

DECLARATION OF
RESTRICTIVE COVENANTS
OF
RUNAWAY BAY

THIS DECLARATION OF RESTRICTIVE COVENANTS OF RUNAWAY BAY is made this 6th day of OCTOBER 1998 by RIVER OAKS INVESTMENTS OF VIRGINIA, INC. hereinafter referred to as "Declarant", and any and all persons, firms, or corporations hereinafter acquiring any of the within described property or any of the property hereinafter made subject to this Declaration of Restrictive Covenants of RUNAWAY BAY; hereinafter "Restrictions."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Campbell County, Virginia known as RUNAWAY BAY; and

WHEREAS, the subdivision known as RUNAWAY BAY is more particularly described by plat(s) thereof recorded in the following Plat Cabinet B, Slide 217 and Page(s), 971 - 978 in the Office of the Campbell County Circuit Court Clerk to which reference is hereby made for a more complete description; and plat(s) for additional phases made a part of this subdivision will be recorded at a later date; and

WHEREAS, said lots are so situated as to comprise a neighborhood unit and it is the intent and purpose of the owner to convey the aforesaid lots to persons who will erect thereon residences to be used for single family purposes, subject to the provisions hereinafter set forth; and

WHEREAS, Declarant has agreed to establish a general plan of development as herein set out to restrict the use and occupancy of the property made subject to these Restrictions, and the Declaration of Covenants, Conditions and Restrictions of RUNAWAY BAY and RUNAWAY BAY Homeowners Association, Inc., hereinafter "Declaration", recorded separately in the Office of the Campbell County Circuit Court Clerk for the benefit and protection of the property and for the mutual protection, welfare and benefit of the present and the future owners thereof; and

WHEREAS, Declarant desires to provide for the preservation of the values of RUNAWAY BAY made subject to these Restrictions and the Declaration and for the preservation and maintenance of the Common Property established by the Declaration and by the supplements thereto,

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described herein on above said recorded plat(s) is made subject to these Restrictions and the Declaration and 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 RUNAWAY BAY as it now exists and is hereafter expanded and that such easements, restrictions, covenants and conditions shall burden and run with said property and be binding on all parties now or hereafter owning said real property and their respective heirs, successors and assigns, having any right, title or interest in the properties now or hereafter subjected to these Restrictions and the Declaration, or any part thereof, and shall inure to the benefit of each owner thereof and their respective heirs, successors and assigns.

PROPERTY SUBJECT TO THESE RESTRICTIONS AND THE DECLARATIONAND ADDITIONS THERETO

1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to these Restrictions and the Declaration, irrespective of whether there may be additions thereto as hereinafter provided, is located in Campbell County, Virginia, and is shown on maps recorded in Plat Cabinet B, Slide 217 and Page(s) 971-978 in the Office of the Campbell County Circuit Court Clerk.

2. Additions to Existing Property. Additional property may be brought within the scheme of these Restrictions and the Declaration and the jurisdiction of the Association:

(a) Declarant reserves the right to subject to this Declaration other certain contiguous property that it owns, which may be developed into tracts and roadways and may later be made a part of RUNAWAY BAY. Declarant shall have and hereby reserves the right and option, from time to time and for so long as the Declarant owns any contiguous property, to subdivide all or any portion of the same into additional tracts by the filing of a plat designating such tracts on the records of Campbell County, Virginia, and upon any such filing the number of tracts located on the property shall be increased to include such additional tracts.

(b) Additional residential property and common area, consisting of not more than five hundred (500) acres, outside of the area may be annexed to the properties and brought within the scheme of these Restrictions and the Declaration and the jurisdiction of the Association in future stages of development without the consent of the Association or its members; provided, however, that said annexations, if any, must occur within ten (10) years after the date of this instrument.

(c) The additions authorized under subsections (a) and (b) shall be made by filing of record Supplementary Declarations of Declaration of Restrictive Covenants of RUNAWAY BAY and by filing of record Supplementary Declarations of Declaration of Covenants, Conditions and Restrictions of RUNAWAY BAY and RUNAWAY BAY Homeowners Association, Inc., with respect to the additional properties which shall extend the scheme of these Restrictions and the Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessments for their just share of the Association's expenses. Said Supplementary Declarations may contain such complementary additions and modification of these Restrictions and the Declaration as may be necessary.

GENERAL USE RESTRICTIONS

Declarant does hereby covenant and agree with all persons, firms or corporations hereafter acquiring title to any portion of the Property that the Property is hereby subject to these Restrictions as to the use thereof and do agree, publish and declare that the deeds hereinafter made by it to purchasers of the Property shall be made subject to the Declaration and to the following Restrictions:

1. Except as otherwise provided in these Restrictions, the lots shall be used for residential purposes only, and no structure shall be erected, placed, altered or permitted to remain on any lot other than one detached, single-family dwelling and related structures incidental to the residential use of the lot, such as garages and boat houses, which otherwise comply with these Restrictions, except that Declarant reserves the exclusive right to construct a roadway over any lot owned by it in order to grant access to other property acquired by Declarant and in such cases the remainder of any such lot not used for the roadway shall still be subject to these Restrictions.

2. Each single-family dwelling shall have an enclosed, heated living area (exclusive of open porches, garages, and other unheated spaces) not less than One Thousand Six Hundred (1,600) square feet. The design, location, and construction of all improvements on each lot (regardless of when such improvements are made) and the landscaping of each lot must be approved in advance by the Architectural Review Committee, hereinafter referred to as the "Committee", which Committee is established pursuant to the Declaration.

3. All improvements to the lot must comply with Campbell County setback requirements or those set out in the recorded plat.

4. More than one lot (as shown on said plat(s)) or portions thereof, may be combined to form one or more lots by (or with the written consent of) Declarant, its successors and assigns. No lot may be subdivided by sale or otherwise, except by (or with the written consent of) Declarant, its successors and assigns. Upon combination or subdivision of lots, the building line requirements prescribed herein shall apply and the easements reserved herein shall be applicable to the rear, side and front lot lines of such lot as combined or subdivided. The resulting building site and structures erected thereon must otherwise comply with these Restrictions and the new property line of the resulting building site shall be used to compute the set-back lines as set forth herein.

5. All connections of private driveways to RUNAWAY BAY road system, and all connections of private easements and right-of-ways to that road system shall be constructed and maintained in accordance with the rules, regulations and specifications as approved by The Architectural Review Committee of RUNAWAY BAY Homeowners Association, Inc.

6. There shall be no signs, fencing, or parking permitted within the road right-of-way.

7. No building, fence, wall, pool, outbuilding, driveway, or any other accessory feature to the dwelling or any other structure upon any lot shall be commenced, erected, placed, maintained or altered on any lot or combination of contiguous lots until the Complete Construction Plans (hereinafter "Plans") are approved in writing by the Committee or its designated agents. The Committee's refusal or approval of plans may be based upon purely aesthetic considerations, which in its sole discretion the Committee shall deem sufficient, but approval shall not unreasonably be withheld. One copy of all plans and related data shall be furnished to the Committee for its records. If no action is taken by the Committee within thirty (30) days after plans are submitted to it, the owner may proceed to build without approval.

8. Construction of new residential buildings only shall be permitted, it being the intent of this covenant to prohibit the moving of any existing building or portion thereof on a lot and remodeling or converting the same into a dwelling unit in this subdivision, excepting however, Declarant's mobile offices provided for hereinbelow.

9. With the exception of construction which is interrupted or delayed due to physical damage to the work in progress (such as damage due to fire, lightning, windstorm, hail, riot or civil commotion, explosion, or theft), any dwelling constructed upon a lot must be completed within one (1) year subsequent to commencement of construction, except with the written consent of Declarant, its successors or assigns, or, if the Declarant so designates, by the Committee. The normal period of completion time for outbuildings or other improvements shall be presumed to be four (4) months from the issue date of the building permit. In the event that completion of the dwelling, outbuildings, or other improvements on any lot is not completed within one year, and it is determined that construction progress has diminished to such an extent that completion of the dwelling, outbuildings, or other improvements is unlikely within

120 days, RUNAWAY BAY Homeowners Association, Inc., hereinafter referred to as the "Association", will be advised of this determination. The Association shall then have the right to give notice to the owner that the owner has the obligation, within 30 days, to complete the removal of all the construction work in progress, including without limitation, the foundation and all building improvements and all stored building materials, and fill and grade the lot so that it is restored to its natural grade level, and the Association shall have the right to undertake this work upon owner's failure to do so and charge the cost to the owner and place a lien upon the lot upon owner's failure to pay these charges.

10. No trailer, truck, van, mobile home, tent, camper, barn, garage, or other outbuilding or temporary structure parked or erected on lots in this Subdivision shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence; provided, however; that this prohibition shall not apply to shelters used by the contractors during the construction of the main dwelling house, it being clearly understood that these temporary shelters will not be permitted to remain on any lot after completion of construction. The Committee shall have the right to approve or disapprove these temporary construction shelters or vehicles. The Committee, upon approval of a temporary construction shelter or vehicle, will issue a letter stating the length of time such shelter will be allowed to remain upon such lot and where such shelter is to be located upon such lot.

11. All homes constructed in RUNAWAY BAY must be supplied with water for normal domestic use from individual privately drilled wells, or from a public utility company, if available. Each individual owner shall locate the well drilled on such owner's lot so as to comply with all the governmental regulations regulating the minimum distance between such well and septic fields proposed or approved for owner's lot and all lots adjoining such owner's lot. Before drilling a well, each owner must submit a site plan locating the proposed building site, drainage and repair septic field and well site.

12. Exposed exterior walls composed of the following materials shall be prohibited from RUNAWAY BAY: concrete block, imitation asphalt brick siding, imitation asphalt stone siding, tar paper.

13. Declarant shall be permitted to erect one mobile office on any lot that it owns for the purpose of maintaining a sales information center and construction office.

14. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No animals or poultry of any kind, except dogs and cats and other indoor household pets. In addition, all barns, fences, outbuildings and structures of any kind must be approved in writing by the Architectural Review committee prior to commencement of construction thereof. Each owner must see to it that all of the owner's dogs are kept on the owner's property unless leashed. No dogs shall be permitted to roam the property and the Association may have strays and dogs that are not leashed and are found off their owner's lot picked up by governmental authorities. The throwing or dumping of trash, garbage, and waste materials shall not be permitted. The interference of any stream or future waterways so as to cause pollution or stagnation in these waterways is prohibited. There shall be no excavation which does not pertain to the building or construction of a home. Bottled gas containers and oil tanks shall be screened from public view. There shall be no above-ground swimming pools, unless approved by the Committee.

15. No portion or part of any lot shall be used or maintained as a dumping ground for rubbish or other refuse. Trash, garbage, or other waste shall not be kept, except in sanitary containers screened from view from all roads, all other lots, and from the Common Property provided that the Declarant, prior to the sale of such lot, may use portions of such lot as a burial pit in accordance with governmental regulations.

16. In addition to the easements that are shown on the recorded plats of RUNAWAY BAY, easements ten (10) feet in width along the lot lines of all lots are reserved by Declarant for installation, repair, replacement and maintenance of utilities, including the right to keep said easements free and clear of all obstructions. An easement of twenty (20) feet is reserved for such purposes along the rear lines of all lots that do not adjoin other lots or properties within RUNAWAY BAY. As between the easements reserved by these Restrictions and the easements that are located in the same areas as shown on the record maps, the easements that are greater in width shall be the easements that are in effect.

17. Declarant reserves a temporary construction easement of thirty-five (35) feet in width along both sides and running parallel to streets or roads, which easements shall expire eighteen months after the particular road construction commences, or upon the acceptance of such streets or roads for maintenance by governmental authority.

18. No outside clotheslines shall be permitted. No satellite dishes shall be permitted unless concealed from view from all lots and open spaces. The design of such enclosures must be approved prior to erection by the Committee. Mailboxes shall be of a design, color and choice of materials as designated by the Declarant or, if the Declarant so designates, by the Committee, and may not violate Virginia Department of Transportation standards.

19. There shall be no junk automobiles, junk of any sort, unserviceable vehicles, or salvage stored or placed or allowed to remain on or in any portion of this Subdivision. Unless located within enclosed garages, no large boat and/or boat trailer (over 28 feet in length), travel trailer, motor home, tractor trailer truck, or any other such vehicle shall be kept or maintained or located upon any lot unless and except with prior approval of the Committee. Other boats and/or boat trailers (less than 28 feet in length) must be stored behind the building set back line. No vehicles that are disabled or under repair shall be kept upon any lot unless located within enclosed garages. Unlicensed automobiles, including antique cars, if present must be stored out of sight in a garage. Large trucks shall not be parked on a regular basis within this Subdivision. No lot shall be used for storage of building materials prior to the issuance of the building permit for the Primary Residence. Large truck shall be defined as any non-passenger vehicle larger than a pick-up truck.

20. No billboards or signs of any description shall be displayed upon any lot with the exception of those approved by the Declarant or if the Declarant designates, by the Committee, the Declarant reserves the right to place and maintain appropriate development signs at the entrance to this Subdivision. All sign colors must be approved by Declarant, or if Declarant so designates, by the Committee. Declarant also reserves the right to erect and maintain signs designating streets, boat landings, recreational areas, and any other sign that will aid in the development of RUNAWAY BAY.

21. Except within the building site or within 20 feet of the main dwelling, no trees of any kind in excess of 6 inches in diameter at ground level may be removed from any lot without prior approval of the Committee.

22. Declarant, or its successors and assigns, will deed a lot or right of way to the Association which will provide access for lot owners to a community pier, boat ramp, community beach or other amenities which will be constructed by the Declarant and maintained by the Association. Notwithstanding anything herein to the contrary, Declarant will also deed to the Association at least one (1) acre fenced for dry boat storage, or for any other use permitted in these Restrictions, for its use and maintenance. Other amenities provided by Declarant and deeded to the Association will be maintained by the Association.

23. As provided for herein (see Section 2 of "Property Subject To These Restrictions and Declaration and Additions Thereto"), it is understood that Declarant, its successors and assigns, may develop, subdivide or sell additional tracts or parcels of land. Declarant reserves the right for its successors or assigns to connect such additional property to this Subdivision and to grant easements to use the roads and community access to Leesville Lake and recreational areas of this Subdivision.
24. DEFINITIONS: Reference to "Subdivision" in this document is intended to refer to Phase 1 of RUNAWAY BAY consisting of one (1) sheet in the Campbell County Registry. Reference to "Association" in this document is intended to refer only to "RUNAWAY BAY Homeowners Association, Inc."
25. Nothing herein contained shall be construed as imposing any covenants and restrictions on any property of the owner of this Subdivision other than the Property that is subjected to these Restrictions. The Property herein described is also made subject to the Declaration of Covenants, Conditions and Restrictions of RUNAWAY BAY and RUNAWAY BAY Homeowners Association, Inc. recorded separately, which Declaration is incorporated herein by reference.
26. Enforcement of these Restrictions may be at law or in equity against any person or persons violating or attempting to violate any covenant, condition or restriction herein contained. In the event of enforcement of these Restrictions at law or in equity and a violation hereof is judicially determined, then the violator shall be assessed with the costs of such action, including without limitation reasonable attorneys fees.
27. The Declarant and purchasers of lots in RUNAWAY BAY understand that the vesting of rights relating to proposed piers, docks, boat access ramps, floats, boathouses or disturbance of the shoreline buffer is subject to the terms and conditions set out by American Electric Power Company or its assigns. Permits must be obtained from American Electric Power Company. Zoning and Building permits are required from Campbell County.
28. Declarant reserves the right to assign its rights to a successor who also assumes the Declarants responsibilities.
29. Judicial invalidation of one or more of the provisions hereof shall not adversely affect the remainder hereof which shall remain in full force and effect.

THESE RESTRICTIONS RUN WITH THE LAND

This Declaration of Restrictive Covenants of RUNAWAY BAY and the Declaration of Covenants, Conditions and Restrictions of RUNAWAY BAY and RUNAWAY BAY Homeowners Association, Inc. compose the general plan of development for the Property herein described and run with the land and shall benefit and be binding on all parties and persons (and their respective heirs, representatives, successors and assigns) claiming title to any of the Property herein described for a period of thirty (30) years from the date these Restrictions are recorded, after which time said Restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a sixty-six percent (66%) majority of the then owners of the lots and the Declarant has been recorded agreeing to change said Restrictions in whole or in part. These Restrictions may be amended by the affirmative vote of the owners representing sixty-six percent (66%) of the lots and the Declarant at the time of the vote.

IN WITNESS WHEREOF, the Declarant has caused this Declaration of Restrictive Covenants of RUNAWAY BAY to be duly executed this 6TH day of Oct., 1998.

RIVER OAKS INVESTMENTS OF VIRGINIA, INC.

BY: William G. Allen
President

Maxine W. Turner
Secretary

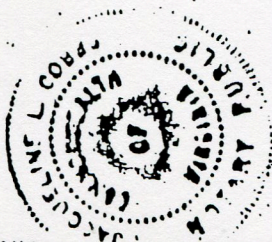
STATE OF VIRGINIA)
City)
~~COUNTY~~ OF Lynchburg)

I, a Notary Public of the County and State aforesaid, certify that Maxine W. Turner personally came before me this day and acknowledged that she is the Secretary of RIVER OAKS INVESTMENTS OF VIRGINIA, INC., a Virginia corporation, and that by authority duly given and as the act and deed of the said corporation the foregoing instrument was signed in its name by William G. Allen as its President and attested by Maxine W. Turner as its Secretary.

Witness my hand and seal this 6th day of October, 1998.

Notary Public: Jacqueline L. Cobles

My Commission Expires: 11/30/2000.



DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
RUNAWAY BAY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF RUNAWAY BAY AND RUNAWAY BAY Homeowners Association, Inc., hereinafter referred to as "Declaration" is made this 6TH day of October, 1998 by RIVER OAKS INVESTMENTS OF VIRGINIA, INC., hereinafter referred to as "Declarant", and any and all persons, firms, or corporations hereinafter acquiring any of the within described property or any of the property hereinafter made subject to this Declaration.

WITNESSETH:

WHEREAS, Declarant is the owner of certain Property in Campbell County, Virginia known as RUNAWAY BAY, of which is more particularly described by plat(s) showing lots 31-128 inclusive; which is recorded in Plat Cabinet B, Slide 217 and Page(s): 971-978 in the Office of the Campbell County Circuit Court Clerk to which reference is hereby made for more complete descriptions; and

WHEREAS, Declarant has agreed to establish a general plan of development as herein set out to restrict the use and occupancy of the Property made subject to this Declaration for the benefit of the present and the future owners thereof; and

WHEREAS, Declarant intends to subject to this Declaration additional portions of RUNAWAY BAY for the purpose of extending the general scheme of development to such additional Property and accordingly declares that RUNAWAY BAY may be expanded to include additional property; and

WHEREAS, Declarant desires to provide for the preservation of the values of RUNAWAY BAY as expanded hereby and hereinafter made subject to this Declaration and for the preservation and maintenance of the Common Property established by the Declaration and by the supplements hereto.

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described on said recorded plats and all of the property hereinafter made subject to this Declaration by recorded supplements hereto referencing subsequently recorded plats, 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 RUNAWAY BAY as it now exists and is hereafter expanded and that such easements, restrictions, covenants, and conditions shall burden and run with said real Property and their heirs, successors and assigns having any right, title, or interest in the Properties now or hereafter subjected to this Declaration or any part thereof, and shall inure to the benefit of each owner thereof and burden each owner's real Property that is subjected to this Declaration.

ARTICLE I
DEFINITIONS

"Association" shall mean and refer to RUNAWAY BAY Homeowners Association, Inc., a not for profit Virginia corporation, its successors and assigns.

"Owner" shall mean and refer to any contract buyer and/or the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of any of the Property made subject to this Declaration, but excluding those having such interest merely as security for the performance of an obligation, provided however, the Declarant shall not be deemed an Owner.

"Property" shall mean and refer to that certain property shown on plat(s) recorded in Plat Cabinet B, Slide 217 and pages: 971-978 in the Office of the Campbell County Circuit Court Clerk and any additional property which Declarant may make a part of this Subdivision, as provided for in the Declaration of Restrictive Covenants of RUNAWAY BAY, recorded separately. The terms "Property," "Subdivision," and "RUNAWAY BAY" are interchangeable.

"Lot" shall mean and refer to any improved or unimproved building lot shown upon any recorded subdivision plat of this Subdivision.

"Dwelling Unit" shall mean and refer to the completed single family home located upon a Lot.

"Declarant" shall mean RIVER OAKS INVESTMENTS OF VIRGINIA, INC., a Virginia corporation, and its successors and assigns if such successors and assigns acquire two or more undeveloped lots from the Declarant for the purpose of development and if the rights and obligations of the Declarant hereunder are expressly assigned to and assumed by such successors and assigns.

"Common Property" shall mean all property owned by the Association for the common use and enjoyment of all or a designated class of members. Common Property includes without limitation all existing and future roads and right-of-ways and all greenways, median strips, cul-de-sac centers, planting areas, and recreational areas, and facilities, open space, walking trails, easements, boat ramps, community boat slips, and community piers that are developed on the Common Property (it being understood that this enumeration is by way of description of the type of facilities that may be developed and in no way shall bind or obligate the Declarant to provide any of the described facilities) and all entry way, directional, and informational signs (and the areas set aside for their location) and any other property as may be purchased or provided for the common use and benefit of the Declarant, the Owners, and any member in the Association, including without limitation such Common Property as may be shown on the recorded plat(s) of the Property. Except by the Declarant, the Common Property shall not be used for public commercial purposes, but may be used for enjoyment of the Association's members for fund-raising activities to support the purposes of the Association.

"Committee" shall mean the Architectural Review Committee established by the Declarant for the purpose of administering control over architectural, landscaping, and related matters, as provided in Article V of this Declaration.

ARTICLE II

RIGHTS AND DUTIES OF THE ASSOCIATION AND PROPERTY OWNERS ASSESSMENTS

Section 1. Owner's Easements of Enjoyment. The Declarant and, to the extent provided by this Declaration, every Owner shall have a right and easement of ingress, egress, and regress over the Common Property and over the roads within the Property, to be used in common with others, for the purpose of providing access to lot(s) owned or dwelling unit(s) owned by the owner for himself, his family, agents, licensees and

invitees, and for his and their non-exclusive use and enjoyment of the Common Property, subject however to the limitations on such use and enjoyment of the Common Property as provided for in this Declaration. Every Owner, and the members of such Owner's family who reside with such Owner or are overnight guests of such Owner, shall have the right to use the recreational areas within the Common Property, subject however to such Owner paying when due the dues and assessments of the Association and abiding by all rules and regulations of the Association, including without limitation those governing the use of the recreational areas and the Common Property. Non-Owners shall only be entitled to use the recreational areas on such terms and conditions as the Association may select.

Section 2. Group Pier.

Lots # 40, 41, 55, 56, 57, 58, & 59 will each have a specified slip on the group pier.

Section 3. Annual Assessments.

(a) The Association shall have the duty to repair, replace, and maintain all recreational areas and improvements located thereon, and all streets, roads, road right-of-ways, and other Common Property. The Association shall have the right, from time to time, to establish a reasonable assessment, which assessment shall be paid by each Owner in such periodic installments as the Association may determine, to be used to pay: (1) the operating and administrative expenses of the Association; (2) the costs of maintenance, upkeep, replacement and repair of all recreational areas, and improvements located thereon, and all streets, roads, road right-of-ways, and other Common Property; and (3) other expenses necessary or useful to maintain and operate the Association and the recreational facilities (including, without limitation, the procuring, maintenance and paying the costs of insurance related to the Common Property and of surety and other bonds related to the management of the Common Property and the Association). It is understood (by way of example and without limitation) that the assessment funds shall be used for such matters concerning Common Property as the following: maintenance, repair and replacement of improvements within the recreational areas, the seeding and re-seeding road right-of-ways and Common Areas, erosion control, repairing of road shoulders, surfacing, patching and resurfacing of parking lot and road pavement, placement of gravel, and planting and maintenance of shrubs, trees and seasonal flowers.

(b) The annual assessments may also be used by the Association for the purpose of adding to the recreational facilities.

(c) The annual assessment payable by each Owner shall be \$295.00 per lot per calendar year. The annual assessment shall be due and payable on January 31 of each year, commencing January 31, 1999, provided the board of directors may elect to permit payment in such installments and at such times as it shall determine. This assessment shall be deferred as to any lot purchased by a builder with the intent to build a house for resale to the public at large. This assessment will be payable as to any lot purchased by a builder who purchases a lot for the purpose of building a custom home under contract with the ultimate residents. This assessment will be prorated on a calendar year basis from the date title to each lot for which an assessment is payable is transferred to the Owner.

(d) The annual assessment may be increased or decreased by the board of directors of the Association without a vote of the membership to an amount not more than ten percent (10%) in excess of the annual assessment for the previous year. A majority vote of each class of voting members of the Association must approve an increase or decrease in the yearly assessment if the increase or decrease exceeds the assessment for the previous year by more than ten percent (10%).

(e) Annually the board of directors of the Association shall have determined and shall have given written notice to each Owner of the annual assessment affixed against each owner for the immediately succeeding calendar year.

Section 4. Special Assessments.

In addition to the assessments specified herein above, the Association may levy special assessments for the purpose of supplementing the annual assessment if the same are inadequate to pay the reasonable maintenance expenses and operating costs of the Association as described in Section 2 hereof, provided that any such special assessments shall have the assent of a majority of each class of the voting members of the Association at a duly called meeting.

Section 5. Removal of Obstructions and Unsightly Growth, Debris, and Materials.

(a) The Association may remove any obstructions of any nature located within road right-of-ways or other Common Property (including but not limited to trees, shrubs and mailboxes) which, in the opinion of the Association, either might produce a hazard or might interfere with the ability or willingness of the State of North Carolina (or agency or department thereof) to take over the responsibility for maintenance of the roads.

(b) The Association shall have the right, in its sole discretion, to charge back the actual cost to it of removing obstructions against the Owner who directly, or through his agents, contractors or invitees caused or permitted the obstruction to be placed in the road right-of-way or other Common Property, and such Owner shall indemnify and save the Association harmless from all liability, claims, damages and expense imposed upon the Association, at law or in equity, caused by or resulting from the placement of the obstruction in the road right-of-ways or other Common Property. In the event the Owner responsible for such charge or liability as aforesaid fails and refuses after demand by the Association to pay said charge or liability, then the Association shall have a lien against his lot thereon and may enforce collection of the charge or liability, together with reasonable attorneys' fees, by any and all remedies afforded by law or in equity, including without limitation, the filing of a notice of lien and perfecting the same as by law provided, to the end that such charge or liability shall become a charge against the said lot or dwelling unit.

(c) If the Association, in its sole discretion, determines that any lot has become unsightly due to grass or weeds that have not been mown, or due to debris of any nature having accumulated on the lot, then the Association shall have the right from time to time to enter the said lot for the purpose of mowing the grass or removing the debris. At least ten (10) days prior to entering a lot for said purpose, the Association shall advise the Owner by letter, sent to his last known address, of the action to be taken if the Owner does not remedy the problem within the said ten (10) day period. The Association shall take reasonable steps to avoid damage to any trees planted on such lot, to the extent that the Association has been put on written notice in advance by the Owner of the approximate location on a chart or map of such lot showing the location of planted trees to be avoided.

(d) The Association shall have the right in its sole discretion, to charge back the actual cost of mowing the grass or removing the debris against the owner. In the event the Owner responsible for such charge or liability as aforesaid fails and refuses after demand by the Association to pay said charge or liability, then the Association shall have a lien against his lot thereon and may enforce collection of the charge or liability, together with reasonable attorneys' fees, by and all remedies afforded by law or in equity, including without limitation, the filing of a notice of lien and perfecting

(c) Neither the assessments nor the costs of collection shall be a lien upon any Common Property nor shall the lien upon any lot for such charges be senior to any first lien mortgage or first lien deed of trust regardless of the fact the lien arose prior to the date and time of recording of any such first lien mortgage or deed of trust.

ARTICLE III

MEMBERSHIP, VOTING RIGHTS, OFFICERS AND MEETINGS

Section 1. Membership Every owner of a lot which is subject to this Declaration shall be a member of the Association. Membership is appurtenant to and may not be assigned. If and when Declarant develops additional phases in the Subdivision the Owners of those lots shall be members of the Association. The Declarant shall also be a member so long as it owns property within this expandable Subdivision.

Section 2. Class Membership Voting The Association shall have two (2) classes of membership:

Class A

Class A members shall be all lot Owners with the exception of Declarant, and shall be entitled to one vote for each lot owned. When more than one (1) person owns an interest in a lot all such persons shall be members but the vote for such lot shall be exercised as they, among themselves, shall determine in writing, which writing shall be filed with the Secretary of the meeting prior to voting, but in no event shall more than one vote be cast with respect to any lot.

Class B.

(a) Class B members shall be entitled to vote ten (10) votes for each lot owned. Class B membership shall consist of the Declarant, or its successors or assigns, until the happening of either of the following events whichever occurs earlier.

1. The earlier of four months after ninety percent (90%) of all the lots in the Subdivision are sold as well as all adjacent undeveloped acreage sold and conveyed by the Declarant to unrelated third parties; or

2. Ten (10) years from date of recordation of this Declaration; or

3. At such time as Declarant voluntarily relinquishes Majority control of the Association by a duly recorded instrument.

(b) Upon the happening of the earlier of either the three above described events, Class B membership shall cease and terminate and shall be converted to Class A membership.

Section 3. Board of Directors. There shall be five (5) members of the board of directors of the Association who shall serve until such time as their successors are duly elected and agree to serve. The directors shall have annual meetings and other such meetings as may be called at the request of the president of the Association or by any three (3) directors. So long as the Declarant, or its successors and assigns, is the Class B member, it shall select the board.

outbuilding, or any other accessory feature to the dwelling or any other structure upon any lot shall be commenced, erected, placed, maintained, or altered on any lot or combination of contiguous lots until the Complete Construction Plans (hereinafter "Plans") are approved in writing by the Committee or its designated agents.

(d) The Plans include the complete construction plans, the plot plan (showing proposed location and elevation of such building, fences, walks, drives, parking area, etc.) proposed building plans and specifications, exterior color, finish, and materials. The areas over which the approval shall be required shall include but shall not be limited to the size and plan of the principal residential structure, and all accessory buildings, structures and improvements on the lot, the location of the well, the size and plan of the garage or carport, location and manner of construction of each driveway, swimming pool, utility building, patio, tennis court, and other improvements for athletic, recreational, or gymnastic purposes, and all other exterior improvements, the composition and color of raw and finished materials used on the exterior of all structures, and the location and type of any landscaping, shrubbery, and other plantings.

(e) The Committee or its designated agents shall have thirty (30) days after physical receipt of the plans to accept or reject the same in whole or in part. If no response by the Committee has been made in writing within said 30 days, the plans shall be deemed to be approved as submitted. After the plans are approved and after the Committee gives written permission for construction to begin, the actual construction shall be commenced and completed in accordance with the approved Plans, together with the requirements of the Declaration and, in this regard each Owner shall provide the Committee with the foundation survey as soon as it is made. The Committee shall have the right to waive setback violations when the remedial costs of correcting such violation, in the Committee's opinion, would impose undue hardship upon the violator.

(f) The actual construction shall be the responsibility of the Owner of the lot and his builder. Any permission granted for construction under this covenant and any designation of approved licensed contractors shall not constitute or be construed as an approval, warranty or guaranty, expressed or implied, by the Declarant or the Committee or its designated agent of the structural stability, design or quality of any building or other improvement or of the contractor who constructs such buildings or other improvements.

ARTICLE VI

GENERAL USE RESTRICTIONS

Declarant does hereby covenant and agree with all persons, firms or corporations hereafter acquiring title to any portion of the Property, that the Property shown on the recorded plat(s) herein referred to, and all Property presently owned as part of RUNAWAY BAY which plat(s) are to be recorded, and all Property which may be acquired in the future to be made a part of RUNAWAY BAY, is made subject to the Declaration of Restrictive Covenants of RUNAWAY BAY as may be amended or modified (hereinafter referred to as "Restrictions") which Restrictions shall be recorded separately and shall refer to this Declaration and incorporate it by reference.

ARTICLE VII

CAPTIONS, ENFORCEMENT AND INVALIDATION

Section 1. Whenever the context and construction so require, all words used in the singular number herein shall be deemed to have been used in the plural, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

Section 2. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

Section 3. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. In the event it is necessary to enforce this Declaration by appropriate legal or equitable proceedings, the party or parties violating or attempting to violate the same shall be liable for the cost of such proceedings including reasonable attorneys' fees.

Section 4. Invalidation of any one or more of these covenants by judgment or court shall not adversely affect the balance of this Declaration, which shall remain in full force and effect.

Section 5. The Declarant reserves the right to amend this Declaration from time to time without joinder of any of the Owners for the following purposes:

- (a) To clarify the meaning of or to correct clerical errors in the Declarations.
- (b) To correct grammar spelling, capitalization and other matters of syntax.

All other amendments to this Declaration shall require an affirmative vote of at least sixty-six (66%) of the lot Owners and the vote of the Declarant, its successors, and assigns.

ARTICLE VIII

THESE RESTRICTIONS RUN WITH THE LAND

This Declaration of Covenants, Conditions and Restrictions of RUNAWAY BAY and RUNAWAY BAY Homeowners Association, Inc. are to run with the land and shall benefit and be binding on all parties and persons (and their respective heirs, representatives, successors and assigns) claiming title to any of the Property herein described for a period of thirty (30) years from the date this Declaration is recorded, after which time said Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a sixty-six percent (66%) majority of the then Owners of the lots, and the Declarant and has been recorded agreeing to change said Declaration in whole or in part.

IN WITNESS WHEREOF, the Declarant has caused this Declaration of Covenants, Conditions and Restrictions of RUNAWAY BAY and RUNAWAY BAY Homeowners Association, Inc. to be duly executed this 6 day of October, 1998.

RIVER OAKS INVESTMENTS OF VIRGINIA, INC.

By: William G. Allen

President

Maxine W. Turner
Secretary

STATE OF Virginia
City
COUNTY OF Lynchburg

I, a Notary Public of the County and State aforesaid, certify that Maxine W. Turner, personally came before me this day and acknowledged that she is the Secretary of RIVER OAKS INVESTMENTS OF VIRGINIA, INC., a Virginia corporation, and that by authority duly given and as the act and deed of the said corporation the foregoing instrument was signed in its name by William G. Allen its President and attested by Maxine W. Turner as its Secretary.

Witness my hand and seal this 6th day of October, 1998.

Notary Public: Jacqueline L. Collier
Commission expires: 11/30/2000



In Campbell County Circuit Court Clerk's Office 10-6 1998
This 6th day of October 1998 was this day received in this office and upon the annexed certificate of acknowledgment attested to record at 3:01 o'clock P.M.