

*RESTRICTIONS, COVENANTS AND CONDITIONS
OF
THE WATERFRONT*

SECTION XII

KNOW ALL MEN BY THESE PRESENTS:

THAT the undersigned, RKL Holdings, LLC, a Virginia Corporation, hereinafter sometimes referred to as Owner-Developer, does hereby of its own free will, impose for the protection of the lots hereinafter mentioned, in order that the same be properly developed, certain restrictions, covenants and conditions which shall apply to all the lots shown on the Map of The Waterfront, Section XII, prepared by Lumsden Associates, Engineers & Surveyors, dated *October 4, 2005* and recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia which said restrictions, covenants, and conditions are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty (30) years from the date these restrictions, covenants and conditions are recorded, and the party imposing these restrictions, covenants and conditions reserves the right to waive, modify or release the same for thirty (30) years from the date of the recordation hereof, said covenants, restrictions and conditions shall be automatically extended for successive period of ten (10) years, unless an instrument signed by a majority of the then owners of the lots has been recorded agreeing to change said covenants, restrictions, and conditions in whole or in part, and which said restrictions, covenants and conditions are as follows, to-wit:

- 1) No building, boat dock, fence or any other structure, including driveways, shall be erected, placed or altered on any said lot until the proposed building plans, specifications, exterior color or finish, plot plan showing the proposed location of such building, boat dock or structure, drives and parking areas, landscape plan and the construction schedule shall have been submitted to the owner-developer and approved in writing by the owner-developer, its successors or assigns. Refusal or approval of plans, locations or specifications may be based by the considerations, which in the sole and uncontrolled discretion of the

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owner-developer shall seem sufficient. No alteration in the exterior appearance of any building, boat dock or structure shall be made without like approval by the Developer. The aforesaid plans shall be prepared by a person or firm regularly engaged in such work. All builders must be approved by owner/developer before construction of residence. In the exercise of its authority to grant or deny approval of such plans, the owner-developer, after considering the recommendation of the owner, shall determine the exact site of all buildings, boat docks and other structures at the sole discretion of the owner-developer. The written approval of owner-developer required by this paragraph shall only be effective for a period of six (6) months from the date of said approval and unless construction is commenced within said six month period pursuant to said approval, the approval shall lapse and the lot owner will be required to resubmit a request for approval to owner-developer.

2) Not more than one single family residence shall be erected on any lot, and it shall contain a minimum of eighteen hundred (1800) square feet of livable floor space if it is a one-floor dwelling, or twenty-five hundred (2500) square feet of livable floor space if it is a two-floor dwelling, exclusive of decks, attics, porches, garages, carports or basements whether finished or unfinished. Split-level dwelling houses shall be considered as a two-floor dwelling for the purposes of this Section. Exterior construction must be completed and closed in within nine (9) months of commencement of construction, and all construction as required by the approved plans, including landscaping, shall be completed within one (1) year of commencement of construction. No dwelling house shall be permanently or temporarily occupied until the exterior thereof has been completed and connection is made to the water system and the sewage system is installed and connection is made thereto. During construction lots must be maintained in a reasonably neat and clean condition free of construction debris and trash, and contractors and subcontractors shall be required to provide adequate temporary portable toilets for their employees.

3) No residence shall be constructed on any lot duplicating the design of another residence already constructed or under construction within any single family residential section of The Waterfront, nor shall the exterior appearance of any residence be substantially the same as that of another residence constructed or under construction within

any single family residential section of The Waterfront. Whether a residence duplicates another residence or whether the exterior appearance of a residence is substantially the same as another residence shall be determined by the owner-developer in its sole discretion in exercising its approval authority under paragraph one of these restrictions.

4) Except in necessary construction areas and septic fields, no trees four (4) inches in caliper or larger, measured twenty-four (24) inches from the ground, shall be removed from the property without the approval of the owner-developer, its successors or assigns. In necessary construction areas and septic fields, as many trees as possible shall be left standing.

5) Driveways shall be located and constructed as approved by the owner-developer as provided in Paragraph 1. If necessary corrugated metal culvert pipe shall be installed in accordance with the standards of the Virginia Department of Highways and Transportation along the edge of the street where the driveway meets the street. Driveways shall be surfaced with asphalt black top and completed within one year of commencement.

6) All boat docks shall be located and constructed in accordance with the requirements and specifications prescribed by the Shoreline Management Plan and/or U.S. Army Corps of Engineers and in accordance with the plans and specifications as approved by the owner-developer. In addition, dock builders must be approved by the owner/developer before construction of dock begins. In determining the appropriate site for boat docks, the lot owner and the owner-developer shall attempt to minimize the degree to which the boat dock may obstruct the view of other lot owners. The final approval of any boat dock design or locations shall be at the sole discretion of the owner-developer. All waterfront lots shall be permitted to erect one boat dock unless otherwise specified in the deed from owner-developer to the lot owner. In general, boat docks erected by lot owners shall be located within the extension of the side lines of the lot served by said boat dock, however, where it becomes necessary to reasonably locate a boat dock, the owner-developer may approve a location for said boat dock outside of the said extension of the side lot lines. All boat docks shall be located as specified by the owner-developer. The design and color of the boat dock

must be similar to those of the dwelling. Boat ramps or driveways to the water of Smith Mountain Lake or the land below the 800 foot contour line shall not be permitted. Lot owners of waterfront lots shall maintain sufficient riprap at the approximate mean water line of the waters of Smith Mountain Lake to prevent erosion, to be of the same grade, standard and color as that of the riprap initially installed by owner-developer.

7) No lot may be re-subdivided without the prior written approval of the owner-developer.

8) In general, no building shall be erected closer to any street or road than the minimum building set back line as shown on the recorded map of this Section, nor closer than twelve (12) feet, adjacent lots are used together for the construction of one dwelling, then the said twelve (12) feet setback shall be measured from only the outermost lines of the combined lots. The rear setback on waterfront lots are according to the Franklin County zoning ordinance, 20 feet from the lake full pond subject to developer approval. In the exercise of its authority set forth in paragraph 1 above, the owner-developer may in its sole discretion grant waivers and variances to the aforesaid requirements concerning building location.

9) All said lots shall be used for single family residential purposes only. No building shall be erected on any lot prior to the erection of the dwelling thereon. No storage buildings or outbuildings shall be erected on any single family lot. All garages shall be attached to the dwelling house.

10) All dwellings and buildings shall be brick, wood, dryvit, fiber cement board or natural stone, (other than log homes which are not permitted). Manmade stone may be used with approval of owner/developer and must be installed to grade. Siding must be installed within eight (8) inches of grade, in which case stucco may be used between the siding and grade provided such area is rendered invisible from adjacent streets and lots by landscaping or other appropriate methods of concealment. No concrete, block, etc., higher than eight (8) inches from grade will be accepted, regardless of visibility. In considering the request of lot owners for approval of plans for dwellings whose primary exterior consists of

brick, particular attention shall be given by the owner-developer to the color of the brick and the presence of other natural materials in the exterior finish in order to achieve an overall exterior color scheme that is compatible with the natural surroundings. Log homes shall not be permitted. All roofs shall be of a suitable material approved by owner-developer pursuant to paragraph 1 above and shall carry a warranty of 25 years or more.

11) Each lot owner shall be required to make connection with the central water system constructed by the owner-developer within ten (10) days of the commencement of construction of the dwelling on his lot. The hookup fee shall be TWO THOUSAND DOLLARS (\$2,000.00) subject to increase on account of inflation. The lot owner shall pay the amount of the hookup fee to the owner-developer at the time the final plans for the residence are submitted to the owner-developer for approval. In the event construction is not commenced, the owner-developer shall refund the said hookup fee to the lot owner upon request of the lot owner. This fee includes one (1) water meter and system line to the owner's property line. The owner shall pay the owner-developer, or assigns, for water service per gallon used with a minimum charge of TWENTY TWO DOLLARS (\$22.00) per month, said monthly minimum being subject to change. Billing for water service will be on a bimonthly or monthly basis.

12) No fence shall be constructed along any property line so as to be visible from the street or lake without consent and approval by the owner-developer.

13) Each lot owner who builds a dwelling upon his lot shall provide off-street parking for four (4) or more vehicles in a driveway or other appropriate area.

14) The owner of any lot shall provide for any dwelling constructed on such lot a septic disposal system constructed in accordance with the specifications of state and county public health officials. Location of all septic systems shall be selected by the Franklin County Health Department.

15) No building of a temporary nature shall be erected or placed on any of said lots except those customarily erected in connection with building operations and, even in such cases, no such temporary building shall remain in place more than six (6) months. House trailers or mobile homes may not be parked on lots for any purpose or for any period of time. No campers, trailers of any type, buses, inoperative automobiles or unsightly vehicles of any type or description or outbuildings may be parked, left or abandoned on said lots.

16) No signs including real estate sale or rental signs except those expressly permitted by owner-developer, billboards, or advertising of any nature shall be erected, placed or maintained on any lots, nor upon any building erected thereon, except directional and informational signs erected by the owner-developer, its successors or assigns.

17) All fuel storage tanks, trash, and garbage receptacles shall be buried in the ground or placed so as not to be visible from any viewpoint. Air-conditioning compressors, heat pump equipment and all other mechanical equipment shall be screened, not to be objectionable to the owner-developer, its successors or assigns.

18) No horses, cows, goats, pigs, fowl or pigeons shall be kept upon the premises of any lot or building thereon, nor shall there be kept upon such premises any other animal or pet which causes obnoxious odors, or is dangerous to the health or welfare of other residents in The Waterfront, and no nuisance shall be maintained or permitted on such premises. (Such as gardens visible from the road or lake).

19) Camping or the use of tents for any purpose shall be prohibited on all lots at all times including land abutting such lots below the 800 foot contour line.

20) No open air fire shall be started or maintained on any lot including the abutting land below the 800 foot contour line, 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 placed on any lot provided however, that the owner-developer in the exercise of its authority under paragraph 1 above may permit lot owners to install individual satellite dish or other television antennae as approved by the owner-developer. The provisions of this paragraph shall not prohibit the owner-developer from installing equipment necessary for a master antenna system, mobile radio systems or similar systems within The Waterfront nor from installing or permitting installation of a cable television service.

22) With regard to any lots which abut the 800 foot contour line, when the owner-developer herein recites restrictions, covenants, conditions or rights as to such lot, the same shall also apply, subject to the rights of American Electric Power, to the land adjoining said lot below the 800 foot contour line and being bounded by the imaginary extension of the side lot lines of said lot as they extend across the said 800 foot contour line and out into Smith Mountain Lake. A waterfront lot owner's use of the land below the 800 foot contour line whether flooded by the waters of Smith Mountain Lake or not shall be limited to the area between the extension of the side lot lines of said lot owner's lot extending out into the waters of Smith Mountain Lake for a reasonable distance so as not to interfere with the rights or property of other waterfront lot owners, except that in those instances where the owner-developer has approved the location of a waterfront lot owner's boat dock outside of the said area bounded by the extension of the side lot lines of said lot owner's lot, the lot owner's right to use said area below the 800 foot contour line shall reasonably extend to the area of that lot owner's boat dock.

23) In order to implement effective and adequate erosion control to other adjoining lots or property of owner-developer and protect the purity and beauty of Smith Mountain Lake, the owner-developer, its successors and its agents, shall have the right to enter upon any lot before or after a building or structure had been constructed thereon for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices. Provided however, that prior to exercising its right to enter upon the lots for the purpose of performing any grading or landscaping work or constructing or maintaining erosion prevention devices, the owner-developer, its successors and assigns,

shall give the owner of the lot the opportunity to take any corrective action required by giving the owner of the lot notice indicating what type of corrective actions is required and specifying in that notice that immediate corrective action must be taken by the owner. If the owner of the lot fails to take the corrective action specified immediately, the owner-developer, its successors or assigns, shall then exercise its right to enter upon the lot in order to take the necessary corrective action. The cost of such erosion prevention measures when performed by the owner-developer, its successors or assigns, shall be kept as low as reasonable possible and shall be paid by the owner thereof. Entrance upon a lot pursuant to the provisions of this paragraph shall not be deemed a trespass.

24) In order to implement effective insect, reptile and woods fire control, the owner-developer or its agents have the right to enter upon any lot on which a building or structure had not been constructed and upon which no landscaping plan had been implemented, for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth which in the opinion of the owner-developer detracts from the overall beauty, setting and safety for The Waterfront. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the owner of the lot. The owner-developer and its agents may likewise enter upon such lot to remove any trash which has collected or to abate a threat to Smith Mountain Lake from pollution. Such entry shall not be made until thirty (30) days after the owner of the lot has been notified in writing of the need of such work and unless such owner fails to perform the work within said thirty (30) day period. The provisions in this paragraph shall not be construed as an obligation on the owner-developer to mow, clear, cut or prune any lot, to provide garbage or trash removal services, or to provide water pollution control on any lot. Entrance upon lots pursuant to the provisions of this paragraph shall not be deemed a trespass.

25) In addition, the owner-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 owner-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 owner-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 owner-developer in this paragraph and in the two preceding paragraphs above shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of said paragraphs.

26) 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 owner-developer for such storage. No trailers, recreational vehicles or boat trailer or other similar vehicles shall be allowed to be stored on any lots other than for temporary periods not exceeding 48 hours per period which may be required for minor maintenance or cleaning of the boat or trailer.

27) 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 from such lot into the waters of Smith Mountain Lake. The owner shall trim, prune and maintain the grass, trees, shrubs and plantings in a neat and orderly manner upon substantial completion of a residential dwelling house upon the lot. In the event the owner shall fail to comply with the requirements of this paragraph, the owner-developer shall, after reasonable written notice to the owner, have the right to enter upon such lot to correct the condition causing a violation of this paragraph and the owner shall be responsible for reimbursing the owner-developer for its actual cost in correcting said condition.

28) 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 owner-developer for the maintenance and confinement of animals.

29) The owner-developer reserves unto itself and its successors and assigns, the right to erect and maintain telephone and electric light poles, underground service, conduits, equipment, sewer, gas, cable television systems, water systems and water lines or to grant to others easements of right-of-way, therefore, in the road right-of-way and on, over, or under a strip of land twenty (20) feet wide at any point along the road right-of-way abutting said lots. In addition to the utility and drainage easements indicated hereon, all lot lines are subject to a fifteen (15) feet drainage and utility easement, the said lot lines being the center of such easements. Open drainage easements shown on the plat of this Section shall not be obstructed and may be altered or changed only in accordance with plans prepared by a professional engineer, architect or land surveyor and approved by the resident engineer, Virginia Department of Highways and Transportation. Whenever the owner-developer is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on any property or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass. The rights reserved under this paragraph shall include the right on ingress and egress over lots to and from said easements, the right to reasonably cut or trim trees or shrubs as may become necessary and the right to disturb the soil surface for access to underground installations. The owner-developer further reserves the right to designate and reserve other easements and rights-of-way in addition to those shown on the recorded map of this Section over and across the lots in this Section prior to the conveyance by the owner-developer of such lot or lots as may be effected by such easement or right-of-way.

30) In the event of a violation or breach of any of the restrictions contained herein by any lot owner, or agent of such owner, the owners of lots in this Section or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the owner-developer shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the owner-developer shall have the right, whenever there shall have been built on any lot any structure which is in violation of these restrictions, to enter upon such lot where such violations exists and summarily abate or remove the same at the

expense of the owner, if after thirty (30) days written notice of such violations it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservations, restrictions, or conditions contained in this Declaration, regardless of how long such failure shall continue, shall not constitute a waiver of or a bar to such right to enforce.

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

32) Nothing herein is to be construed to prevent the owner-developer, its heirs, or assigns from placing further restrictions or easements on any lot in the said subdivision which shall not theretofore have been conveyed from it.

The owner-developer reserves the right to assign in whole or in part to an appropriate home owner's association or other similar entity that may be formed by the owners of lots in The Waterfront its rights reserved in these covenants to grant approvals or disapprovals, to establish rules and regulations, and all other rights reserved herein by the owner-developer including but not limited to, the right to approve or disapprove plans, specifications, color, finish, plot plan and construction schedules. Following the assignment of such rights, such entity shall assume all of the owner-developer's obligations which are incident thereto and the owner-developer shall have no further obligation or liability with respect thereto.

The assignment of such right or rights by the owner-developer to said entity shall be made by written instrument which shall be recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia.

33) The owner-developer owns other property adjoining this section and reserves unto itself, its successors and assigns, the right to develop said area as it shall determine in its sole discretion, whether for single family residential use, multi-family residential use or any other uses reasonably compatible with The Waterfront development. It is expressly hereby set forth that the covenants, conditions and restrictions contained herein shall be applicable only to Section XII of The Waterfront dated October 4, 2005 and recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia in deed book number 865 and

page number 1733; and shall in no way be applicable to any other property of the owner-developer adjoining said section or located in the same proximity.

34) The owner-developer reserves unto itself the right to publish and enforce rules and regulations concerning the use of property located within The Waterfront development including any areas abutting same located below the 800 foot contour line whether or not flooded by the waters of Smith Mountain Lake. The use of the said land below the 800 foot contour line and waters of Smith Mountain Lake shall be at the users risk and in accordance with all applicable rules, regulations, laws, restrictions and conditions of record or otherwise published by any entity or government agency or body properly exercising ownership or jurisdiction as to said area.

IN TESTIMONY WHEREOF, witness the following signature of RKL Holdings, LLC, signed by its Manager, this 19th day of October, 2005.

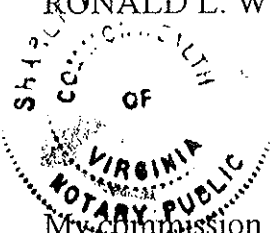
RKL Holdings, LLC, a
Virginia Corporation

BY: [Signature]
Ronald L. Willard II, Manager

STATE OF VIRGINIA
COUNTY OF FRANKLIN, TO WIT:

Sworn and subscribed to before me this 19th day of October, 2005, by
RONALD L. WILLARD II, Manager of RKL Holdings, LLC.

[Signature]
Notary Public



My commission expires:
May 31, 2007

INSTRUMENT # 0500 12751
RECORDED IN THE CLERK'S OFFICE OF
FRANKLIN COUNTY ON
Oct. 19, 2005 AT 11:51 A.M.
ALICE S. HADL, CLERK
BY: [Signature] (DC)