instruments, if any, as may be necessary from time to time to accomplish such amendments. It is understood that such amendments shall, in addition to enlarging the number of units to be subject to this Declaration, necessarily result in a redetermination of each unit owner's percentage interest in the common areas and facilities.

17. Right of Declarant to Representation on Board of Administrators. So long as Declarant owns one (1) or more units in the existing building or the contemplated buildings, but in any event, no longer than May 1, 1980, Declarant shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Administrators. In the event of dissolution of Declarant at a time when it is the owner of a unit, then the rights of the Declarant shall pass to and may be exercised by its successors receiving ownership of any such unit in dissolution.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board of Administrators, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or by-laws of the Board of Administrators, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Administrators and to replace such person or persons with another person or other persons to act and serve in the place of any Administrator or Administrators so removed. Any Administrator designated and selected by Declarant need not be a resident in the units. However, Declarant shall be responsible for the payment of any assessments which may be levied by the Declarant, and for complying with the remaining terms and provisions hereof in the same manner as any other owner of a unit.

18. Landscaping. The Declarant, its successors and assigns, and Pinehurst, Incorporated, its successors and assigns, have agreed that no natural barriers

in the form of trees, bushes or shrubs, and no manmade structures in the form of fences, shall be placed on or about the common area between the individual unit sites and the Pinehurst Country Club golf course fairway adjoining the common area, except such natural plantings and manmade structures as are in existence at the time the fourth unit in Quail Hill Colony, Phase Two, is initially sold by the Declarant. The provisions of this paragraph 18 shall apply to all initial purchasers of individual units described herein and to their successors and assigns it being specifically agreed and understood that the acceptance by a purchaser of title to a unit described herein, whether by deed or otherwise, shall bind said purchaser to the provisions hereof.

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

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

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

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

IN WITNESS WHEREOF, Scherer and Associates, Inc. has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this 27th day of July, 1978.

DECLARANT:

SCHERER AND ASSOCIATES, INC.

By: Leo G. Scherer
President

(Corp. Seal)
ATTEST:

Harry Schenk
Secretary

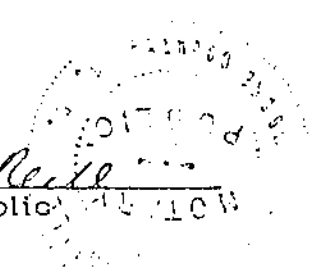
STATE OF NORTH CAROLINA

COUNTY OF MOORE

I, Susan S. McNeill, the undersigned Notary Public, certify that W. Harry Fullenwider personally came before me this day and acknowledged that he is Secretary of SCHERER AND ASSOCIATES, INC., and that by authority duly given and as the act of the Corporation, the foregoing Declaration was signed in its name by it President, sealed with its corporate seal, and attested by self as its Secretary.

Witness my hand and notarial seal, this 27th day of July, 1978.

Susan S. McNeill
Notary Public



My Commission Expires:

9/3/78

NORTH CAROLINA - MOORE COUNTY
The foregoing (or annexed) certificate of
Susan S. McNeill, Notary Public

Moore COUNTY,
STATE OF N. C., is certified to be
correct. This July 27, 19 78

Grier Gilmore

Register of Deeds

Mary R. Phillips Assistant

EXHIBIT "A"

TO

DECLARATION OF CONDOMINIUM

QUAIL HILL COLONY - PHASE TWO

PINEHURST, NORTH CAROLINA

DESCRIPTION

All that certain tract or parcel of land in the Village of Pinehurst, located on the south side of the Norfolk and Southern Railroad, bounded on the east by Phase One of Quail Hill and Pinehurst, Inc., on the south by the golf course, on the west by the remaining lands of Scherer and Associates, Inc. and on the north by Pinehurst, Inc., described as follows: BEGINNING at a concrete monument in the west corner of Phase One as shown on a map of Pinehurst, Incorporated properties, by W.J. Wilson, R.L.S., recorded in Map Book 9, Page 36, in the Office of the Register of Deeds for Moore County, North Carolina; running thence from the beginning monument, North 63 degrees 15 minutes 48 seconds West 256.94 feet to an iron pipe; thence North 23 degrees 01 minutes 14 seconds East 241.47 feet to an iron pipe; thence South 73 degrees 41 minutes 20 seconds East 104.60 feet to a concrete monument; thence continuing South 73 degrees 41 minutes 20 seconds East 254.0 feet to a concrete monument; thence South 20 degrees 10 minutes 15 seconds West 136.83 feet to a concrete monument, a corner of Quail Hill's first building phase; thence South 56 degrees 05 minutes West 15 feet to a stake; thence South 65 degrees 36 minutes West 181.06 feet to a stake; thence South 30 degrees 32 minutes East 30 feet to the beginning, containing 2.01 acres, more or less, and being all the property known as "Quail Hill Colony, Phase Two, Units 41 through 44", as shown on a map thereof prepared by C.H. Blue & Associates, dated July 19, 1978, reference is which is hereby made.

This Declaration is subject to utility and access easements shown on the above described map prepared by C.H. Blue & Associates, dated July 19, 1978, a copy of which is included in Exhibit "B" of this Declaration.

EXHIBIT "B"

TO

DECLARATION OF CONDOMINIUM
QUAIL HILL COLONY - PHASE TWO
PINEHURST, NORTH CAROLINA

See Exhibit "B" recorded in Unit Ownership Book 7, Page 25, Moore County
North Carolina, Registry.

EXHIBIT "C"

TO

DECLARATION OF CONDOMINIUM
QUAIL HILL COLONY - PHASE TWO
PINEHURST, NORTH CAROLINA

See Exhibit "C" recorded in Unit Ownership Book 7, Pages 26 through 30, Moore
County, North Carolina, Registry.

EXHIBIT "D"

DECLARATION OF CONDOMINIUM
 QUAIL HILL COLONY PHASE TWO
 PINEHURST, NORTH CAROLINA

Unit Designations and Undivided Interest

<u>Unit Number</u>	<u>Approximate Area</u>	<u>Number of Rooms</u>	<u>Undivided Common Interest (%)</u>
41	1900 Sq. Ft.	6	25 *
42	1900	6	25
43	1900	6	25
44	1900	6	25

*Unless changed as a result of the inclusion of additional newly constructed units as provided for by the Declaration of which this Exhibit is a part.