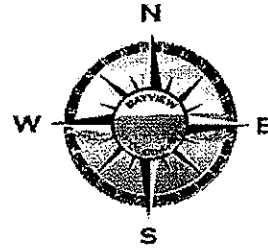


Tax Map No: 30-25
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
Baywatch Subdivision
WITNESSETH

THIS DECLARATION, made on the date hereinafter set forth by Bayview Holdings, LLC, hereinafter referred to as "Developer".

WITNESSETH:

WHEREAS, the is the owner of all lots designated on the Plat Showing "Baywatch Subdivision", prepared by Anderson Associates, Inc., Professional Design Services, under date of April 11, 2006, last revised December 1,2006 of record in the Clerk's Office of the Circuit Court of the County of Franklin, Virginia, in Deed Book 915, Page 1256; and

WHEREAS, Developer desires to enter into this declaration of Covenants, Conditions and Restrictions for the purpose of protecting the value and desirability of all Lots within Baywatch Subdivision, and

WHEREAS, the County of Franklin, Virginia, through its subdivision regulations, requires a maintenance agreement for force mains and off-site drain fields, and

WHEREAS, Developer desires to provide for the maintenance of force mains and off-site drain fields within the subdivision.

NOW, THEREFORE, Developer hereby declares that all of the properties described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property, and to comply with the Franklin County subdivision regulations and be binding on all parties having the right, title or interest in the described properties of any part thereof, their heirs, successors and assigns, and shall inure the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

1. "Owner" Shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is part of the properties, including

- contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
2. "Properties" shall mean and refer to that certain real property herein before described.
 3. "Lot" shall mean and refer to any individual plot of land included within the area known as "Baywatch Subdivision".
 4. "Developer" shall mean and refer to Bayview Holdings, LLC., its successors and assigns, if such successors and assigns should acquire more than one developed Lot from the Developer for the purpose of development.
 5. "Plat" shall refer to the Plat Showing Baywatch Subdivision, prepared by Anderson Associates, Inc., Professional Design Services, under date of April 11, 2006, last revised December 1, 2006 as more particularly described in the first Whereas paragraph of this Declaration.

ARTICLE II
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, which said restrictions, covenants and conditions are as follows, to-wit:

1. APPLICABILITY. These Restrictions shall apply to subdivided, residential Lot numbers 1-12, 15-22. 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 a majority of the Owners of the Lots has been recorded agreeing to change said covenants in whole or in part.

3. MUTUALITY OF BENEFIT AND OBLIGATION. These restrictions and agreements set forth herein are made for the mutual and reciprocal benefit of each an every Lot in the subdivision and are intended to create mutual, equitable servitude upon each of said Lots in favor of each and all of the other Lots; to create a privity of contract and estate between the grantees of said Lots, their heirs, successors or assigns, and shall, as to the Owner of each subject Lot, his heirs, successors or 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 AND IMPROVEMENTS. All Lots in Baywatch Subdivision shall be used for residential purposes only and not for commercial use. No Structures shall be erected, place or permitted to remain on any Lot other than one (1) detached, single family residence dwelling including a private garage and/or storage shed. Each residence will have a minimum of 1700 square feet

of finished, livable space (excluding basements, porches and garages). In the event the residence is a multi-story residence, it shall have a minimum of 2200 square feet of finished livable space (excluding basements porches and garages) and the ground floor will have a minimum of 1200 square feet of finished, livable space (excluding basements, porches and garages).

No separate facilities from the main residence dwelling shall be built or used for the purpose of permanent living, except a detached garage or storage shed which shall be approved by Developer.

5. ARCHITECTURAL REVIEW: Until the Developer conveys the final remaining lot in the subdivision, or until it relinquishes or transfers its rights, under this paragraph of these covenants, the Developer shall have the sole and absolute right to approve any and all construction or other development on any of the lots platted in the subdivision. The approval or disapproval of any such construction shall include, but not be limited to the placement and construction or establishment of dwellings, outbuildings, septic systems, wells, decks, docks, fencing and/or landscaping. Once approved and or constructed, no alteration in construction shall be made without the approval of Developer

(a) There shall be submitted to the Developer two complete sets of plans and specifications, together with a review fee of \$350.00 for any and all proposed improvements, the erections or alteration of which is desired. No structures or improvements of any kind shall be erected, altered, placed or maintained upon any Lot unless and until the final plans, elevations and specifications therefore have received such written approval as herein provided. Such plans shall include plot plans showing the location on the Lot of the building to be constructed, altered, placed or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof, and a proposed landscape planting. The corners of the house must be staked out prior to submission.

(b) The Developer shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof. One (1) set of said plans and specifications and details with the approval or disapproval, endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the Developer for its permanent files.

(c) The Developer shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all of the provisions of these restrictions; if the design or color scheme or the proposed building or other structure is not in harmony with the general surroundings of such Lot or with the adjacent buildings or structures; if the plans and specifications submitted are incomplete, or in the event the Developer deems the plans, specifications, or details or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the real property subject hereto, or the Owners thereof. The decision of the Developer shall be final.

(d) Neither the Developer nor any architect or agent thereof of the Developer shall be responsible in any way for any defects in any plans or specifications

submitted, revised, or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications.

(e) The construction of all residences on lots shall be undertaken only by a Virginia Class A Licensed building contractor.

(f) If the soil and erosion plan presented and approved is not sufficient and erosion problems arise, the Developer, after written notice to the Owner, shall have the right to repair and correct any defects caused by such plan and assess the cost thereof to Owner.

(g) Docks: By accepting a "deed to a lot" from the Developer, each Owner, its heirs, successors and assigns, agrees to allow docks to be constructed up to the property line as shown on the Subdivision Plat. No dock will be constructed without the Developers' written approval as to its design and location.

ARTICLE III FORCE MAIN and SEPTIC DECLARATIONS

1. Certain lots, including but not limited to lot numbers 1, 3, 4, 5, 7, 8, 9, 11, 12, 13, 15, 17 and 18, may require advanced secondary sanitary treatment systems. All such systems will be the responsibility of the individual lot owner as to design, construction and approval of the appropriate local and/or state health departments. No such system will be installed without the prior written approval from the Developer. In the event any lot owner installs a system that does not meet the requirements of the Developer and the appropriate local and/or state health departments, the Developer has the right, but not the obligation to disconnect the improperly designed/constructed system and install an appropriate system at the lot owner's expense. The lot owner will reimburse Developer for the cost thereof together with an additional 15% for its efforts in arranging and coordinating the work, within ten (10) days of demand.

2. All lots needing off-site pump back systems are hereby encumbered with a maintenance covenant requiring each of those lot owners to maintain the individual force main and septic line which serves the residence to be located on each respective lot from its point of origination on the aforesaid lot, along with septic easements on the aforesaid plat to and including the designated drain field area. Said maintenance requires underground maintenance only and it does not require surface maintenance such as mowing grass.

3. When individual force mains are located in a common septic easement and it cannot be determined which septic line or force main is defective, the lot owners, as a group, utilizing a pump back system, shall guarantee the repairing contractor payment to locate and correct the defective septic line so that the contractor can proceed to correct the defect. However, if it can be determined that an individual's septic line or force main was defective, the lot owner whose septic line was defective, shall be responsible for the entire payment and reimbursement to the other lot owners for any cost incurred by them.

4. If damage shall occur to one or more septic lines or force mains and it cannot be determined which one was defective, then the cost of the repair shall be prorated, among the lot owners that are affected, proportionate to the damages sustained to the septic lines and force mains. The Developer, its successors or assigns, shall be the governing authority.

5. The covenants contained herein shall be construed as a covenant running with the land and not a personal contract or covenant with the present lot owners and shall obligate all future lot owners of the aforesaid lot, to the covenant herein.

6. It shall be the duty of each lot owner to maintain, repair or replace the septic system servicing his or her respective lot in Baywatch Subdivision including all septic lines, force mains and drain fields not located within the septic easement. If a property owner fails to keep his or her septic system, septic lines or/or force main in a good and serviceable condition and acceptable state of repair, the Developer, its successors or assigns, or any lot owner of the herein affected lots are hereby authorized to give ten (10) days written notice by mail, addressed to the offending property owner requiring the lot owner to correct the defective septic system, force main or septic line in order to keep the subdivision attractive and in good healthy condition. Each of the aforesaid lot owner's respective shares of the determined repair cost, if unpaid, shall constitute a lien which shall run perpetually with the offending lot in the subdivision.

7. ENFORCEMENT In the event of the failure of a lot owner to comply with any of the provisions in these maintenance covenants regarding septic system maintenance, it shall be lawful for the Developer, its successors or assigns, or any lot owner of the herein affected lots, to institute any proceeding at law or at equity against the person or persons failing to comply with this covenant, either to recover damages or to enforce the terms of this covenant; or to prevent him or her from doing any action violating this covenant; or to take any other action at law or in equity which may be necessary to legally enforce the covenants herein.

8. MUTUALITY OF BENEFIT AND OBLIGATION. The maintenance covenant set forth herein is made for the mutual and reciprocal benefit of each and every lot owner of lots set forth herein and is intended to create mutual, equitable servitudes upon each of the lots in favor of each land all of the other lots set forth herein; to create reciprocal rights between the respective owners of all of the lots in the Baywatch Subdivision; to create a privity of contract and estate between the grantees of the lots, their heirs, successors or assigns, which shall insure to the owner of each lot set forth herein, his or her heirs, successors or assigns and operate as covenants running with the land for the benefit of each and all other lots set forth herein and owners.

ARTICLE IV GENERAL PROHIBITIONS AND REQUIREMENTS

The following general provisions and requirements shall prevail as to the construction or activities conducted on any Lots in Baywatch Subdivision.

1. All Lots shall be used for residential purposes only. No Lot shall be subdivided so as to create two or more building lots from the original lot. However, a lot may be divided if all divided portions are added to adjoining Lots.
2. No temporary house, trailer, tent, garage or other outbuildings shall be placed or erected on any Lot, provided, however, the Developer may grant permission for any such temporary structure for storage or use during construction. No such temporary structure as may be approved shall be used as a dwelling.
3. All boats, trailers, travel homes, RV (recreational vehicle) or other camping or pleasure equipment shall be stored off Baywatch Subdivision property unless specific permission is granted by the Developer. In the event such permission is granted, such items must be off-street and screened in a manner so as to minimize their visibility.
4. It shall be the responsibility of each Lot Owner to prevent the development of any unclean, unsightly or unkept conditions of building or grounds on Lots which shall tend to detract from the beauty of the neighborhood or of the specific area. Non-operating vehicles, unused objects or apparatus, of any portions thereof, shall not be permitted to remain on the Lot nor any major repair of vehicles be performed in front of house or driveway. All Lots shall be kept clean and free of garbage, junk, trash, debris, or any substance that might contribute to health hazard or the breeding and habitation of snakes, rats, insects, etc.
5. Each Lot owner shall cause each lawn to be mowed as needed and cause the maintenance and protection of landscaping insuring property drainage of the Lot so as to prevent soil erosion. This includes area between front Lot line and the pavement.
6. No noxious, offensive or illegal activities shall be carried on any Lot nor shall anything be done on any Lot that shall be or become in unreasonable annoyance or nuisance to the neighborhood.
7. No animals or livestock of any description, except the usual household pets, shall be kept on any Lot. Household pets shall not be kept if they are being bred or maintained for any commercial purposes. All household pets, if outside an acceptable fenced area, must be restrained by leash.
8. In order to implement effective insect and woods fire control, the Developer reserves for itself and its agents the right to enter upon any residential Lot on which a residence had not been constructed, such entry to be made at the expense of the Owner of the Lot, by personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush or weeds or other unsightly growth, which in the opinion of the Developer detracts from the overall beauty, setting and safety of Baywatch Subdivision. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Developer and its agents may likewise enter upon such land to remove any trash which has collected on such lot without such entrance and removal being deemed a trespass. The cost of any such work by the Developer, shall be reimbursed by the Lot Owner, within ten (10) days of demand. The provisions in this paragraph shall not be construed as an obligation on the part of the Developer to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

9. There are reserved to the Developer, its successors and assigns, perpetual, alienable, and releasable easements within the subdivision, and the right on, over, and under the ground to erect, maintain and use electrical and telephone poles, wires, cables, conduits, sewers, water mains, and other public conveniences or utilities on, in, or over the rear and/or front twenty (20) feet of each lot and fifteen (15) feet along the sides of each lot within the Subdivision or as shown on the Plat. The Developer reserves the right to place additional easements on any Lot in the subdivision for the conveyance of utilities.

10. Any dwelling or outbuilding on any Lot in the subdivision which may be destroyed in whole or part by fire, windstorm or by any other cause, or act of God, must be rebuilt or all debris removed and the Lot restored to a slightly condition with reasonable promptness, but in no event shall debris remain on any Lot longer than three (3) months.

11. Except as may be required by any local government, or any agency of any local government, no chain link fences shall be permitted in Baywatch Subdivision. It is acknowledged that chain link fences may be required around any Stormwater Management Area if shown on the recorded Plat. No hedge or shrub plantings which obstruct sight at elevations between two (2) and six (6) feet above the roadways shall be place or permitted to remain on any corner lot within the triangular area formed by the Smith Mountain Lake property lines and line connecting them at points forty (40) feet from the intersection of the Smith Mountain Lake property lines extended into the center of the lake, unless such tree was left by the Developer. The same sight line limitations shall apply on any Lot from a point ten (10) feet from the intersection of a street property line to the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight line.

12. Radio station or shortwave operators of any kind shall not operate from any Lot or residence if they cause interference of any kind to any other lot owner.

13. All outdoor clothes poles, clothes lines and similar equipment shall be so place or screened as to be minimally visible from the street and adjoining properties.

14. All chimney structures are to be brick, stone faced, vinyl, wood covered or approved siding by Developer (no exposed blocks, foundations or uncovered chimneys).

15. All additional electric, telephone, cable TV or other utility service shall be run below ground. Satellite dishes may be installed with written approval of the Developer as to size, location and screening requirements, all at the sole discretion of the Developer, its successors and assigns. No additional overhead lines shall be permitted for any purpose.

16. No building shall be located on any lot nearer to the front, rear or side Lot line than any minimum setback lines shown on the Plat.

17. No dwelling, garage, shed or dock shall be erected on any Lot (or its adjacent waterfront) without having been previously approved by the Developer as to location, size and design.

18. No exposed concrete, cinder or concrete block masonry retaining walls are permitted.

19. All structures and remodeling or changes to landscape, docks, houses, color of house paint or any item that changes appearance in the opinion of the Developer must be approved by the Developer. The Lot Owner agrees to submit all such changes and pay Developer's architectural costs for review of such plans and changes before authorization will be provided for building or changes.

20. Each Lot Owner shall provide space for parking three automobiles off the street prior to occupancy of any dwellings constructed on said Lot.

21. Once construction of improvements is started on a Lot, the improvements must be substantially completed in accordance with the plans and specifications as approved within one (1) year from commencement. Corrugated metal culvert pipe shall be installed in accordance with the standards of the Virginia Department of Transportation along the edge of the street where the driveway meets the street. The driveways must be constructed and paved with asphalt within the one (1) year time frame.

22. No commercial signs, including "for rent" and any other similar signs, shall be erected or maintained on any Lot except for two REALTOR or "For Sale" signs per lot, or a sign as may be required for legal proceedings or other signs approved by Developer.

23. There shall be no open or exposed storage of any lawn or garden equipment including junk and /or abandoned items of personal property ,shall be maintained on any lot; no trash or refuse shall be burned in the open or in an incinerator on the lots within the development. Garbage of the type, the decomposition of which creates a malodorous situation, must be kept in covered containers. Other Trash, tin cans, paper, glass and similar items must be kept in containers.

24. All building sites and Lots shall have adequate temporary trash removals and portable toilets for their employees, during all periods of construction.

25. Enforcement shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenants either to restrain a violation or to recover damages.

26. The Developer reserves for its benefit, its successors and assigns, an easement permitting entry onto any lot in the event of emergency for the purpose of abating such emergency causing situation which right of entry may be without prior notice to the lot owner. Entry made pursuant to this provision, when in good faith and with due diligence and attention, shall be without recourse for damage.

27. All decisions of the Developer shall be final and no lot owner or any other party shall have any right to appeal or have any other recourse against the Developer for its refusal to approve any plans, specifications, plat plans other requests pursuant to this Declaration.

28. 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

