EXHIBIT "B'''

COUNTY OF BEDFORD

THIS DECLARATION OF PROTECTIVE COVENANTS,

WITNESSETH

WHEREAS. the Declarant is the owner of the real property described below and desires to subject said real property to the protective and restrictive covenants hereinafter set forth for the purpose of insuring the best use and the most appropriate development and the improvement of said property and to protect owners of lots against such improper use of surrounding lots as will depreciate the value of their property; to preserve, so far as practical, the natural beauty of said property; to guard against poorly designed and proportioned structures and structures built of improper or unsuitable materials; to obtain harmonious color schemes; to insure the highest and best development of said property; to encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on said building sites; to secure and maintain proper setbacks from streets, and adequate free space between structures; and in general to provide adequately for a high type and quality of improvement on said property and thereby to enhance the value of the lots therein.

NOW, THEREFORE, the Declarant hereby declares that the residential lots (hereinafter referred to as "the lots") shown and designated on those certain plats (identified below) of the subdivision of VILLAGE EAST of record in the Office of the Circuit Clerk of the County of Bedford, Virginia,

SECTION N	NO.1	Plat	Book	21,	Page	138
SECTION N	NO.2	Plat	Book	21.	Page	152
SECTION N	NO.3	Plat	Book	21,	Page	157,

shall be held, transferred, sold and conveyed, subject to the covenants, conditions and restrictions set forth below, which shall run with the land and be in full force and effect for a period of 40 years from January 1, 1979, and shall be automatically extended in their entirety for successive periods of 10 years; provided however, that these Protective Covenants may be amended, altered, released or terminated at any time during the initial 40-year period or succeeding 10-year periods thereafter by appropriate instruments in writing, executed and acknowledged by the owners of a majority of the lots affected thereby (for such purpose, lots owned by the Declarant shall be included, and while Declarant owns a majority of such lots, its duly executed and acknowledged instrument shall be sufficient without joinder of any third party to amend these Protective Covenants), and filed of record in the Clerk's Office of the County of Bedford, Virginia.

Protective Covenants

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1, THE LOTS

Each lot shall constitute a residential building site and shall be used for residential purposes only. The lay of the lots shown on the recorded plats hereinabove referred to shall be substantially adhered to; provided, however, the size and shape of any lot may be altered so long as no lot or group of lots are re-subdivided to produce a greater number of lots.

2. ARCHITECTURAL COMMITTEE

No structure shall be erected, placed, or altered, on any lot until the building plan, specifications and plat plan showing the location of such structure have been approved in writing, as to conformity and harmony of external design and size of interior floor area, with existing structures in the development and as to location of the structure with respect to topography and finished ground elevation, by an Architectural Committee ("the Architectural Committee") composed of three persons designated and appointed by Declarant, its successors or assigns. In the event the Architectural Committee fails to approve or disapprove such design, location, or any other application within thirty (30) days after said plans, specifications or application have been submitted, such approval will not be required and this covenant will be deemed to have been dully complied with. The Architectural Committee shall be required to act reasonably in approving or disapproving any application. Members of the Architectural Committee shall not be entitled to any compensation for services performed as members of such Committee.

The Architectural Committee appointed by Declarant shall serve three years from the date of the first sale of a lot affected by the Declaration at which time the term of said appointees shall automatically terminate. The owners of the lot effected by the declaration, attending a meeting either in person or by Proxy, called for such purpose by the Architectural Committee shall then elect three (3) members to the Architectural Committee. The Declarant shall not vote its lots at this election.

The term of each member of the Architectural Committee so elected shall be three years, except the term of the first Architectural Committee so elected shall be:

Three years for the electee receiving the highest number of votes. Two years for the electee receiving the next highest number of votes. One year for the electee receiving the next highest number of votes. Each lot owner shall have three (3) votes and voting shall not be cumulative.

3. DWELLING

No structure shall be erected, altered, placed or permitted to remain on any lot other than one detached singlefamily dwelling, not to exceed two stories in height, exclusive of basement, and one detached structure not exceeding the same height to be used as a private garage for not more than three cars. No single-family dwelling which has a ground-floor heated area of less than 1,000 square feet for a one-story dwelling or less than 1,300 square feet heated, for a dwelling of more than one story (in both bases exclusive of porches, breezeways, garages basements and decks), shall be erected, placed or permitted to remain on any lot, unless the Architectural Committee has given its prior written approval thereto. In addition, no building, or other structure, or projection therefrom, shall be erected upon. or extend above or below, ground within 25 feet of any street frontage, or 15 feet of any side boundary line of any lot.

4. USE

No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be, or become, an annoyance or nuisance to the neighborhood. Only usual household pets will be allowed on the premises and such pets shall be restricted to the lots, and will not be allowed to run at large. No trade materials or inventories may be stored and no trucks or tractors, or inoperative vehicles, may be used, stored or regularly parked on the premises. No motor homes, trailers or camping trailers may be occupied or stored on the premises. except that the owner of a residence may park one (1) such unoccupied motor home, trailer or camping trailer on his property providing it does not obstruct, or distract from, the view of other property owners. No business activity of any kind, which shall include but not be limited to the use of any residence as a professional office of any kind, a rooming house, a boarding house, or an antique or gift shop, shall be carried on upon any lot.

5. WATER AND SEWER

No building shall be erected, maintained, or permitted to remain on any lot, which is not provided with adequate water supply and sewage disposal in accordance with the requirements of any governmental agency having jurisdiction with respect thereto. Each property owner will be responsible for drilling his own well and installing his own septic system.

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6. TEMPORARY STRUCTURES

Unless approved by the Architectural Committee in writing, no building of a temporary character, including specifically house trailers and tents , shall be erected or allowed to remain on any lot, and in the absence of further written approval of the Architectural Committee, no, such building located on any lot shall be used as a permanent residence; provided, however, that in the course of the construction of a building as set out above, the contractor or builder may have shelters or storage sheds to protect lumber and building supplies used 1n the course of construction and for no other purpose, and any such shelters or storage sheds shall be removed from the premises within ten (10) days after the completion of the building.

7. LOT USE AND MAINTENANCE

Each lot owner shall maintain and preserve his lot or lots in a clean, orderly and attractive manner, within the spirit of the development, as set out above. Failure on the part of the lot owner to adhere to such proper, clean, orderly and attractive maintenance of his property, upon ten (10) days written notice, given to him by the Architectural Committee, shall subject the lot owner to a suit for specific performance.

No open or exposed storage, including junk and/or abandoned items of personal property, shall be maintained on any lot; no trash or refuse, including leaves, shall be burned in an open incinerator on the lots within the development.

Garbage must be kept in covered metal containers. Trash, tin cans, paper and s1milar items must be kept in wire or metal containers.

8. TREES

No trees measuring six inches or more in diameter (outside bark to outside bark) at six feet above ground level, may be removed without prior written approval of the Architectural Committee.

9. RESERVED EASEMENTS

There are reserved, perpetual, alienable, and releasable easements within the above-described real property and the right on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other public conveniences or utilities, on, in or over the rear and/or front 15 feet of each lot and 15 feet along the sides of each lot within the development.

10. ASSESSMENTS

In order to provide such community services as Declarant or the lot owners may from time to time deem necessary, or desirable, in connection with their efforts to maintain an attractive community appearance and the privacy and general safety of lot owners, including such services as garbage pick-up arrangements, and in order to operate and maintain such common areas as Declarant may designate for the general use of lot owners without separate charge thereto, including such common areas as picnic areas, community docks, clubhouse, swimming pool, tennis courts and similar facilities or areas, each lot owner, for himself, his heirs and assigns, covenants and agrees to pay to the VILLAGE EAST PROPERTY OWNERS' ASSOCIATION, INC. (the "Association") an amount assessed against each lot by the Association in accordance with the following provisions:

- a. The annual assessment for each lot shall be \$50.00; provided, however, that such Assessment shall be increased to \$75.00 for any lot which has a completed dwelling constructed thereon as of January 1 of the calendar year; and provided further that lots owned by Declarant shall not be subject to assessment.
- b. The Association reserves the right to charge user fees for the boat storage facility and rental fees for private use of the clubhouse.
- c. Declarant shall have the right to transfer to the Association title to any common areas or facilities situated within the development.
- d. The annual assessment referred to herein shall become due and payable at such time or times as the Association may determine and shall, when due, become a lien on the lot against which the charge is made, subject and subordinate only to the lien of any first Deed of Trust now or hereafter placed thereon.
- e. Developer reserves the right to admit not more than fifty (50) property owners in a nearby subdivision to the Property Owners Association. Such members shall pay user fees to the Association, not to exceed \$60.00 per year or one-half of the annual assessment for an improved lot, whichever is greater.

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Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

The Association shall have two classes of voting membership:

<u>Class A</u> Class A members shall be all owners with the exception of Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote of such lot shall be exercised as they, among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

<u>Class B</u> The Class B member shall be the Declarant and it shall be entitled to three votes for each lot owned. Class B membership shall cease and be converted to Class A membership on the happening of the following events:

- (i) When the total votes outstanding in Class A membership equals total votes outstanding in Class B membership; or
- (ii) Declarant, at its election, terminates such Class B membership.

The Association shall be managed by its Board of Directors (not less than three nor more than fifteen) elected by the members, and notwithstanding anything herein to the contrary, after Declarant's Class B membership terminates, the assessment referred to herein shall be established (and increased or decreased from time to time without regard for the maximum assessment provisions hereinabove contained) by the Board of Directors of the Association without a vote of the membership.

11. SIGNS

No "For Sale" or similar signs may be placed on any lot or dwelling. Any type of sign must be approved by the Architectural Committee.

12. ENFORCEMENT

In the event of any violation or breach of any of the restrictions contained herein by any lot owner or agent of such owner. the owners of lots within the development, or any of them, jointly or severally, shall have the right to proceed at law or in equity to -7-

compel compliance to the terms hereof or to prevent the violation or breach of any of the restrictions set out above, but before litigation may be instituted, ten (10) days written notice of such violation shall be given to the owner or his agent. The failure to enforce any right, reservation or condition contained in this declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

13. SEVERABILITY

The invalidation by any court of any restriction contained in this declaration shall in no way affect the other restrictions, but they and each of them shall remain in full force and effect.

14. ANNEXATION

For a period ending ten (10) years after the date of incorporation of the Association, the Declarant shall be permitted, without the assent of the Class A members being required to from time to time annex to Village East Subdivision, so much of any additional lands that the Declarant wishes to become a part of the aforesaid Village East Subdivision and so much of any additional lands within the general area of the Village East Subdivision acquired and/or developed by the Declarant.

Declarant shall be further permitted, without the assent of Class A members being required, to amend this Declaration to include herein, and to subject to the Protective Covenants, Conditions, Restrictions, Reservations, Liens, Charges and Terms hereof, all lands annexed in accordance with this Paragraph (14). IN WITNESS WHEREOF. VILLAGE EAST, A Virginia Limited Partnership, by David S. Wilson, Its Sole General Partner, in behalf of the Partnership, has caused this instrument to be executed as of the year, month and day first above written.

VILLAGE BAST, A Virginia Limited Partnership Bv

David S. Wilson

STATE OF VIRGINIA)

COUNTY OF BEDFORD) To-wit:

The foregoing was acknowledged before me this 18th day of July, 1979, by David S. Wilson, Sole General Partner of Village East, A Virginia Limited Partnership.

Marlon B. More Notary Public

My Commission Expires:

March 26, 1982