

OF
COVENANTS, CONDITIONS AND RESTRICTIONS
GRANDE VILLAS
AT
THE WATER'S EDGE

THIS DECLARATION, dated as of April 25, 2008, by RKL HOLDINGS, LLC, a Virginia Limited Liability Company, hereinafter referred to as "Developer", recites and provides:

RECITALS

The Developer is the fee simple owner of certain real property located in Franklin County, Virginia, as described in Exhibit A attached hereto and made a part hereof (the Property), and desires to develop therein a residential planned unit development townhouse community pursuant to plans submitted and approved heretofore in accordance with the Franklin County Code, (the Community), together with common lands (the Common Areas) and limited common lands (Limited Common Areas) and facilities for the benefit of the Community. There shall be established a Common Easement which shall be an easement to locate, maintain, repair, operate and replace a pedestrian pathway crossing the northeasterly portions of Lot 1, Lot 2A, Lot 3A, Lot 4A, Lot 5A, Lot 6A, Lot 7 and Lot 8 for the reasonable use of owners of the lots for pedestrian access across and to the other said lots and the boat docks of the community. There shall also be established Limited Common Easements (the Limited Common Easements) which shall be easements to locate, maintain, repair, operate and replace septic systems and drainfields upon the Property, and boat docks below the 800' contour line adjoining the Property and easements for reasonable access from the lots to the boat docks assigned to the individual lots.

The Developer desires to provide for the preservation of the values and amenities in the Community and for the maintenance of such Common Areas, Common Easement, Limited Common Areas, Limited Common Easements and facilities, and to this end, desires to subject the Property, to the covenants, restrictions, easements, charges and liens (hereinafter referred to collectively as the Restrictions) as hereinafter set forth for the benefit of the Property and each Owner thereof.

The Developer has deemed it desirable, for the efficient preservation of the values and amenities in the Community, to create an agency to which will be delegated and assigned the powers of maintaining and administering the Community facilities,

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administering and enforcing the covenants and restrictions and levying, collecting and disbursing the assessments and charges hereinafter created.

The Developer has incorporated under the laws of the Commonwealth of Virginia, as a non-profit corporation, Grande Villas at the Water's Edge Property Owners Association, Inc. for the purpose of exercising the functions aforesaid.

The Developer desires that the Restrictions shall run with, burden, and bind the Property.

DECLARATION

NOW, THEREFORE, the Developer hereby declares that the Property, is, and shall be held, transferred, sold, conveyed, occupied and used subject to the provisions of the Restrictions hereinafter set forth, for and during the period of time hereinafter specified.

ARTICLE I

DEFINITIONS

The following words when used in this Declaration or any supplement hereto (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to Grande Villas at the Water's Edge Property Owners Association, Inc., its successors and assigns.

(b) "Board" shall mean the Board of Directors of the Association.

(c) "Architectural Board" shall mean and refer to the Board of Architectural Review of the Association charged with the approval of any improvements, alterations and additions on the lots under the provisions of article VI hereof.

(d) "Common Areas" shall mean all portions of the Property other than the property shown on the Plat and Revised Plat of Grande Villas at the Water's Edge, as individual lots. Such Common Areas are intended to be devoted to the common use and enjoyment of the members of the Association, as herein defined, and are not dedicated for use by the general public.

(e) "Common Easement" shall be the pedestrian access easement crossing the northeasterly or lake front side of Lot 1, Lot 2A, Lot 3A, Lot 4A, Lot 5A, Lot 6A, Lot 7 and Lot 8 for reasonable pedestrian access by the owners of the various lots crossing the different lots to and from other lots and to the boat docks for the different lots. Such Common Easement is intended to be devoted to the common use and enjoyment of the

members of the Association, as herein defined, and is not to be for the use by the general public.

(f) "Limited Common Area" shall mean the boat dock slips constructed and assigned in the deeds of conveyance to the specific lots for the exclusive use of the Lot Owners of the lot to which the boat slip is designated and assigned. The maintenance of the structure of the interior and the exterior of boat docks shall be performed by the Association, however the maintenance and repairs of any lifts or other machinery shall be performed by the Lot Owner to whom such boat slip is assigned.

(g) "Limited Common Easements" shall mean easements upon and over the Property and the adjoining property of Developer, said easements being shown on the Plat of Grande Villas at the Water's Edge, and the Revised Plat of Grande Villas at The Water's Edge made by Lumsden Associates, P.C., and designated as P.D.F.E. as drainfield locations for specified lots upon said plat.

(h) "Developer" shall mean and refer to RKL Holdings, LLC, a Virginia Limited Liability Company, and any successors or assigns.

(i) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section 1 of this Declaration.

(j) "Mortgage" shall mean and refer to any mortgage, deed of trust or similar instrument encumbering a lot as security for the performance of any obligation.

(k) "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot, but shall not mean or refer to any mortgagee or subsequent holder of a Mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure.

(l) "Plat of Grande Villas at The Water's Edge" shall mean that certain Plat of Subdivision of Tract "A" Property of RKL Holdings, LLC creating hereon Revised Grande Villas at The Water's Edge dated January 11, 2008 made by Lumsden Associates, P.C. recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia in Deed Book 929, page 1591. "Revised Plat of Grande Villas at The Water's Edge" shall mean Plat Showing Resubdivision of Lots 2 through 6 Revised Grande Villas at The Water's Edge Creating New Lots 2A through 6A Property of RKL Holdings, LLC, dated April 9, 2008 made by Lumsden Associates, P.C. and recorded in the aforesaid Clerk's Office in Deed Book 935, page 1600.

(m) "Property" shall mean and refer to the Property described in Exhibit A and all additions thereto, as are subject to this Declaration or any supplemental declaration recorded under the provisions of Article III hereof.

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(n) "Lot" shall mean the land designated by lot number and the property within the lot lines of the individual lots all as shown on the Plat of Grande Villas at the Water's Edge as to Lots 1, 7, 8, 9 and 10 and on the Revised Plat of Grande Villas at The Water's Edge as to Lots 2A, 3A, 4A, 5A and 6A, and shall refer to any portion of the Property designed and intended for individual ownership and use as a single family residence.

(o) " Dwelling " shall mean a single family residential structure and all fixtures thereto as constructed by the Developer and modified by the Developer or the Association from time to time as provided hereunder.

(p) The Water's Edge Association shall mean and refer to The Water's Edge Property Owners Association, Inc., or its successors and assigns.

(q) The Water's Edge Board shall mean the Board of Directors of The Water's Edge Property Owners Association, Inc.

(r) The Water's Edge Architectural Board shall mean and refer to the Board of Architectural Review of The Water's Edge Property Owners Association, Inc.

(s) The Water's Edge developer shall mean Willard Construction of Roanoke Valley, Inc., its successors and assigns.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a lot shall be a Member of the Association, provided, however, that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member, unless and until such person or entity has succeeded to such Owner's interest by enforcement of such security interest. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Section 2. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A Members shall be all Lot Owners including the Developer and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all persons shall be Members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

(b) Class B. The Class B Member shall be the Developer, and shall be entitled to a total number of votes equal to the total number of votes of all Class A Members plus one, so that the Developer will have a number of votes equal to a majority of

the total votes of all Members of the Association. The Class B membership shall cease and terminate at such time that the Developer has no rights or interest in the Property but shall, in any case, terminate on the tenth (10th) anniversary of the date of recordation of this Declaration.

ARTICLE III

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Description. The real property subject to this Declaration is all that property located in Franklin County, Virginia, as described in Exhibit A attached hereto and made a part hereof.

Section 2. Additions to the Property by the Association. Additional land may be annexed to the Property by the Association pursuant to the vote of two-thirds (2/3) of the Class A membership and the assent of the Class B membership, if any, at a meeting duly called for such purpose. Such annexation shall not be effective without the filing for record in the Clerk's Office, Circuit Court, Franklin County, Virginia, of a supplemental declaration with respect to such additional land.

Section 3. Additions to the Property by Developer. Notwithstanding the provisions of Section 2 of this Article III, if, while the Developer is a Class B Member, the Developer should develop additional lands contiguous to or in the proximate vicinity of the Property, such additional lands and/or easements may be annexed to the Property at any time prior to the expiration of ten (10) years after the date of recordation of this Declaration by the Developer without the assent of the Class A Members by filing for record in the aforesaid Clerk's Office a supplemental declaration with respect to such additional land.

Section 4. Mergers. Upon a merger or consolidation of the Association with another similar association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger; provided, however, that such merger shall have been approved by the vote of two-thirds (2/3) of the Class A membership and the assent of the Class B membership, if any, at a meeting duly called for such purpose. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Property, together with covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change, or addition to the covenants established by this Declaration within the Property.

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Section 5. Other Additions. Upon approval in writing of the Association pursuant to a vote as provided in Section 2 of this Article III, the Owner of any property who desires to add it to the scheme of this Declaration and subject it to the jurisdiction of the Association, may file for record in the aforesaid Clerk's Office a supplemental declaration so effecting the same.

Section 6. Effect of Annexation. In the event that any additional lands or easements are annexed to the Property pursuant to Section 2, Section 3, or Section 5 of this Article III:

(a) Such additional lands shall be considered within the definition of the Property for all purposes of this Declaration; and such additional easements shall be considered within the definition of Common Easements or Limited Common Easements, as the case may be.

(b) All voting of each class of the membership of the Association, and all voting by the Owners hereunder, shall be aggregated, it being intended that (i) any voting requirements need not be fulfilled separately for the real property described in a supplemental declaration, and (ii) any Class B Member shall have a majority of the votes of the Association.

Section 7. Contraction of the Property. At any time and from time to time, as long as the Developer owns any portion of the Property, the Developer shall have the right to remove portions of the Property and the Common Areas, Limited Common Areas, Common Easement, and the Limited Common Easements from the plan of development and the covenants, conditions and restrictions set forth in this Declaration by filing for record in the aforesaid Clerk's Office a supplemental declaration with respect to such land. Upon the filing of such supplemental declaration, the land and/or easements described therein shall not be included as a portion of the Property or the Common Areas, Limited Common Areas, Common Easement, or Limited Common Easements for any purpose whatsoever and the Lot Owners and the Association shall have no rights or interest therein. No contraction, however, shall reduce the easements for drainfield locations, sewer lines or other septic system equipment unless approved by the Virginia Department of Health.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. Owners' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article IV, every Owner shall have a right and easement of enjoyment in and to the Common Areas and Common Easement and such right and easement shall be appurtenant to and shall pass with the title to every lot. Owners' rights as to the Limited Common Areas and Easements shall

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be limited to the right to use the areas designated on the Plat and Revised Plat of Grande Villas at the Water's Edge, or in the deeds of conveyance to the lots, for the particular lot for the location of a drainfield and for sewer lines or other septic system equipment with the right to maintain, construct, repair and replace same and the reasonable right of ingress thereto, and for the use of and access to the boat dock assigned to the particular lot.

Section 2. Title to Common Areas. The transfer of title and control and maintenance responsibilities of Common Areas, Common Easement, common facilities, Limited Common Area and Limited Common Easements to the Association shall take place no later than at such time as the Developer transfers legal or equitable ownership of at least seventy-five percent of the lots within the Property to purchasers of such lots or when all of the amenities and facilities are completed, whichever shall first occur, but at the option of the Developer, no sooner than ten years from the date the Developer sells its first lot within the Property should the Developer elect to retain title to said Common Areas, Limited Common Areas, Common Easement, Limited Common Easements and common facilities for such period. The transfer herein required of the Developer shall not exonerate it from the responsibility of completion of the Common Areas and facilities once the transfer takes place.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The rights of the Association to borrow money for the purpose of improving the Common Areas, Common Easement, Limited Common Areas and Limited Common Easements and in aid thereof to Mortgage the Property it owns and the rights of such mortgagee in such properties shall be subordinate to the rights of the Owners hereunder; provided, however, that no such borrowing or mortgaging shall be made unless approved by the vote of two-thirds (2/3) of the Class A membership and the assent of the Class B membership, if any, at a meeting duly called for such purpose; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and

(c) The right of the Association to suspend the enjoyment of rights of any Member in facilities for any period during which any assessment remains unpaid, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Areas, Common Easement, Limited Common Areas and Limited Common Easements; and

(e) The right of the Association to dedicate or transfer all or any part of its interests in the Common Areas, Common Easement, Limited Common Areas or the Limited Common Easements to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and the Class B membership, if any, has been recorded, agreeing to such dedication, transfer, purpose of condition, and further provided that no easements so granted shall be granted which would encroach upon a sewage drainfield area, contrary to Department of Health regulations as exist from time to time; and

(f) The right of the Developer prior to the conveyance of the fee interest in the Common Areas, Common Easement, and Limited Common Areas to the Association, and of the Association, to grant and reserve easements and rights-of-way through, under, over and across the Common Areas, Common Easement, Limited Common Areas and the Areas of the Limited Common Easements, for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, septic tanks, drainage, gas, electricity, telephone and other utilities provided, however, that no such underground utility easement shall be granted which would encroach upon a sewage drainfield area, contrary to Department of Health regulations as exist from time to time; and

(g) The right of the Association to adopt rules and regulations governing the use by the Owners of the Common Areas, Common Easement, Limited Common Areas or the Limited Common Easements.

Section 4. Delegation of Use. Any Owner may delegate his rights of enjoyment of the Common Areas, Common Easement, Limited Common Areas and facilities and Limited Common Easements to the members of his family, tenants, or contract purchaser (and members of the family of any tenant or contract purchaser) who reside on the Property or to such other persons as may be permitted by the Association, provided however, the use of the Limited Common Area, or Limited Common Easements shall be limited as herein provided and shall only be assigned or transferred in conjunction, and as a part of, the particular lot which such Limited Common Areas or Limited Common Easements may serve.

Section 5. Obligations of the Association. The Association shall:

(a) Operate and maintain, for the use and benefit of all Members of the Association, all Common Areas, Common Easement, Limited Common Areas and Limited Common Easements and facilities, (other than the individual drainfields and sewer lines), and improvements developed thereon including, without limitation, the roads, streets, and pedestrian path, and the boat slips and all

of the driveways of the individual lots and including the joint driveway from the terminus of Grande Villas Drive to Lots 9 and 10, as shown on the Plat and Revised Plat of Grande Villas at the Water's Edge, any drainage structures and area lighting; and

(b) Maintain, mow the grass and replace all dead or destroyed landscaping on the lots and on the Property; and

(c) Manage and insure the operation, repair, maintenance and replacement, by the individual lot owners, of the septic sewer system and drainfields serving their units as shown on the above referenced plats; and

(d) Maintain the operation of the electronically controlled entrance and exit gates installed at the entrance on to Grande Villas Drive from Water's Edge Drive, and maintain such signs identifying the development and located at the entrance.

(e) It is the declared intention that the Association shall maintain and care for the exterior of the dwellings constructed on the lots including roofs, the boat docks including roofs, private roads, pedestrian path, the paths to the boat docks and the driveways and all of the grounds and vegetation located thereon. The obligation to maintain and care for the dwellings and boat docks does not include repair or restoration after damage or destruction by fire or other casualty. Maintenance and care of the interior, the inside walls, and all mechanical apparatus and the remainder of the interior of the residences on the lots and of the boat docks shall be the responsibility of the Lot Owner.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer, for itself and its successors or assigns, and for each lot, hereby covenants, and each Owner of any lot by acceptance of a deed or other transfer document therefor, whether or not it shall be so expressed in such deed or other transfer document, is deemed to covenant and agree to pay to the Association:

(a) Annual assessments or charges; and

(b) Special assessments for capital improvements and operating, repair, and replacement reserve funds, such assessments to be fixed, established and collected as hereinafter provided.

All Owners of lots must become Members of the Association and pay all dues and assessments levied by the Association.

The annual and special assessments of the Association, together with interest, late fees, costs and reasonable

attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest, late fees, costs, and reasonable attorney fees, shall also be the personal obligation of the person who was the Owner of such Property at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title (other than as a lien on the land) unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Lot Owners and in particular the improvement and maintenance of the exteriors of the dwellings, the boat docks, the driveways, roads, pedestrian path, and grounds as herein provided, the Common Areas, Common Easement, the Limited Common Areas as herein provided, and or the Limited Common Easements, except individual drainfields and sewer lines, and for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas, including, but not limited to, the payment of taxes and insurance on the Common Areas, Common Easement, and Limited Common Areas and Limited Common Easements the repair, replacement, and additions including the cost of labor, equipment, materials, management and supervision thereof, for operating reserve funds, and for reserve funds, all for the repair, operation maintenance and replacement of the Common Areas, Common Easement, the Limited Common Areas as herein provided, Limited Common Easements and facilities thereon, (except individual drainfields and sewer lines), and for the exteriors of the dwellings, and, the boat docks and driveways, roads, pedestrian path, and grounds, as herein provided.

Section 3. Basis and Maximum of Annual Assessments.

(a) An initial payment, in addition to all assessments, of \$750.84 for each lot shall be payable by the initial Owner of each lot, other than the Developer, at the closing of the sale of each lot by the Developer. Commencing with the conveyance of the first lot from the Developer to an Owner and until changed by the Board of Directors as herein provided, the monthly assessment imposed upon each Member of the Association shall be at the rate of \$375.42 per lot owned by such Member. The assessments may be collected monthly or quarterly as the Association may determine and may be increased as hereinafter provided in Section 4 of this Article V.

(b) The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year, provided that it shall be an affirmative obligation of the Association and its Board of Directors to fix such assessments at an amount sufficient to maintain and operate the Common Areas, Common

Easement, Limited Common Areas as provided, Limited Common Easements and facilities and to provide reserves for the operating, repair, and replacement of same.

Section 4. Change in Annual Assessments. The Board of Directors of the Association may, without a vote of the Members of the Association, prospectively increase the annual assessments (fixed by Section 3(a) hereof) by an amount which is no greater than (i) twenty-five (25%) above the annual assessments for the previous year, or (ii) the annual assessment fees stated in Section 3(a) of this Article V. The Association may prospectively increase the maximum of the assessments above the amount permitted pursuant to the preceding sentence, provided that any such change shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Determination of Annual Assessments.

(a) Fiscal Year. The fiscal year of the Association shall consist of the twelve-month period commencing on January 1 of each year and terminating on December 31 of that year.

(b) Preparation and Approval of Budget. Each year on or before December 1, the Board of Directors shall adopt a budget containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the dwelling exteriors, the driveways, roads, pedestrian path, and grounds as herein provided, the Common Areas, Common Easement, Limited Common Areas as provided herein, and Limited Common Easements, and the cost of wages, materials, insurance premiums, services, supplies and other expenses and the rendering to the Lot Owners of all related services. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve, and reserves for contingencies and replacements. The Board of Directors shall send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the common expenses payable by each Owner, on or before December 15 preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Owner's assessment as hereinbefore provided.

(c) Reserves. The Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for replacement of all dwelling exteriors, the driveways, the boat docks and any facilities or the Common Areas, Common Easement, and Limited Common Areas and Limited Common Easements, except individual drainfields and sewer lines, which shall be collected as part of the annual assessment as hereinbefore provided. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each

type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from damage to, or deterioration of, the dwelling exteriors, driveways, boat docks, roads, pedestrian path, or grounds as herein provided, Common Areas, Common Easement, Limited Common Areas as herein provided, and Limited Common Easements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Association. If the reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board of Directors may at any time levy a further assessment in accordance with the provisions hereof, and which may be payable in a lump sum or in installments as the Board of Directors may determine. In the event there is a balance of reserves at the end of any fiscal year and the Board of Directors determines the Association may lose its tax exempt status due to such balance, the balance may be returned on an equal basis to all Members who are current in the payment of all assessments due to the Association.

The Board of Directors shall conduct at least once every five years a study to determine the necessity and the amount of reserves required to repair, replace and restore the dwelling exteriors, the driveways, roads, pedestrian path, the boat slips, and any facilities or the Common Areas, Common Easement and the Limited Common Areas, and Limited Common Easements, review the results of such study annually to determine if reserves are sufficient, and make any adjustments that it deems necessary to maintain reserves as appropriate. To the extent that such reserve study indicates a need for additional reserves, the Association's budget shall include without limitation, the current estimated replacement cost, estimated remaining life, and estimated use for life of the item in question, the current capital amount of accumulated cash reserves set aside as of the beginning of the fiscal year for which the budget is prepared, to repair, replace or restore such items and the amount of the expected contribution to the reserve fund for that particular year, and a general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to Virginia Code Section 55-514.1, and the extent to which the Association is funding its reserve obligations consistent with such study.

(d) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget or adjusted budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his assessment as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the

assessment at the then existing rate established for the previous fiscal period in the manner such payment was previously due until notified otherwise.

(e) Accounts. Except as otherwise provided, all sums collected by the Board of Directors with respect to assessments against the Owners may be commingled into a single fund, but shall be held for each Owner in accordance with his votes in the Lot Owner's Association.

Section 6. Special Assessments for Capital Improvements and Operating Reserves. In addition to the annual assessments authorized by Section 3 of this Article V, the Association may levy in any assessment year a special assessment (which must be fixed at one uniform rate for each lot) applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of dwelling exteriors, the boat docks, the driveways, roads, pedestrian path, and grounds as herein provided, a capital improvement upon the Common Areas, Common Easement, Limited Common Areas as herein provided, or Limited Common Easements, including the necessary fixtures and personal property related thereto, (except individual drainfields and sewer lines), and for operating the Common Areas, Common Easement, Limited Common Areas as herein provided and Limited Common Easements, for which a reserve fund does not exist or is not adequate, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments as to any lot shall commence on the conveyance of such lot from the Developer to an Owner and shall be due and payable thereafter on the first day of each calendar month thereafter unless the assessments are required by the Board of Directors to be paid quarterly, in which event they shall be due and payable thereafter on the first day of January, April, July and October. The due date of any special assessment under Section 6 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. In the event of any change in the annual assessment as set forth herein, the Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each lot for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the lots and assessments applicable thereto which shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall, upon demand at any time, furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid, or the amount of any unpaid assessment. A reasonable charge may be made by the Association

for the issuance of such certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner; The Lien; Remedies of Association. If any assessment is not paid on that date when due (as specified in Section 8 and 9 hereof), then such assessment shall be deemed delinquent and shall, together with such interest thereon as hereinafter provided, and costs of collection, including the Association's reasonable attorney fees, become a lien on the lot, which shall bind such lot in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. In addition to such lien rights, the personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successor in title (other than as a lien on the land) unless expressly assumed by them. If the assessment is not paid within thirty (30) days after the due date, there shall be late fees in an amount determined by the Board assessed for delinquent payments, not to exceed the amount permitted by the Virginia Code as amended from time to time, and the assessment shall bear interest from the due date at the rate of ten (10) percent per annum, and shall include the Association's reasonable attorney fees, and the Association may bring legal action against the Owner personally obligated to pay the same or may enforce or foreclose the lien against the Property; and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee together with the costs of the action. No Owner of a lot may waive, or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or Limited Common Areas, Common Easement, or Limited Common Easements or abandonment of its lot.

Section 10. Subordination of the Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first lien deed of trust or mortgage on the lot. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot by foreclosure of any first lien deed of trust or mortgage on the lot, or any proceeding in lieu thereof, shall release the lien of such assessments as to payments which became due prior to such sale or transfer provided however that such lien shall attach to any proceeds of such foreclosure in excess of the amount due under such lien foreclosure upon including all costs of foreclosure. No other sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. No Alienation of Lots. No Owner shall be permitted to convey, hypothecate, sell, lease, give, or devise his lot unless and until he (or his personal representative) shall have paid in full to the Association all unpaid assessments against his lot, except as otherwise specifically provided

herein. Any conveyance by a first lien deed of trust to secure a valid indebtedness of the Lot Owner shall be free and clear of any such unpaid assessments. The Association shall promptly furnish to any Lot Owner (or his devisee or personal representative) requesting the same in writing pursuant to this Section, a recordable statement certifying whether or not such Lot Owner is then obligated for any outstanding assessments previously levied against such lot and the amount, if any, then outstanding. In the event that the lot is subject to outstanding expenses previously levied against such lot, the statement shall certify any waiver of, or failure or refusal to exercise, the right of the Association to prevent the disposition of such lot, in all cases where the Association allows such disposition. Failure or refusal to furnish promptly such a statement in such circumstances shall make the above-mentioned prohibition inapplicable to any such disposition of the lot. Any such statement shall be binding on the Association and every Lot Owner. The Association shall comply with the Virginia Property Owners Association Act, Virginia Code Title 55, Chapter 26.

Section 12. Exempt Property. The following properties subject to this Declaration shall be exempted from the assessments, charges and liens created herein.

- (a) All properties dedicated to and accepted by a governmental body, agency or authority, and devoted to public use; and
- (b) All Common Areas; and
- (c) All lots owned by the Developer and not leased to third persons.

ARTICLE VI

ARCHITECTURAL CONTROL

The Architectural Boards. No modification, alteration or improvement of any nature whatsoever, except for interior alterations not affecting the external structure of appearance of any lot, shall be undertaken on any lot, boat dock, common easement, limited common easement or driveway unless and until a plan of such construction or alteration shall have been approved in writing by both the Architectural Board and The Water's Edge Architectural Board. No Owner shall paint or alter the exterior of a dwelling on a lot, including the doors and windows, except in accordance with the provisions hereof. The plan submitted to the Boards for approval shall include (i) the construction plans and/or specifications, including all proposed landscaping, and (ii) a drawing showing a rendering of all proposed improvements. No construction shall be commenced and no dwelling on a lot shall be modified except in accordance with such plan or a modification thereof that has also been approved by separate application.

Vogel &
Cromwell, L.L.C.

Roanoke VA

Approval shall be granted or denied by the Architectural Boards based upon compliance with provisions of this Declaration, the quality of workmanship and materials, harmony of external design with surrounding structures, the effect of the construction on the view from surrounding property and lots, and all other factors which in the sole opinion of both Architectural Boards will affect the desirability or suitability of the construction.

The Architectural Board shall consist of three (3) Members and the initial Architectural Board Members shall be: Ronald L. Willard, Ronald L. Willard, II and Roy L. Jarrett. The members of the Architectural Board shall be appointed by the Developer until the Developer has no further interest in the Property, at which time the appointments shall be by the Board of Directors of the Association. Until all members of the Board have been appointed, all powers of the Architectural Board shall be vested in the Developer. The Water's Edge Architectural Board shall consist of the developer of The Water's Edge, its successors and assigns.

The Architectural Board shall establish uniform procedures for the review of the applications submitted to it. These procedures shall provide (i) the time and place of meetings of the Architectural Boards; (ii) the submission and review procedure, and (iii) the review costs and fees (to be paid by the applicant) to be paid to the Associations. The Architectural Boards Members' compensation shall be fixed initially by the Developer and adjusted annually by the Board of Directors with all such payments payable out of Associations funds.

Approval or disapproval of applications to the Architectural Boards shall be given to the applicant in writing within sixty (60) days of receipt thereof; in the event that the approval or disapproval is not forthcoming within sixty (60) days, unless an extension is agreed to by the applicant, the application shall be deemed approved and the construction of the applied for improvements may be commenced provided that all such construction is in accordance with the submitted plans and provided further that such plans conform in all respects to the other terms and provisions of this Declaration.

Approval by the Architectural Boards shall not constitute a basis for any liability of the members of the Architectural Boards, the Developer, or the Associations as regards (i) failure of the plans to conform to any applicable building codes, or (ii) inadequacy or deficiency in the plans resulting in defects in the improvements.

ARTICLE VIIPROPERTY USE AND MAINTENANCE

Section 1. Maintenance. It shall be the responsibility of each Owner to keep and maintain the interior of any dwelling on a lot, the boat dock and slip and the area of the boat dock, assigned to the lot in a neat and orderly manner, and, generally, prevent any condition of the improvements or the grounds to decrease the beauty of the Property. Each Owner shall be responsible for all damages to any and all other lots and the Common Areas, Common Easement, Limited Common Areas or Limited Common Easements resulting from his failure to maintain his lot.

All Common Areas, Common Easement, and facilities, and the exterior of the dwellings, boat docks, the driveways, and the pedestrian path shall be maintained by the Association.

It shall be the responsibility of each Lot Owner to maintain, repair or replace the sewage line from his or her lot to the septic tank and to the designated drainfield for such lot. For the purpose of this document, "sewer line" as herein used shall be the line from a dwelling on a lot to the septic tank serving such lot and "septic system" shall be and include the septic tank, holding tank, pump and chamber, distribution line, distribution box and drainfield lines. It shall be the responsibility of the Lot Owners to maintain, repair or replace the septic system serving their respective lots, and the costs of same shall be borne by the owners of lot serviced by said septic system. If any Lot Owner fails to keep his lot, or the sewage line from the lot to the septic tank, or the septic system and drainfield serving his lot in good and attractive condition and repair, the Association, or the Developer, as the case may be shall (after notice by mail addressed to the Lot Owner giving the owner five (5) days to make the necessary repairs) take whatever action it deems necessary or appropriate in order to keep the property and sewage line to the septic tank and septic system and drainfield serving such lot attractive and in good condition and repair, and any such action shall be at the sole cost and expense of the Lot Owner whose lot is involved, such costs to be paid to the Association upon demand, together with interest at a rate of 10% per annum and if not paid within ten (10) days after demand, to become a lien upon the lot affected equal in priority to a lien created by failure to pay an annual or a special assessment as provided by the said Declaration.

Section 2. Restrictions of Use of Lots and Common Areas, Including the Common Easement, Limited Common Area, and Limited Common Easement. These restrictions are set forth on the attached Exhibit B.

Section 3. Right of Access. Each Owner shall grant a right of access to his lot to the Association, or any other person authorized by the Association, or any group of the foregoing, for the purpose of making inspections or for the purpose of

correcting any condition originating in his lot and threatening another lot or the Common Areas, Common Easement, Limited Common Areas or Limited Common Easements or to correct any condition which violates the provisions of any Mortgage covering another lot, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Owner. In case of any emergency such right of entry shall be immediate, whether the Owner is present at the time or not.

Section 4. Rules and Regulations. Rules and regulations concerning the operation and use of the Common Areas, Common Easement, and Limited Common Areas and Limited Common Easements may be promulgated and amended by the Association, provided that such rules and regulations are not contrary to or inconsistent with the laws of the State of Virginia or to the purposes of this Declaration. Copies of the rules and regulations shall be furnished by the Association to each Owner prior to the time when the same shall be effective.

Section 5. Electricity and Water Charges. Electricity shall be supplied by the public or private utility company serving the area directly to each lot through separate meters and each Owner shall be required to pay the bills for electricity consumed or used on his lot. The electricity serving the Common Areas shall be separately metered, and the Association shall pay all bills for electricity consumed in such portions of the Common Areas. The water charges shall also be individually metered and charged and each Lot Owner shall pay all bills for water service consumed on his lot.

Section 6. Driveways. Vehicular repairs, including, without limitation, engine washing, may not be performed on the Property, except that minor repairs, including, without limitation, tire changing, may be performed from time to time. No improperly licensed or inoperable vehicles, boats, recreational vehicles or trailers or trucks in a size exceeding a pay load rating of one ton. In the event that a Lot Owner does not observe the requirements of this Section, the Association is authorized to take proper corrective measures, without liability to the Owner therefor, including, without limitation, towing improperly parked vehicles, and to charge the Owner for any costs including reasonable attorney fees incurred in the process. Driveways as shown on the Plat of Grande Villas at the Water's Edge shall be maintained by the Association except unreasonable wear and tear and damage caused by the misuse by a Lot Owner shall be repaired by such Lot Owner.

Section 7. County Parking Regulations. The Association shall establish and enforce rules and regulations relating to the parking of vehicles which shall contain the pertinent restrictions provided for by the laws of Franklin County, as any of the foregoing may be amended from time to time.

ARTICLE VIII

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SEWAGE - SEPTIC SYSTEMS

The Lot Owners will be the owners of the sewage disposal system including the drainfields and also of any permits that may be issued by the state health commissioner for the construction, maintenance, and operation of the septic tank and drainfield sewage disposal system for the individual lots. The Developer shall expend funds to initially install the system. All repairs, renovations, maintenance to, or replacement of the sewage disposal system shall be made in compliance with applicable state and local laws, regulations and ordinances. The permit and ownership of the sewage disposal systems including the drainfield or Limited Common Easements excluding the land within the boundary lines of any lot and its responsibilities will be transferred to the lot owner at the time the individual lots are conveyed by the Developer. Any sewage disposal system permits will be delivered to the lot owner at such time.

The Association shall be obligated to and shall be authorized to expend such funds as are necessary to insure, as herein provided, the maintenance, repair of any malfunction, normal operation, or replacement of such system, which the individual lot owner or owners have failed to maintain, repair or replace, as provided herein, all of which shall be done in compliance with applicable state and local laws, ordinances, and regulations. The sewage disposal systems shall be Limited Common Easements.

ARTICLE IX

PROTECTIVE COVENANTS

Section 1. Utility Easements. The Developer, for itself and its successors or assigns, hereby creates easements over, under, in, on, and through the Property and the areas of the Common Easement and Limited Common Easements for the installation, construction, reconstruction, relocation, removal, maintenance, repair, operation and inspection of sewer, water, drainage, electric, gas, television, telephone and cable telephone and television facilities and the wires, lines, conduits and other necessary and proper attachments in connection therewith, for the benefit of the adjoining landowners, the Developer, any Federal, State or Local authority, commission, or agency having jurisdiction thereover and any corporation, either public, quasi-public or private, supplying or servicing such facilities provided, however, that no such underground utility easement shall be granted which would encroach upon a sewage drainfield area contrary to Department of Health regulations as exist from time to time.

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Roanoke VA

Section 2. Easement of Access. Every Owner shall have an easement over and across the Property in order to gain access to the Common Areas, Common Easement, Limited Common Areas, and Limited Common Easements and such easement shall be appurtenant to and pass with the title to every lot. Any Owner may delegate his right of access to the Common Areas and Common Easement to the members of his family who reside on the Property or to such other persons as may be permitted by the Association. An Owner's rights as to the Limited Common Easements shall be limited to those rights specified herein and in particular recited in Article IV, Section 1.

Section 3. Support of Common Walls. Every portion of a dwelling on a lot which contributes to the structural support of any other dwelling on an adjoining lot shall be burdened with an easement of structural support for the benefit such other lots.

Section 4. Encroachment. To the extent that a dwelling on any lot encroaches on any other lot or common area, either by any reason of deviation from the subdivision plat of the Property or by reason of settling or shifting of any land or improvement, a valid easement for such encroachment shall exist. Each lot and the Common Areas shall be subject to an easement for encroachments created by construction and overhangs as designed or constructed by the Developer. A valid easement for said encroachments, and for the maintenance of same so long as they stand, shall and does exist. In the event that any building is partially or totally destroyed and then rebuilt, the Owners of the lot so affected agree that encroachments on parts of the adjoining lots or Common Areas due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist. This easement shall not apply to cases of willful and intentional misconduct for the parties responsible for said encroachments.

Section 5. Party Walls. Each wall that is constructed as a part of a dwelling on any lot and placed on the dividing line between two or more lots shall constitute a party wall. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Lot Owners affected by such wall. If a party wall is destroyed or damaged, the wall shall be restored in accordance with the provisions of Article VII hereof and the cost of restoration shall be shared equally by the affected Lot Owners, but subject to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions. To the extent not inconsistent with the provisions of this Section 5, the law of Virginia regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

INSURANCE

Section 1. Insurance of Common Areas, Common Easement, Limited Common Areas and Limited Common Easements. The Board of Directors shall be required to obtain and maintain the following insurance on the Common Areas and Common Easement and any improvements constructed thereon, including but not limited to all boat docks.

(a) Fire insurance with extended coverage, vandalism, malicious mischief and windstorm endorsements in an amount not less than that necessary to comply with co-insurance percentage stipulated in the policy, but in the event not less than eighty percent (80%) of the insurable value (based upon replacement) of the improvements constructed on the Common Areas; and

(b) Such fidelity bonds as required by Virginia Code Section 55-514.2(B).

(c) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law; and

(d) Such other insurance as the Board of Directors of the Association may determine or may be requested from time to time by a majority of the Lot Owners.

The Board of Directors shall also be required to obtain and maintain public liability and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Common Areas, Common Easement, Limited Common Areas, including all of the boat docks, and Limited Common Easements. Such insurance shall be issued on a comprehensive liability basis and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Lot Owner because of negligent acts of the Association, the Board of Directors or other Lot Owners. The Board of Directors shall review such limits once each year but in no event shall such insurance be less than \$300,000 with respect to any one person, \$1,000,000.00 with respect to any one accident or occurrence, and \$100,000 with respect to any claim for property damage.

It shall be the responsibility of each Lot Owner to obtain, at his own expense, liability insurance with respect to the ownership and use of his Lot and the Board of Directors shall not be responsible for obtaining such insurance.

Section 2. Insurance of the Lots. Each Lot Owner shall obtain and maintain fire insurance and insurance against the perils customarily covered by an extended coverage endorsement in an amount equal to not less than the full insurable value of the dwelling on a lot (based upon replacement).

ARTICLE XIREPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. Restoration. In the event of damage to, or destruction of, all or any of the improvements in the Common Areas, Common Easement, Limited Common Areas including the boat docks as herein provided, as a result of fire or other casualty, the Board of Directors of the Association shall arrange for and supervise the prompt repair and restoration of such improvements substantially in accordance with the plans and specifications under which the improvements were originally constructed. The Board of Directors shall proceed towards reconstruction of such improvements as quickly as practicable under the circumstances and shall obtain funds for such reconstruction from the insurance proceeds and any special assessments that may be necessary after exhaustion of reserves for the repair and replacement of such improvements.

Any Lot Owner whose dwelling is destroyed or damaged by fire or other casualty shall immediately proceed to rebuild and restore same to the condition existing immediately prior to such damage or destruction. All such rebuilding and restoration shall be undertaken in accordance with the provisions of Article VI hereof.

Section 2. Termination. Anything above, to the contrary, notwithstanding, in the event (i) more than two-thirds (2/3) of the lots on the Property, in value, are destroyed by fire or other casualty, or (ii) eighty percent (80%) of the Lot Owners (either by vote at a regular or special meeting or by executing a written document, within ninety (90) days after the date of such damage or destruction) and the mortgagees holding Mortgages constituting first liens on seventy-five (75%) of the lots encumbered by Mortgages agree to waive and terminate the Community, then neither the lots nor the Common Areas, or Common Easement, need be rebuilt and all insurance proceeds shall be distributed to the parties having an insurable interest in the destroyed property in the amount and priority as their interest may appear.

ARTICLE XIIMORTGAGES

Section 1. Notice to Board of Directors. An Owner who mortgages his lot shall notify the Association of the name and address of his mortgagee and the account number. However, failure of each Owner to so notify the Association shall in no way impair or invalidate the validity of any Mortgage placed upon any of the lots, including the rights of the Owners of lots in the Common Areas, Common Easement, and Limited Common Areas and Easements.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Association, whenever so requested in writing by a mortgagee of a lot, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Owner of the mortgaged lot, with a copy of the report mailed to the lot owners.

Section 3. Notice of Default. The Association, when giving notice to an Owner of a default in paying an assessment for common expenses or any other default, may send a copy of such notice to each holder of a Mortgage covering such Owner's lot whose name and address has theretofore been furnished to the Association, or in absence of such information from the owner, to the mortgage holder at the address shown by the records of the Clerk's Office of the Circuit Court of Franklin County, Virginia. Further, the Association may send such mortgagees written notice of any default by such Owner which has not been cured within thirty (30) days after the delivery to such Owner of the first notice relating to such default.

ARTICLE XIII

COMPLIANCE AND DEFAULT

Section 1. Relief. Each Owner of a lot shall be governed by, and shall comply with, all of the terms of the Declaration, and the rules and regulations promulgated by the Association and any amendments of the same. A default by an Owner shall entitle the Association, acting through its Board of Directors or through its agent, to the following relief:

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, and the rules and regulations shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for herein, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Developer, the Association, the Board of Directors, its agent, or, if appropriate, by an aggrieved Owner.

(b) Additional Liability. Each Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his employees, agents or licensees. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(c) Costs and Attorney's Fees. In any proceeding arising out of any alleged default by an Owner, the Association shall be

entitled to recover the costs of the proceeding, and its reasonable attorneys' fees.

(d) No Waiver of Rights. The failure of the Developer, the Association, the Board of Directors, or of an Owner to enforce any right, provision, covenant, or condition which may be granted by this Declaration, or the rules and regulations, shall not constitute a waiver of the right of the Association, the Board of Directors or the Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Developer, the Association, the Board of Directors, or any Owner pursuant to any term, provision, covenant or condition of the Declaration, or the rules and regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration or the rules and regulations, or at law or in equity.

(e) Abatement and Enjoyment of Violations by Owners. The violation of any rule or regulation adopted by the Association, or the breach of any provision of the Declaration, shall give the Developer and the Association the right, in addition to any other rights set forth herein or at law (i) to enter the lot in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Association shall not thereby be deemed guilty in any manner of trespass, or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 1. Duration and Amendment. The provisions of this Declaration run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any lot subject to this Declaration, their respective legal representative, heirs, successors, and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time the Restrictions shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by the Owners holding not less than two-thirds (2/3) of the votes of the membership, and signed by The Water's Edge developer, so long as The Water's Edge developer owns any portion of The Water's Edge development, and has been recorded, agreeing to terminate or change said Restrictions in whole or in part; provided, however, that no such agreement to terminate or change shall be effective unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in

advance of any action taken. Unless specifically prohibited herein, this Declaration may be amended by an instrument either (i) signed by Developer so long as it owns any portion of the property or (ii) thereafter signed by Owners holding not less than ninety (90) percent of the votes of the membership at any time until the end of the initial forty (40) year term and thereafter by an instrument signed by the Owners holding not less than two-thirds (2/3) of the votes of the membership. Any amendment must be properly recorded to be effective.

Section 2. Consent of First Mortgagees. This Declaration contains provisions concerning various rights, priorities, remedies and interest of the mortgagees of lots. Such provisions are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by Mortgages on lots in the Community. Accordingly, no amendment or modification of this declaration impairing such rights, priorities, remedies or interest of a mortgagee shall be adopted without the prior written consent of such mortgagee. If there is more than one mortgagee holding Mortgages on the lots, it shall be sufficient to obtain the written consent of the institutional mortgagee or mortgagees holding first liens on seventy-five percent (75%) of the lots encumbered by Mortgages. This paragraph shall not apply to or in any way be construed as a limitation upon those rights of the Developer under this Declaration which do not so adversely affect such mortgagees.

Section 3. Notices. Any notice required to be sent to any Member or Owner under the provisions of this instrument shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 4. Assignability. Developer, its successors and assigns, shall at all times have the right to fully transfer and assign any or all of his rights and powers under this Declaration, subject only to Developer's obligations hereunder.

Section 5. Non-Waiver. The failure of the Developer, or any Owner, or their respective legal representatives, heirs, successors and assigns, to enforce any restriction contained in this Declaration shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to such violation or breach occurring prior or subsequent thereto.

Section 6. Construction and Interpretation. The Developer, to the extent specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Declaration. In so adopting and promulgating such rules and regulations, and in making any finding, determination, ruling or order or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules or regulations, the Developer shall take into consideration

the best interests of the Owners to the end that the Property shall be preserved and maintained as a high quality Community.

Section 7. Severability. All of the covenants, conditions, restrictions, and reservations contained in this Declaration are hereby declared to be severable and a finding by any court of competent jurisdiction that any of them or any clause or phrase thereof is void, unlawful or unenforceable, shall not affect the validity or enforceability of any other covenants, conditions, restrictions, reservations, of clause of phrase thereof.

WITNESS THE FOLLOWING SIGNATURE:

RKL HOLDINGS, LLC

By: [Signature]

Its: Manager

STATE OF VIRGINIA

COUNTY/CITY OF Franklin, TO-WIT:

The foregoing instrument was acknowledged before me this 1st day of May, 2008 by Ronald L. Willard II, the Manager of RKL Holdings, LLC, on behalf of said company.

[Signature]
Notary Public # 225515

My commission expires:

May 31, 2011

EXHIBIT A

All of that certain tract or parcel of land containing 12.860 acres and being shown on Plat of Subdivision of Tract "A" (Deed Book 912, page 820) Property of RKL Holdings, LLC Creating Hereon Revised Grande Villas at The Water's Edge, dated January 11, 2008 made by Lumsden & Associates, P.C. and recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia in Deed Book 929, page 1591, as partially revised by Plat Showing Resubdivision of Lots 2 through 6 Revised Grande Villas at The Water's Edge Creating New Lots 2A through 6A, Property of RKL Holdings, LLC, dated April 9, 2008 made by Lumsden Associates, P.C. recorded at Deed Book 935, page 1600, and including any and all easement rights appurtenant to the said 12.860 acres lying below the 800 foot contour line and the waters of Smith Mountain Lake subject to the rights of Appalachian Power Company and the rights of others to such land below the 800 foot contour line.

GENERAL PROVISIONS

The Developer does hereby, of its own free will, impose, for the protection of the value, desirability and attractiveness of the lots hereinafter mentioned, in order that the same may be properly developed, certain restrictions, covenants and conditions which shall apply to all of the lots, and to the Common Areas and Common Easement to be conveyed in fee to the association, which said restrictions, covenants and conditions are as follows, to-wit:

1. APPLICABILITY: These Restrictions shall apply to lots and the Common Areas, Common Easement, Limited Common Areas and Limited Common Easements, as provided, to be conveyed in fee to the association. All of the Restrictions shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to such Restrictions.

2. TERM: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of 40 years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by two-thirds (2/3) of the then Owners of the lots has been recorded agreeing to change said covenants in whole or in part, and The Water's Edge Developer, so long as The Water's Edge Developer owns any portion of The Water's Edge development, has consented to such action and has executed the said document to be recorded.

The Developer, so long as it owns any portion of the project, and, thereafter, the Association, with the written consent of The Water's Edge developer, so long as it owns any portion of The Water's Edge development, reserve the right to modify, revoke, alter or amend these Restrictions, Covenants and Conditions. The rights of the Developer reserved herein may be delegated or assigned to the Association, at the sole discretion of the Developer.

After the Developer has assigned its rights hereunder to the Association, The Water's Edge developer and The Water's Edge Property Owners Association, Inc., "Water's Edge POA" shall also have approval authority with the Association. This paragraph shall apply to all provisions hereunder requiring approval or consent of the Developer.

3. MUTUALITY OF BENEFIT AND OBLIGATION: These Restrictions and agreement set forth herein are made for the mutual and reciprocal benefit of each and every lot in the subdivision and are intended to create mutual equitable servitudes upon each of said lots and common area in favor of each and all of the other lots therein; to create reciprocal rights between the respective Owners of all of said lots; to create a privity of contract and

estate between the grantees of said lots, their heirs, successors and assigns, and shall, as to the Owner of each such lot, his heirs, successors and assigns, operate as covenants running with the land for the benefit of each and all other lots in the subdivision and their respective Owners.

4. EXCLUSIVE RESIDENTIAL USE: All lots in the subdivision shall be used for residential purposes only. No lot shall be resubdivided without Developer's written permission. No buildings or structures of any type, or landscaping, with the exception of buildings or structures constructed by the Developer will be permitted, unless approved in writing by the Developer, its successors and assigns and by The Water's Edge Property Owners Association Architectural Board. All driveways and any culverts shall be located and constructed as approved hereunder.

5. No outside toilet shall be constructed on the property. All plumbing fixtures, dishwashers, toilets or sewage disposal systems shall be connected to a sewage disposal system.

6. No temporary house, trailer, tent, garage, or other outbuilding shall be placed or erected on the property.

7. No animals or livestock of any description, except the usual household pets, shall be kept on the property. Household pets must be controlled so as not to be a nuisance.

8. No signs, including "for rent", "for sale", and other similar signs, shall be erected or maintained on the property except with the written permission of the Developer or except as may be required by legal proceedings. Size, shape, color and design of such signs shall be subject to written approval of the Developer.

9. No unused, unlicensed, stripped down, partially wrecked, or junk motor vehicles or sizeable parts thereof, shall be permitted to be parked on any street or on any part of the property.

10. Any tank for the storage of fuel installed on property shall be either buried below the surface of the ground or screened to the satisfaction of the Board. Every outdoor receptacle for ashes, trash, rubbish or garbage shall be installed underground, screened or so placed and kept as not to be visible from any viewpoint at any time except during refuse collections. Any right of an owner to the use of any of the common area for the above purposes shall be limited by the covenants, conditions and restrictions concerning the "property" as therein defined. All items of tangible personal property other than automobiles must be stored inside of units or in the carport outbuilding.

11. No outdoor clothes poles, clothes lines and similar equipment shall be allowed.

12. All lots and the common areas, whether occupied or unoccupied, shall at all times be maintained in such manner as to

prevent their becoming unsightly by reason of the accumulation of rubbish or debris thereon. If this is not done by the Owner, the lot will be cleaned up by Developer or the Association at the Owner's expense. Maintenance of the Common Areas and Common Easement including mowing and trimming of vegetation shall be the responsibility of the Association and shall be performed to maintain the Common Areas and Common Easement in a reasonable and slightly condition.

13. No noxious, offensive, or illegal activities shall be carried on any lot or the Common Area, Common Easement, or Limited Common Areas nor shall anything be done on any lot or the Common Area, Common Easement, or Limited Common Areas that shall be or become an unreasonable annoyance or nuisance to the neighborhood.

14. No trees measuring 4" or more in diameter as measured 24" from the ground shall be cut or moved without approval of Developer.

15. No private water wells may be drilled or maintained on property so long as there is such a water distribution line planned or existing with an average daily water pressure in such line adequate for normal household use in the dwelling served by such distribution line. The owner shall pay for water service per gallon used, with a minimum charge of \$22.00 per month. Billing for water service will be on a monthly or quarterly basis, and the monthly charge shall be subject to change by the supplier from time to time.

16. No bizarre or exotic ornamentation or landscaping will be allowed.

17. Firing of guns of any kind is prohibited at all times on the property.

18. No fence shall be constructed on property without prior written approval of the Developer.

19. Camping, or the use of tents, other than for temporary shelter for a party, shall be prohibited on all lots at all times.

20. No open air fire shall be started or maintained on any lot, except in a grill, fireplace, or other suitable enclosure or container designed for the safe housing of man-made fires for cooking.

21. No satellite dish antennae or other transmission or receiving antennae shall be installed or maintained on any lot without prior approval of the Developer.

22. The Developer reserves unto itself, its successors and assigns a perpetual, alienable and releasable easement and right on, over and under any lot to dispense pesticides and take other action which in the opinion of the Developer is necessary or desirable to control insects, vermin or destructive wild animals,

to cut fire breaks and other activities which in the opinion of the Developer are necessary or desirable to control fires on any property, or any improvements thereon. Entrance upon lots pursuant to the provisions of this paragraph shall not be deemed a trespass. The rights reserved unto the Developer in this paragraph shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of said paragraphs.

23. The owner of each lot shown hereon shall be responsible for the neat and orderly maintenance of such lot, shall provide for sanitary garbage disposal and shall not permit or suffer any garbage, sewage, refuse, waste, or other contaminated matter, except normal surface water, to be cast, drained or discharged upon the Property. In the event the owner shall fail to comply with the requirements of this paragraph, the Developer shall, after reasonable written notice to the owner, have the right to enter upon any such lot to correct the condition causing the violation of this paragraph and the owner shall be responsible for reimbursing the Developer for its actual cost in correcting said condition.

24. With regard to any lots which abut the 800 foot contour line, when the Developer herein recites restrictions, covenants, conditions or rights as to such lot, the same shall also apply, subject to the rights of Appalachian Power Company, to the land adjoining said lot below the 800 foot contour line.

25. Each lot owner shall be responsible for keeping all boats belonging to him or his guests parked and/or docked in a neat and orderly fashion. Storage of any boats or boat trailers shall only be permitted in the areas designated by the developer for such storage. No trailers, recreational vehicles or boat trailers or other similar vehicles shall be allowed to be stored on any lots.

26. All animals must be secured by a leash or lead, or under the control of a responsible person and obedient to that person's command at any time they are permitted outside a house or other dwelling or other enclosed area approved by the Developer for the maintenance and confinement of animals.

27. The Developer reserves unto itself and to the Association the right to publish and enforce rules and regulations concerning the use of property located within the property.

28. Enforcement, may be initiated by the Developer, the Association, The Water's Edge developer, the Water's Edge POA, or by lot owners, and shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

29. Should any covenants or restrictions herein contained, or any sentence, clause, phrase or term of this instrument be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having

jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect. In addition, if there is any contradiction between these restrictions and any governmental ordinances, laws or regulations of a Federal, state or local agency, the latter shall prevail.

30. Nothing herein is to be construed to prevent the Developer, its heirs, or assigns from placing further restrictions or easements on the property which shall not theretofore have been conveyed from it.

31. There shall be no transient rentals of lots or rentals of lots for a period of less than 30 days. Leasing of lots through rental leasing agencies or companies shall be prohibited. Any Lot Owner who rents his lot to a lessee(s) shall execute and deliver to the Association a written statement designating the name or names of those persons entitled to use the lot, together with a written covenant from that party or those parties in favor of the Association stating that there will be full compliance with all the terms and provisions of the Declaration, the Articles of Incorporation and By-Laws of the Association and all rules and regulations adopted thereunder. In the event that such covenants are violated, the aforesaid Owner shall cause such party or parties to vacate the lot and, in the event such party or parties do not vacate the lot, the Association shall take whatever measures are necessary to have the party or parties removed from the lot and shall assess the Owner for any costs or attorney's fees caused by such measures. Any leases must be subject to the Declaration and By-Laws and all rules and regulations adopted thereunder. Persons leasing lots, or lot owners not having a membership, shall have no privileges at The Water's Edge Country Club or any of its facilities except as expressly permitted by said club or the Developer.

RKL HOLDINGS, LLC

By: [Signature]

Its: Manager

STATE OF VIRGINIA

COUNTY/CITY OF Franklin, TO-WIT:

The foregoing instrument was acknowledged before me this 1st day of May, 2008 by Ronald L. Willard II the Manager of RKL Holdings, LLC, on behalf of said company.

[Signature]
Notary Public # 225515

My commission expires: May 31, 2011

Vogel &
Cromwell, L.L.C.
Roanoke VA

BY-LAWS

OF

GRANDE VILLAS AT THE WATER'S EDGE
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Grande Villas at the Water's Edge Property Owners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 75 Builders Pride Drive, Suite 200, Hardy, Virginia 24101, but meetings of members and directors may be held at such places and times as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to The Grande Villas at the Water's Edge Property Owners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners.

Section 4. "Lot" shall mean and refer to any plot of land as shown as a numbered lot on the Plat of Grande Villas at the Water's Edge as revised as to Lots 2A, 3A, 4A, 5A, and 6A, on the Revised Plat of Grande Villas at The Water's Edge to be recorded and as may be amended from time to time, said plats being more particularly defined in Article I(1) of the Declaration.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Developer" shall mean and refer to RKL Holdings, LLC, a Virginia Limited Liability Company, its successors and assigns.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the Clerk's Office of the Circuit Court for the County of Franklin, Virginia.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held on the first Friday of November, 2008, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the office of the Association, unless otherwise stated in the notice of the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Chairman of the Board of Directors or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A Membership.

Section 3. Notice of Meeting. Written notice of each meeting of the members shall be given by or at the direction of the secretary or person authorized to call the meeting by mailing a copy of such notice postage prepaid, no less than 10 days, nor more than 60 days before such meeting, to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws.

If, however, such quorum shall not be present or represented at any meeting, the meeting shall be adjourned from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, or electronically transmitted and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the owner of his lot.

Section 6. Voting rights of members shall be in accordance with the provisions pertaining thereto as set forth in the Articles of Incorporation and the Declaration which said voting rights are incorporated herein by reference.

ARTICLE IV

BOARD OF DIRECTORS: ELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of three (3) directors, who need not be members of the Association.

Section 2. Term of Office. The directors shall be elected at each annual meeting of the members.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any services he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area, Common Easement, the Limited Common Area, and the Limited Common Easements and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof; and

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; and

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration; and

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) exercise all duties set forth in Section 2 and all powers incident thereto.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote; and

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed; and

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period; and

(2) send written notice of such assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due

date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment; and

(e) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(f) cause the Common Area, Limited Common Areas and Limited Common Easements as provided by the Declaration to be maintained.

(g) cause the exterior of dwelling units and boat docks and driveways to be maintained, repaired or replaced.

(h) cause the association to be managed in accordance with the requirements of the Code of Virginia, as amended from time to time.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall be authorized to sign checks and promissory notes.

Vice-President

The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall be authorized to sign checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal year, and shall prepare an annual budget and a statement

of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of such to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent, and any assessments, or balances not paid within 30 days of the due date, shall be subject to a late fee of \$50.00 for each 30 day period that such assessment or balance is delinquent. Further, if the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten (10) percent per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and late fees, interest, costs, and

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

ARTICLE XII

MISCELLANEOUS

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIV

INDEMNIFICATION

The Association shall indemnify its directors and officers in the manner, against the matters, and to the full extent provided and permitted by Section 13.1-875 through 13.1-881 and Section 13.1-883 of the Code of Virginia of 1950, as amended.

The foregoing By-Laws of Grande Villas at the Water's Edge Property Owners Association, Inc. were duly adopted by the Board of Directors of the corporation effective May 1st, 2008.

[Handwritten Signature]

Secretary

INSTRUMENT # 0800004407

RECORDED IN THE CLERK'S OFFICE OF

FRANKLIN COUNTY ON

May 9, 2008 AT 3:39pm

TERESA J. BROWN, CLERK

BY: Jessica J. Franklin (DC)