

PORTSIDE

Owned and Developed by

Bracey, LLC, a Virginia Limited Liability Company

DECLARATION OF PROTECTIVE COVENANTS

This Declaration of Protective Covenants (the Covenants) is made as of July 6, 2004, by Bracey, LLC, a Virginia Limited Liability Company (the "Developer").

WHEREAS:

A. The Developer is the owner of a tract of land and appurtenances located in LaCrosse District, Mecklenburg County, Virginia, described in Article II of this Declaration (the Land), subdivided into residential lots with streets and limited recreational facilities (the Subdivision) for the beneficial use and enjoyment of its successors, assigns, and their guests; and

B. To preserve the value and promote the amenities of the Land (and any land added subsequently to the Subdivision according to the provisions of these covenants) and to provide for the administration, operation, and maintenance of the streets, roads, and recreational facilities in the Subdivision (collectively, the "Common Property"), the Developer hereby subjects the Land to certain restrictions, easements and liens it deems beneficial to itself, to the Land and its future owners, and

C. It has incorporated Portside Property Owners Association, Inc., as a Virginia non-stock, nonprofit corporation (the Association) to which it delegates and assigns the duty, power and authority:

1. To maintain, administer and operate the Common Property;
2. To administer and enforce the Covenants together with other persons or legal entities who now have or who may acquire subsequently ownership of the Land or any portion thereof, or an ownership interest in common property or any portion thereof;
3. To collect and disburse the dues and assessments mentioned in the latter provisions of the Covenants; and
4. To perform such other acts and duties as may or might be required, necessary, or desired to the end that the value of the Land and the welfare of the owners and their guests will be promoted, protected and enhanced.

NOW, THEREFORE, the Developer declares that the Land shall be held, sold and conveyed by it, its successors and assigns, and shall be owned, occupied, used and enjoyed

by the subsequent purchasers thereof, their successors and assigns, subject to the covenants and to restrictions, reservations, easements, liens, assessments and encumbrances hereinabove or hereinafter mentioned, together with such amendments and/or additions thereto as may be incorporated subsequently by reference.

ARTICLE I.

DEFINITIONS

Section 1. The following words, when used in the Covenants (unless the context shall prohibit) shall have the following meaning:

A. "The Association" shall mean and refer to Portside Property Owners Association, Inc., a Virginia nonstock, nonprofit corporation.

B. "The Land" shall mean and refer to all lands described in Article II. and all land incorporated subsequently into the Subdivision as provided in Article II., Section 2, *infra*.

C. "Residential Lot" shall mean:

1. Section A: Lots 1 through 29 as shown on a plat of survey prepared by Crutchfield & Associates, Inc., (Marvin L. Crutchfield, Land Surveyor) ("Crutchfield") dated June 16, 2004, (File No. 04014.CRD/04014FS1.DWG) to be recorded in the Clerk's Office of the Circuit Court of Mecklenburg County, Virginia (the Clerk's Office) making specific reference to these Covenants and any other lot or parcel of land subsequently added to the Portside Subdivision by the Developer and designated as "Residential Lot" in accordance with the provisions of Article II, Section 2(A) *infra*. Each Residential Lot shall be used exclusively for single family residential purposes.

D. "Owner" shall mean and refer to the person or legal entity, including the Developer, having a legal or beneficial interest in any Residential Lot whether or not such interest is acquired by deed, contract, Will, or intestate descent. The term shall not include, mortgagees, judgment lien creditors, or other lien holders.

E. "Legal entities" shall include, but shall not be limited to, corporations, partnerships, limited liability companies and/or partnerships, associations, churches, governmental agencies, municipalities, counties, states or the United States of America, and the agencies or political subdivisions of either.

F. "Member" refers to those association members as provided in Article III., Sections 1 and 2 of the Covenants.

G. "Common Property" means and refers to the roads within and the access road to the Subdivision and any "common use area" designated as such by the Developer. The Common

Property is dedicated to the use and enjoyment of the owners of the Residential Lots, whether it is owned by the owner, the Association, or Mecklenburg County.

H. "Setback Line" shall mean and refer to the building setback lines of each Residential Lot shown on the Plat, established by these covenants or required by the applicable Ordinances of Mecklenburg County, whichever establishes the greater requirement.

I. "Clerk's Office" shall mean the Clerk's Office of the Circuit Court of Mecklenburg County, Virginia,

J. "Plat" or "Plats" means the recorded subdivision plat or plats mentioned in Article II (A) Section 1. (A) as amended and supplemented from time to time as the context shall require.

ARTICLE II.

A. PROPERTY SUBJECT TO THIS DECLARATION Real Property (Fee Simple)

Section 1. (A) - Mecklenburg County, Virginia:

Section A, Lots 1 - 29 inclusive of the Portside Subdivision located in LaCrosse Magisterial District, Mecklenburg County, Virginia shown by a survey and plat thereof prepared by Crutchfield & Associates, Inc., (Marvin L. Crutchfield, Land Surveyor) ("Crutchfield") dated June 16, 2004 bearing File No. 04014.CRD/04014FS1.DWG, to be recorded in the Clerk's Office of the Circuit Court of Mecklenburg County, Virginia (the "Clerk's Office") making specific reference to these covenants, being a portion of the land conveyed the Developer by deeds of :

- 1) Earl B. Lynch et. ux. dated June 9, 2004, recorded in the Clerk's Office as Instrument # 040003695;
- 2) C. Thomas Lynch, Jr., et. ux., et. al. dated June 9, 2004, recorded in the Clerk's Office as Instrument # 040003697.

Section 2. (A) Additional Land

The Developer, at any time prior to December 31, 2012, shall have the free and unrestricted right:

- A. To add other land (the "Additional Land") to the Subdivision; and
- B. To amend, supplement, restate or modify the Covenants as it deems necessary to reflect the permitted use of the Additional Land.

Additional Land, when added to the Subdivision by an amendment or supplement to the Covenants, may be subjected to the same restrictions set forth herein or said restrictions may

be amended, modified or deleted in such manner and to such extent as the Developer, in its sole discretion shall determine.

The Developer may permit all or any portion of the Additional Land to be used for single family residential purposes and may permit all or any portion of the Additional Land to be used for commercial purposes including but not limited to golf course, club house, tennis courts, swimming pools, restaurant, marina, convenience stores and the like.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership.

Each Residential Lot shall include membership in the Association and each Owner and Co-Owner shall be an Association member.

Section 2. Voting Rights.

Each Residential Lot shall include as an appurtenance one but only one vote in all Association matters. The vote shall be cast as the Owners determine. In no event and under no circumstances, shall more than one vote per Residential Lot be cast in the Association affairs.

The Owners shall designate their voting representative, in writing, with the Association secretary. The designation may be general or restricted. If no designation is received by the secretary prior to the several meetings of the Association, the secretary may recognize any one of the Owners as the Owners' representative and receive and record the vote cast by the person recognized.

Section 3. Proxy Votes.

Proxy votes shall be permitted at any regular or special meeting of the members of the Association.

Section 4. Quorum.

A majority of the Residential Lots represented by members present or by proxy shall constitute a quorum for any meeting of the membership notice of which shall have been sent as required by the applicable provisions of the Covenants.

Section 5. Developer Votes.

The Developer shall have one vote per Residential Lot so long as such lots are owned by the Developer.

ARTICLE IV.

PROPERTY RIGHTS IN COMMON PROPERTIES

Section 1. Members Easement of Enjoyment.

Subject to provisions of Section 3 of this Article and Section 2 of Article III, each Residential Lot shall include membership in the Association and the right to the use and enjoyment of the Common Property.

Section 2. Title to and Control of Common Property.

Subject to the provisions of Section 15.2-2265 of the Code of Virginia, 1950, as amended, as said Section pertains to streets and roads lying in the Commonwealth of Virginia, the Developer shall retain title to and control of the Common Property and all portions thereof until, in its opinion, the Association is able to maintain and operate the same or until December 31, 2008, which ever first occurs. The Developer may, at any time, delegate and assign to the Association such functions, duties and responsibilities pertaining to maintenance and operation of the Common Property as it considers appropriate and conducive to the welfare of the Subdivision. The Developer shall convey the Common Property to the Association subject to the Covenants. Property designated as Common Property is for the mutual enjoyment of the Developer and the Owners and is subject to the terms and provisions, conditions and restrictions of the Covenants.

Section 3. Subordination of Members Interest.

The Members' rights and easements of enjoyment hereby created are and shall be subject to the following:

A. The right of the Developer or the Association, from time to time and at any time, to borrow money to acquire, develop, maintain, or improve the Common Property and to encumber the Common Property as security for such debt. The Members' rights to and use of the Common Property shall be subordinate to any Purchase Money Deed of Trust given by the Developer or the Association or any other Deed of Trust given by the Developer or the Association as security for funds borrowed for the acquisition of or the development or maintenance of improvements to the Common Property whether or not such Deed of Trust and/or Security Agreement is in existence as of the date of this Declaration or is made by the Developer or the Association subsequent to the date hereof;

B. The right of the Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure;

C. The right of the Association or Developer to levy special assessments in addition to the annual assessment, hereinafter provided, for maintenance of or improvements to the Common Property.

ARTICLE V.

COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien.

Subject to the later provisions of this Article, an annual assessment (the "Assessment") is hereby established and levied on each Residential Lot. The Assessment shall apply to each Residential Lot owned by the Developer and held by it in its original inventory of unsold lots in the Subdivision and to any Residential Lot acquired by the Developer by purchase, repossession or foreclosure. The Developer shall not pay the Assessment for any Residential Lots until it transfers the road maintenance responsibility to the Association as provided in Article X infra.

The Assessment is hereby made and shall remain a continuing lien on the Residential Lots.

In addition, the Assessment shall be, become and thereafter remain the joint and several personal obligation of the Owners, their successors and assigns.

To the extent not prohibited by applicable law, the lien of and the personal obligation to pay the Assessment shall include:

- A. The principal amount thereof; and
- B. A late payment charge of 50% of the principal amount of the Assessment if it is not paid on or before the 10th day following its due date; and
- C. Compound interest at 10% per annum computed on the sum of the Assessment and the late payment penalty from and after the due date thereof (hereinafter defined); and
- D. All court costs incurred by the Association in the collection of any unpaid assessment (principal, penalty, and interest); and
- E. Attorney fees of 33-1/3% of the total amount of the Assessment including principal, penalty, and accrued unpaid interest.

Section 2. Purpose of the Assessment.

The Assessment shall be used by the Developer and/or Association:

- A. To maintain, renovate, improve, operate and administer the Common Property including the streets, roads, shoulders and ditches and drainage easement, if any, to the end

that the streets and roads shall be kept reasonably free of potholes and washes, and the shoulders and ditches free of washes and bare spots; and

B. To construct, maintain, renovate, operate and administer such additional common property as the Developer and/or the Association may designate from time to time. The Common Property shall be maintained in a reasonably, prudent and sightly manner and shall be kept reasonably free of trash, debris, and refuge.

Additionally, the Assessment shall be used for the payment of taxes and insurance upon or with reference to the Common Property.

Section 3. Amount of Annual Assessment - Due Date.

The annual Assessment shall be \$400.00 per single family Residential Lot. The Assessment shall be due and payable, in advance, beginning on August 1, 2004, and thereafter on August 1 of each succeeding year (the Due Date). The Assessment shall not be prorated for any portion of any year.

Section 4. Annual Assessment -- Increase.

The Board of Directors of the Association (which shall be controlled by the Developer until a majority of the Residential Lots have been sold) may increase the Assessment upon thirty (30) days prior written notice to the Owners, but the amount of any increase shall not exceed 25% of the then current assessment in any annual assessment period. The Assessment period begins on August 1 of each year and ends on the last day of July of each succeeding year.

Section 5. Special Assessment -- Establishment -- Levy.

In addition to the foregoing, the Board of Directors of the Association may adopt a special assessment at any regular or special meeting which shall be reported to the members within thirty (30) days after its adoption. Thereafter, the Members may rescind the action of the Board at any regular or special meeting of the Members held no more than forty-five (45) days next after notice of the special assessment is mailed to each lot owner to his, her, its last known address.

The proposed special assessment shall be deemed enacted, shall become a lien on each Residential Lot, and shall be the personal obligation of each lot Owner unless it is rescinded by the affirmative vote of 80% of the Members of the Association at any meeting of the membership at which a quorum is present notice of which shall have been given according to the Association's By Laws.

The special assessment, if enacted, shall apply equally to each Residential Lot including those held by the Developer in its original unsold inventory and to those repurchased, reacquired, or repossessed by it.

Section 6. Duties of the Board of Directors.

The Board of Directors of the Association shall prepare a roster of properties and assessments applicable thereto at least 30 days in advance of the due date of the Assessment. The roster shall be kept at the office of the Developer or the Association and shall be open to inspection by any Member during business hours.

The Developer or the Association shall send an annual notice of the Assessment to each Owner of record on or before July 15th of each year commencing July 15, 2005. The Association shall send a notice of any special assessment to each Member within 15 days next after the enactment of any such assessment. Failure of the Developer or the Association to send the notice of assessment (annual or special) shall in no way abrogate the lien of the Assessment nor the personal obligation of the Owner for the payment of same.

Section 7. Nonpayment of Assessment, Annual or Special--Enforcement.

If any assessment, annual or special, remains unpaid more than 30 days beyond its due date as herein provided, the Association shall forthwith prepare and file NOTICE OF DECLARATION OF LIEN in such jurisdictions and in such manner as may be then prescribed by applicable law stating:

- A. The name and address of the property owner -- debtor;
- B. The name and address of the Association;
- C. The amount of the Assessment and its due date;
- D. The source and basis of the lien;
- E. The amount of the lien (principal, penalty and interest rate) and the date on which interest began to accrue;
- F. A description of the land ("Land") to which the lien attaches;
- G. Date on which the lien commenced; and
- H. Such other information as may be required by applicable law.

Thereafter, the Association may proceed by the then appropriate legal action in law or in equity in a Court of competent jurisdiction *in personam* against the Owner personally

obligated to pay the same and/or *in rem* against the Land to enforce the lien against the Owner and/or against the Land to collect the Assessment.

Section 8. Subordination of Lien to Deeds of Trust, Mortgages, Taxes and Mechanics Liens.

The lien of the Assessment is and shall be subordinated to:

A. Taxes and Special Assessments:

Federal and State taxes and/or Special Assessments levied by the Federal, State or local Government and the political subdivisions of either having jurisdiction in the premises;

B. To any Purchase Money Deed of Trust or mortgage;

C. To any other Deed of Trust or mortgage executed as security for a valid debt;

D. To any valid mechanics or materialman lien to the extent required by applicable law, for work performed on or materials furnished in connection with improvements to any Residential Lot; provided, however, such subordination shall apply: (1) only to assessments, liens or levies which become due and payable prior to the sale of the Residential Lot in a foreclosure proceeding under the Deed of Trust or mortgage, or to a sale in a proceeding to enforce a tax lien, or to any other judicial proceedings to enforce the security interest of the person or legal entity entitled thereto and (2) only to the amount of such taxes, debt or lien including its cost of collection.

Subsequent assessments shall not be affected adversely by any prior sale or transfer of the Land. To the extent permitted by applicable bankruptcy law, the personal obligation of the Owner for payment of the Assessment shall not be terminated or otherwise affected by any sale under a foreclosure proceeding or court ordered sale, whether or not the Assessment becomes due prior or subsequent to the foreclosure proceeding or judicial sale.

Section 9. Exempt Property.

The following property is exempt from the Assessments, charges and liens created herein:

A. All properties to the extent of any easement or other interest therein devoted to public use;

B. All property defined in Article I., Section 1.(g) and Article IV., Section 2. hereof; and

C. All property exempt from taxation pursuant to the laws of the Federal, State or local Government having jurisdiction in the premises.

ARTICLE VI.

CONSTRUCTION AND USE LIMITATIONS

It is the intent of the Developer to promote, protect and enhance the value of the Land, the Residential Lots, and the Common Facilities in the Subdivision.

Therefore, to the extent permitted by applicable law, in the event of a conflict between the Covenants and the applicable zoning or Subdivision ordinances or the Covenants and the applicable building codes, the highest, most stringent and most restrictive standard shall be deemed the controlling standard for all construction in the Subdivision.

Section 1. Residential Use and Construction Requirements (Conventional or Pre-fab Construction).

A. The Residential Lots shall be used for single family residential purposes only. Camping of every description is absolutely prohibited.

B. Single family residences of one story construction shall have a minimum of 2200 square feet inclosed, heated, living area on the first floor.

Single family residences having more than one story shall have a minimum of 2800 square feet enclosed, heated living area. Neither the basement area nor the garage area, attached or not, shall be included in the square footage requirements established by the Covenants whether or not the basement or garage is partially or fully above ground level.

C. The residence must be supported by and constructed on continuous weight bearing exterior walls (interrupted only by enclosed windows, doors or garage doors) built on a continuous footer constructed to meet the requirements of the applicable state and county building codes.

The exterior walls of all improvements constructed upon any lot shall be brick, wood, stone, vinyl or masonite (Hardi plank) or dryvit. No asphalt shingles, tar paper, tin, aluminum or similar building materials shall be used for the exterior walls of any improvements.

Concrete or similar blocks may be used for foundations but they shall not be employed as "above ground" exterior walls. Stucco is prohibited.

The basement may be constructed, in whole or in part, on a concrete slab poured on the construction grade elevation.

The bottom of the foundation sill plate located on top of the foundation wall must be at least 16 inches above ground level at every point.

D. All dwellings for human habitation and other free standing structures erected on any lot shall be "stick built" on-site. At least 85 % of the roof of any structure shall have a minimum slope of 8/12 and a minimum 12 inch overhang over each front, rear, end and side wall.

E. All building materials shall be new or structurally sound.

F. No temporary structures of any kind shall be erected, located, occupied, used or maintained on any residential lot except for "port-a-johns" when used in connection with construction of an on-site single family residence and then only so long as such residence is under construction.

G. No motor homes, travel trailers, campers, boats, boat trailers, recreational vehicles, etc. shall be located at or on any residential lot unless they are housed in a completely enclosed garage (attached or free standing) and totally concealed from public view.

H. MANUFACTURED HOUSES/MOBILE HOMES PROHIBITED.

Absolutely no manufactured houses of any kind, type or description are permitted in the Subdivision.

A manufactured house is defined as a structure for human habitation, or components or units thereof, built "off site", on a permanent chassis, or not, that are transportable in one or more sections by the use of an external motorized power unit.

I. The exterior construction of all improvements upon any residential lot and all grading, landscaping and seeding shall be complete within one year from commencement of construction.

If construction is not complete within one year of its commencement, the Developer, the architectural control committee of the Association, or the Association shall notify the owner of the deficiency after which the owner shall have 90 days to complete the exterior construction, landscaping, etc. If said construction is not so completed, the Developer or the Association shall have the absolute right and first option, but not the obligation, to repurchase the Residential Lot and all improvements thereon for a period of thirty (30) days thereafter at its then fair market value.

Section 2. Building Set Back Lines.

(a) Building set back lines are established for the Residential Lots as follows:

1. Side lines: 10 feet
2. Front line (Street): 50 feet
3. Rear line, water front: 15 feet
4. Rear line, non-water front: 30 feet
5. Corner lots: front street 50 feet; side street 20 feet

(b) Building line - Minimum Lot Width:

Each Residential Lot must be at least 100 feet wide at the residential building line.

(c) If the recorded Subdivision Plat establishes a building set back line that is greater than the building set back lines established in Section 2 (a), the building set back lines shown on the Plat shall control.

Section 3. Easements.

(a) Utility and drainage easements: Each Residential Lot is subject to the following general and specific easements that are reserved for the use and benefit of public or private utility or service companies for electricity, telephone, water, sewer, gas, or cable TV service, and drainage:

- (1) Side lines: 10 feet;
- (2) Front line (street): 15 feet;
- (3) Rear line (water front): 15 feet;
- (4) Rear line (non water front): 15 feet.

The Developer may convey utility easements in the designated area to the appropriate utility or service company whether or not the individual lot affected thereby has been conveyed to a third party.

Additionally, an easement for the drainage of surface water is reserved within the area designated for utility easements as set forth above.

If the Plat requires or denotes as to any Residential Lot a greater or lesser set back or easement area than that contained herein, then the provisions of the Plat shall control and the conflicting provision of the Covenants is deemed amended to accord with that shown on the Plat, except, however, in no event shall the set back requirements be less than those established by the applicable ordinances of Mecklenburg County.

The easements may be used for the construction, reconstruction, operation and maintenance of utility conduits, poles, wires, pipes or fixtures and shall include the right to trim or cut any trees, brush, shrubs or grass ("Vegetation") that interferes, or threatens to interfere, with the construction, reconstruction, operation, and maintenance of the utilities whether or not the Vegetation is actually located upon or situate within the easement area designated above. The utilities shall be installed below the ground.

B. Drainage and Access Easements. The Developer reserves the right to clear, grade and maintain the drainage easements so as to afford physical ingress and egress over the easement area to, from, and within the Subdivision and any other property adjacent thereto.

Section 4. Advertising.

A. The Developer, the Owners or the agents or representatives of either, may advertise Residential Lots for sale by use of one, on-site sign not larger than 2-1/2 feet by 2-1/2 feet, erected on the specific lot to which the sign relates.

B. The Owner of any Residential Lot may display his name and/or address on one on-site sign not larger than one foot by two feet in diameter. No more than two flags may be displayed on any lot at any time. Flags shall not exceed 25 square feet per flag.

C. All signs and flags shall be new and shall be properly and adequately maintained as to construction and appearance.

D. The Developer may erect and maintain one sign at the entrance to the Subdivision of such size, type and description and for such duration as it may desire for general advertising purposes.

Section 5. Livestock.

No livestock, poultry or animals shall be permitted in the Subdivision except family household pets (dogs and cats).

Household pets shall not be maintained in the Subdivision for commercial purposes nor shall they be permitted to interfere with the right of quiet enjoyment of other persons owning property in the Subdivision. Mecklenburg County does not have a "fence" or "leash" law. Nonetheless, household pets shall not be permitted by their owners to run at large and must be confined to their owner's premises or leashed.

Section 6. Garbage Containers.

Trash, garbage and other waste materials shall be kept in sanitary containers. Garbage cans and trash containers shall be kept in a clean, sightly and sanitary condition. They shall be concealed from the public view including the view of other Lot Owners except when placed curbside for pickups if and when garbage pickup service is available in the Subdivision.

Section 7. Fuel Containers.

All fuel tanks and other containers shall be buried or concealed from the public view including the view of other Owners.

Section 8. Location of Improvements/Construction, Use Permits

Proposed improvements to or upon the Residential Lots must be submitted to and approved, in advance of construction, by:

A. The Mecklenburg County Health Department and/or the Mecklenburg County Building Inspector.

E. The Architectural Control Committee of the Association and such other agencies of the local, state or federal government that have or any that may acquire jurisdiction in the premises;

C. As to lots fronting on Lake Gaston, the owner must obtain a permit from the North Carolina /Virginia Power Company (currently located at P.O. Box 370, Roanoke Rapids, North Carolina 27870) before constructing docks, piers, bulkheads, walkways or other improvements in the lake or upon lands owned by the power company adjoining the lake.

ARTICLE VII.

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Review by Committee.

No residence, outbuilding, fence or wall shall be constructed or located on any Residential Lot nor shall any addition or exterior change to or modification of the Improvements be commenced until the plans and specifications therefor have been submitted to and approved, in writing, by the Association. No fence, in excess of four feet (4') tall as measured from ground level, shall be erected on the water front of any Residential Lot nor shall any such fence be erected on the sides of any Lot if the location and erection thereof would interfere with the water view, or portion thereof of any other Residential Lot in the subdivision.

If no action is taken by the Association within sixty (60) days after submission of the plans and specifications, the request shall be deemed approved.

ARTICLE VIII.

UTILITIES

Section 1. Water.

The Residential Lots will be served by a central water system (System) to be installed by the Developer. The Developer intends to supply the System from the Roanoke River Service Authority an approved public water authority (the "Service Authority") subject to its tariffs, policies, procedures, and regulations.

At closing, the purchasers of each Residential Lot shall pay the Developer a service fee of \$2,500.00 per lot, (the "Service Fee") in addition to the purchase price of the lot, to cover the current connection fees, deposits, and other charges of the Service Authority and the Developer's administrative expenses. The Service Fee may be increased from time to time as determined by the Developer or the Service Authority.

Water supplied to each lot will be metered the cost of which shall be determined by the Service Authority from time to time in accordance with its rates and tariffs for the "like kind"

connections and usage. Each metered connection shall be billed monthly by the Service Authority or such other entity having jurisdiction of such matters and shall be due, payable, and paid according to its terms.

Water service will not be available to any lot until the Service Fee has been paid in full.

Both the Service Fee and the monthly use fees are subject to increase, without notice, at any time and from time to time.

The System shall be maintained by the Association as part of the Common Property or by the Service Authority.

If two or more Residential Lots are owned by the same person or legal entity, the Service Fee shall be due and paid for each lot even if they adjoin.

THE CENTRAL WATER SYSTEM MAY NOT AFFORD FIRE PROTECTION TO THE COMMUNITY.

The central water system will meet the applicable minimum requirements for single family domesticated household purposes. It will be constructed, completed, and available for use for the individual lot owners on or before December 31, 2005.

NO INDIVIDUAL WELLS, WATER SUPPLIES OR SYSTEMS ARE PERMITTED ON ANY RESIDENTIAL LOT OR ANY GROUP OF RESIDENTIAL LOTS. WATER SERVICE TO THE RESIDENTIAL LOTS SHALL BE OBTAINED SOLELY FROM THE CENTRAL SYSTEM.

ARTICLE IX.

SANITARY FACILITIES AND UTILITIES

Section 1. Privies Prohibited.

No untreated waste from any lot shall be permitted to enter any stream, branch, creek, ditch, gully or tributary thereof nor shall any such effluent be permitted to enter Lake Gaston.

Section 2. Septic Tanks and Alternative Sewage Disposal Systems.

Sanitary waste disposal is and shall be the responsibility of each lot Owner. The Owners shall install, operate and maintain, at their sole and separate expense, a sewage disposal system in strict compliance with the requirements of the Mecklenburg County Health Department of the Commonwealth of Virginia and such other governing body or the agency or political subdivision of the federal, state or local government having jurisdiction in the premises.

Prior to the commencement of construction of the sewage disposal system or any other improvements, the Owners must contact the local Health Department and obtain an improvements permit for the facilities.

Section 3. Location and Installation Sewage Disposal Systems. The local health officials must approve the location of the sewage disposal system for each Residential Lot before the construction of any such facility is begun.

ARTICLE X.

ROADS

Section 1. Construction.

That portion of the roads within the subdivision will be owned by Mecklenburg County, Virginia according to the provisions of Section 15.2-2265 of the Code of Virginia, 1950, as amended. The Developer will construct the roads to meet the minimum requirements of the county Subdivision Ordinance (the "Ordinance"). The roads will not be constructed or maintained by any public body. Neither Mecklenburg County, Virginia, nor the Commonwealth of Virginia, nor any other public body will maintain the roads.

Initially the Developer will maintain the roads. Ultimately the roads will be maintained by the Property Owners Association according to the provisions of this Article.

As required by Article VI, Section 6-5-2 (J) of the Mecklenburg County Ordinance, it is recited that:

"The grantor(s) (sic,) (the Developer) hereby gives notice as required by the Mecklenburg County Subdivision Ordinance that they do not intend to partially or fully bring the streets and roadways up to the standards required by the State Department of Transportation and no local or state governmental agency will be responsible for the development, maintenance, supervision or control of said streets or roadways. The parties to this deed will hold harmless local and state governmental agencies from any liability or expense concerning road standards and maintenance within the above described subdivision serving the property herein described and within the subdivision, and this is a covenant which runs with the land."

The roads in the subdivision will have a 50-foot right-of-way. The final wearing surface will be asphalt or tar and gravel, as the Developer, in its sole discretion, determines. The wearing surface will be eighteen feet wide, constructed on a six inch, compacted, crusher run base.

The roads will be constructed and reasonably maintained so as to provide two traffic lanes affording year round, all-weather access by conventional motor vehicle to each Residential Lot from Virginia State Route 903.

The Developer will complete the roads on or before December 31, 2005.

The Developer will maintain the roads until December 31, 2006, or until the Association, in the opinion of the Developer, is sufficiently established and capable of

assuming maintenance responsibility for the roads, whichever first occurs, after which the Developer will transfer maintenance responsibility to the Association. Thereafter, the Association shall maintain the roads.

The annual assessments shall be used in part to defray the maintenance cost of the roads regardless of whether they are maintained by the Developer or the Association.

Road Distress Fee. A Road Distress Fee of \$1,000.00 shall be due and paid to the Association by each Residential Lot Owner when a building permit is issued by Mecklenburg County, incident to construction. The Road Distress Fees shall be used by the Association as an aid to road maintenance and it may be increased from time to time by the Board of Directors of the Association whose action shall not be subject to repeal by the members.

ARTICLE XI.

MOTOR VEHICLES

No unlicensed driver shall operate any licensed or unlicensed motor vehicle in the subdivision except for lawn mowers, farm or garden tractors, rotary tillers, etc. when operated "on premises" on any Residential Lot. Dirt Bikes, ATV's, and all similar motor vehicles are absolutely prohibited and they shall not be operated in the Subdivision by any person licensed or not.

ARTICLE XII.

GENERAL PROVISIONS

Section 1. Duration.

A. The Covenants shall run with and bind the land and shall inure to the benefit of and shall be enforceable by the Developer, the Association or the Owner of any Residential Lot in the Subdivision, their respective legal representatives, heirs, successors and assigns, until December 31, 2024 (the "Original Term"). Thereafter, the Covenants shall be automatically extended for ten (10) successive periods of five years each (the "Additional Term") unless amended or modified by the affirmative vote of a majority of the then owners of the Residential Lots at a duly held meeting of the Association held prior to the expiration of the Original Term or the then current Additional Term.

B. The Covenants may be amended or supplemented by the Board of Directors from time to time. Director's amendments or supplements to the covenants shall be reported within thirty (30) days thereafter to the members who shall have the right to repeal or rescind any director's amendment by a vote of eighty percent (80%) of the Members at any duly called meeting

thereof, to be held not later than forty-five (45) days after notice of the Director's amendment, notice of which shall have been sent in accordance with the provisions of Article V, Section 5 and Article VII, Section 2 of the Covenants.

C. The Developer may amend, supplement or revise these Covenants at any time in its sole discretion until the first Residential Lot has been sold and its deed of conveyance has been recorded in the Clerk's Office of the Circuit Court of Mecklenburg County (the "Clerk's Office")

D. No amendment, supplement or revision to the Covenants shall be effective until it is recorded in the Clerk's Office.

Section 2. Notices.

Any notice required to be sent to any Member or Owner under the provisions of the Covenants shall be deemed legally given when mailed, postage prepaid, to the last known address of the Owner on the records of the Developer or Association at the time of such mailing.

Section 3. Enforcement.

Enforcement of these covenants shall be by any proceeding at law or in equity in a court of competent jurisdiction against:

A. Any person or persons violating or attempting to violate any covenant or restriction, either to enjoin violations or to recover damage; and

B. The land to enforce any lien created by the Covenants.

Enforcement proceedings may be instituted and maintained by:

- (1) the Developer;
- (2) the Association;
- (3) any Lot owner; and
- (4) any government or agency thereof having jurisdiction in the premise.

The failure of the Association, Developer or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 4. Rights of the Developer and/or Association.

The Developer or the Association, is hereby given the right to enter upon any Residential Lot for the purpose of removing signs, debris, brush, junk or any other unsightly or unsanitary condition and shall not be considered a trespasser in so doing.

The Developer and/or Association further reserves the right to make a reasonable charge to the Owner of such lot or lots for such service which charge shall be a lien upon the lot and shall be fully enforceable by the Developer or the Association through appropriate legal action.

Section 5. Severability.

Invalidation of any provision of the Covenants by order or decree of any Court shall in no way effect the remaining provisions of the Covenants which shall continue in full force and effect.

IN WITNESS WHEREOF, Bracey, LLC, a Virginia limited liability company, causes these Covenants to be executed by its Member, as of the date and year first above written.

BRACEY, LLC., a Virginia
Limited Liability Company

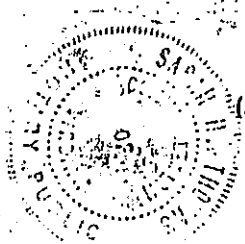
By *Victor P. Morrissette*
Victor P. Morrissette, President & Secretary

STATE OF VIRGINIA
COUNTY OF MECKLENBURG

I, *Sandra H. Jackson*, a Notary Public in and for the County and State aforesaid, certify that Victor P. Morrissette, President and Secretary of Bracey, LLC, whose name is signed to the foregoing Declaration of Protective Covenants dated July 6, 2004 has this day personally appeared before me and acknowledged the execution thereof in my County and State aforesaid.

Given under my hand this 15th day of July, 2004.

My commission expires: April 30 2006



(NOTARIAL SEAL)

Sandra H. Jackson
Notary Public

INSTRUMENT #050000084
RECORDED IN THE CLERK'S OFFICE OF
MECKLENBURG COUNTY, ON
JANUARY 6, 2005 AT 03:11PM
E. E. COLEMAN, CLERK
E. E. Coleman
RECORDED BY: MBC