

Prepared by: **Roger Brooks****507** PAGE **582**

TAX MAP NO. or PIN: 91-A-45

Exempted from recordation tax
under the Code of Virginia (1950), as amended,
Sections 58.1-811 (A) (3) and 58.1-811 (D)

THIS DEED OF GIFT OF EASEMENT (this "Easement"), made this 30 day of December, 2008, (between) **HIGH MEADOWS AT NEW RIVER, LLC** ("Grantor"); and the **VIRGINIA/CAROLINA WATER AUTHORITY**, a public body politic and corporate of the Commonwealth of Virginia ("Grantee") (the designations "Grantor" and "Grantee" refer to the Grantor and Grantee and their respective successors and assigns); **CARTER BANK & TRUST** (the "Bank"); and **WORTH HARRIS CARTER, JR.** or **ROGER D. BROOKS** (the "Trustees" under a deed of trust in favor of the Bank, as noted below), either of whom may act.

WITNESSETH:

WHEREAS, Grantor is the owner in fee simple of real property situated in Grayson County, Virginia, containing in the aggregate 27.932 acres, more or less, (being one tract containing 18.848 acres and one containing 9.084 acres, more or less), as further described below (the "Property"), and desires to give and convey to Grantee a perpetual conservation and open-space easement over the Property as herein set forth; and

WHEREAS, Grantee is a public body politic and corporate of the Commonwealth, Grantor and Grantee believe Grantee to be a "qualified organization" and "eligible donee" under Section 170(h)(3) of the Internal Revenue Code (references to the Internal Revenue Code in this Easement shall be to the United States Internal Revenue Code of 1986, as amended, and the applicable regulations and rulings issued thereunder, or the corresponding provision of any subsequent federal tax laws and regulations) (the "IRC") and Treasury Regulation §1.170A-14(c)(1), and Grantee is willing to accept a perpetual conservation and open-space easement over the Property as herein set forth; and

WHEREAS, Chapter 461 of the Acts of 1966, codified in Chapter 17, Title 10.1, §§10.1-1700 through 10.1-1705 of the Code of Virginia, as amended (the "Open-Space Land Act"), declares that the preservation of open-space land serves a public purpose by curbing urban sprawl, preventing the spread of urban blight and deterioration and encouraging more economic and desirable urban development, helping provide or preserve necessary park, recreational, historic and scenic areas, and conserving land and other natural resources, and authorizes the acquisition of interests in real property, including easements in gross, as a means of preserving open-space land; and

WHEREAS, pursuant to Sections 10.1-1700 and 10.1-1703 of the Open-Space Land Act, the purposes of this Easement include retaining and protecting open-space and natural resource values of the Property, and the limitation on division, residential construction and commercial and industrial uses contained in Section II ensures that the Property will remain perpetually available for agriculture, livestock production, forest or open-space use, all as more particularly set forth below; and

WHEREAS, Chapter 461 of the Acts of 1966, codified in Chapter 17, Title 10.1, §§10.1-1700 through 10.1-1705 of the Code of Virginia, as amended (the "Open-Space Land Act"), declares it to be the public policy of the Commonwealth to encourage preservation of open-space land and Chapter 51, Title 15.2 of the Code of Virginia, as amended, authorizes the Virginia/Carolina Water Authority to acquire plants, systems, facilities or properties used or useful or having the present capacity for future use in connection with the supply or distribution of water, and all properties, rights, easements and franchises relating thereto and deemed necessary or convenient by the Grantee for the operation thereof; and

WHEREAS, the Grantee has determined that this Easement will constitute an easement relating to, and necessary or convenient for the operation of, the water treatment plant and water distribution system to be acquired by the Grantee.

WHEREAS, as required under Section 10.1-1701 of the Open-Space Land Act, the use of the Property for open-space land conforms to the County of Grayson Comprehensive Plan adopted April, 1981, revised January 13, 2005; and

WHEREAS, this Easement is intended to constitute (i) a "qualified conservation contribution" as defined in IRC Section 170(h)(1) as more particularly explained below, and (ii) a qualifying "interest in land" under the Virginia Land Conservation Incentives Act of 1999 (Section 58.1-510 *et seq.* of the Code of Virginia (1950), as amended); and

WHEREAS, this Easement is intended to be a grant "exclusively for conservation purposes" under IRC Section 170(h)(1)(C) because it effects "the preservation of open space (including farmland and forest land)" under IRC Section 170(h)(4)(A)(iii). Specifically, the preservation of open space on the Property is pursuant to clearly delineated state governmental conservation policies and will yield a significant public benefit; and

WHEREAS, this open-space easement in gross constitutes a restriction granted in perpetuity on the use which may be made of the Property, and is in furtherance of and pursuant to the clearly delineated governmental conservation policies set forth below:

(i) Land conservation policies of the Commonwealth of Virginia as set forth in:

a. Section 1 of Article XI of the Constitution of Virginia, which states that it is the Commonwealth's policy to protect its atmosphere, lands and waters

from pollution, impairment, or destruction, for the benefit, enjoyment, and general welfare of the people of the Commonwealth;

b. The Open-Space Land Act cited above;

c. The Virginia Land Conservation Incentives Act, Chapter 3 of Title 58.1, Sections 58.1-510 through 58.1-513 of the Code of Virginia cited above, which supplements existing land conservation programs to further encourage the preservation and sustainability of the Commonwealth's unique natural resources, wildlife habitats, open spaces and forest resources;

d. Grantee's formal practices in reviewing and accepting this Easement. Grantor believes that such review an acceptance of this Easement by Grantee tends to establish a clearly delineated governmental conservation policy as required under IRC Section 170(h)(4)(A)(iii);

(ii) Land use policies of the County of Grayson as delineated in its comprehensive plan adopted in April 1981, revised January 13, 2005, to which plan the restrictions set forth in this deed; and

WHEREAS, this Easement will provide numerous conservation values of benefit to the public, as follows:

- The conservation area protects a reach of the New River, which has "National Wild and Scenic River" designation. The New River was also chosen as the first of the nation's fourteen "American Heritage Rivers" and is known to be one of the oldest rivers in the world, and contains populations of trout. The conservation area also encompasses the junction of two creeks with the river.
- The conservation area helps to protect large fissure wells for the Virginia/Carolina Water Authority. Few geological locations are apparently feasible for this type of well. Support services for "smart" growth will be affected by the water capacity supported by the well.
- The conservation area helps to protect scenic, natural, and recreational values for the river and for Grayson County. Recreation in the county includes canoeing, kayaking, fishing, swimming, sight-seeing, hiking and walking trails, biking, camping, and other uses. Jobs related to tourism are important in rural areas such as Grayson County. The conservation area will retain green space in a developing region in perpetuity.
- The easement helps retain natural forest land which provides many values. Habitat for many native plant and animal species will remain intact. This includes forest interior conditions, tree cavities, snags, logs, organic matter to build soil fertility, and high mast production (acorns and nuts that provide winter food important for survival) for wildlife. Invasive exotic species that compete with native species will not be introduced through disturbance. Additionally, protected forests

are beneficial for reducing CO2 emissions which are linked to global warming.

and

WHEREAS, this Easement will yield significant public benefit to the citizens of the Commonwealth as set forth in these recitals and in Section I below; and

WHEREAS, Grantor and Grantee desire to protect in perpetuity the conservation values of the Property as specified in Section I by restricting the use of the Property as set forth in Section II; and

WHEREAS, Grantee has determined that the restrictions set forth in Section II (the Restrictions) will preserve and protect in perpetuity the conservation values of the Property and will limit use of the Property to those uses consistent with, and not adversely affecting, the conservation values of the Property and the governmental conservation policies furthered by the Easement; and

WHEREAS, Grantee, by acceptance of this Easement, designates the Property as property to be retained and used in perpetuity for the preservation and provision of open-space land pursuant to the Open-Space Land Act.

NOW, THEREFORE, in consideration of the foregoing recitals incorporated herein and made a part hereof and in consideration of the mutual covenants herein and their acceptance by Grantee, Grantor does hereby give, grant and convey to Grantee a conservation and open-space easement in gross (Easement) over, and the right in perpetuity to restrict the use of, the Property, which is described below and consists of 27.932 acres, more or less, located in GRAYSON County, Virginia, near Independence, Virginia, which land joins, and is served by, Moxley Ridge Road (Virginia Secondary Route 784), to-wit:

BEING two tracts, containing 18.848 and 9.084 Acres, more or less, as shown as “Open Space” on the plat of survey entitled “Open Space for River Meadows on the New River” by D.B. Dudley & Associates, Licensed Land Surveyors, said plat being dated June 12, 2008, revised August 15, 2008, December 12, 2008, and December 22, 2008 (Dudley survey reference number 7777-C), which is recorded in the Grayson County Circuit Court Clerk’s Office as Map M-1275, which is incorporated herein by reference thereto; and

BEING part of Grayson County Tax Parcel 91-A-45; and

BEING PART OF THE SAME LAND conveyed to HIGH MEADOWS AT NEW RIVER, LLC, a North Carolina Limited Liability Company, from J. RANDALL ELLER, by deed dated June 12, 2007, of record in the aforesaid Clerk’s Office in Deed Book 480, at Page 770.

SUBJECT TO any and all existing public highways, public utility easements, and to all other exceptions, rights of way, easements, reservations, covenants, and conditions of record, if any, contained in the instruments constituting the chain of title to the property conveyed herein, and to such state of facts as an examination of the premises would reveal.

THERE is excepted and excluded from this conveyance, and it is acknowledged and agreed that the Property does not include, and this Easement does not apply to, the following:

- (1) That certain tract or parcel of land containing 1.488 acres, more or less, identified on the aforesaid survey as "Virginia Carolina Water Authority" and more fully described on that survey for conveyance entitled "Virginia-Carolina Water Authority" dated December 11, 2008, revised December 22, 2008, by D. B. Dudley & Associates, Licensed Land Surveyors, drawing no. 7777E, which is attached hereto as Exhibit A and incorporated herein by reference;
- (2) An easement, 20 feet in width, for access and for an underground water and electric line, as depicted on said plat;
- (3) That certain tract or parcel containing 0.155 of an acre, more or less, identified on the aforesaid survey as "Pavilion" and "Fire Pit" and more fully described on that plat of survey entitled "Pavilion at River Meadows on the New River" dated December 12, 2008, by D. B. Dudley & Associates, Licensed Land Surveyors, drawing no. 7777F, which is attached hereto as Exhibit B and incorporated herein by reference;
- (4) An easement, 20 feet in width, for access to said 0.155-acre tract, from the existing private road to said tract, the location of which will be established by Grantor;
- (5) That certain tract or parcel identified on the aforesaid survey attached hereto as Exhibit B as "Drain Field", as well as an easement, 20 feet in width, from the 0.155-acre tract to said drain field area, for the installation and maintenance of underground services from the 0.155-acre tract to said drain field area;
- (6) The right to establish or convey utility easements for such public and/or private utilities as may be convenient for the benefit of said lands or the 1.488-Acre tract provided above; and
- (7) Such other easements as the Grantor and the Grantee may agree for the purpose of providing additional access to the said lands.

REFERENCE IS MADE to the aforesaid deed and survey for a more complete description of the property hereby conveyed and for chain of title.

Even if the Property consists of more than one parcel for real estate tax or any other purpose, it shall be considered one parcel for purposes of this Easement, and the restrictions and covenants of this Easement shall apply to the Property as a whole.

SECTION I - PURPOSE

The purpose of this Easement is to preserve and protect the conservation values of the Property in perpetuity by imposing the restrictions on the use of the Property set forth in Section II and providing for their enforcement in Section III. The conservation values of the Property are described in the above recitals, are documented in the Documentation Report described in Section IV below and include its open-space, scenic, natural, and recreational values and its values as land preserved for open-space and rural. The further purpose of this Easement is preservation of land for natural habitat and biological diversity, natural resource-based outdoor recreation or education, watershed preservation, preservation of scenic open space, or preservation of open space designated by local government, which is consistent with the Grayson County Comprehensive Plan. In addition, this Easement provides added protection for the land surrounding the intake area for a municipal water source which is under construction. Grantor covenants that no acts or uses that are inconsistent with the purpose of this Easement or the conservation values herein protected shall be conducted on the Property.

SECTION II - RESTRICTIONS

Restrictions are hereby imposed on the use of the Property pursuant to the public policies set forth above. The acts that Grantor covenants to do and not to do upon or with respect to the Property, and the restrictions that Grantee is hereby entitled to enforce, are and shall be as follows:

1. **DIVISION.** Separate conveyance of a portion of the Property or division, or subdivision of the Property is prohibited.

Boundary line adjustments with adjoining parcels of land are permitted and shall not be considered separate conveyances of portions of the Property or divisions or subdivisions of the Property, provided that Grantee approves such adjustments, is made party to any deed creating a boundary line adjustment, and at least one of the following conditions is met:

- (i) The entire adjacent parcel is subject to a recorded open-space easement owned by Grantee; or
- (ii) The proposed boundary line adjustment shall have been reviewed and approved in advance by the Grantee.

2. **BUILDINGS, STRUCTURES, ROADS, AND UTILITIES.** No buildings, structures, roads or utilities, other than the following, are permitted on the Property:

(i) non-residential outbuildings and structures commonly and appropriately incidental to approved activities and sized appropriately provided that the aggregate footprint of such non-residential outbuildings and structures shall not exceed 2,500 square feet in ground area unless prior written approval shall have been obtained from Grantee .

(ii) Grantor shall have the right to construct new dwellings, buildings and structures permitted in this Section II Paragraph 2 and to repair, maintain, renovate and replace all new and existing permitted dwellings, buildings and structures on the Property, within the limitations set forth in this Easement.

(iii) Private roads to serve permitted buildings, facilities or structures only and roads with permeable surfaces for other permitted uses, such as farming or forestry, may be constructed and maintained; and

(iv) Only underground public or private utilities to serve structures or facilities, including water-intake facilities of Grantee, may be constructed and maintained. Public or private utilities that do not serve the Property shall not cross the Property unless Grantee determines that the construction and maintenance of such utilities will not impair the conservation values of the Property and gives its prior written approval for such construction and maintenance, which approval shall take into consideration the visibility and other impact of such utilities on the conservation values of the Property. Grantor reserves its separate rights to approve such public or private utilities.

The collective footprint of all structures on the Property, excluding roads, shall not exceed 1% of the total area of the Property, For the purpose of this paragraph the collective footprint is the ground area measured in square feet of the structures set forth in subsections (i) through (iii) above and all other impervious surfaces, excluding roads.

3. **INDUSTRIAL OR COMMERCIAL ACTIVITIES.** Industrial or commercial activities are prohibited with the exception of the following:
- (i) agriculture (including livestock production), equine activities and forestry;
 - (ii) small-scale incidental commercial or industrial operations related to activities set forth in (i) above that Grantee approves in writing as being consistent with the conservation purpose of this Easement;
 - (iii) processing and sale of products produced on the Property as long as no additional buildings are required;
 - (iv) temporary or seasonal outdoor activities that do not permanently alter the physical appearance of the Property and that do not diminish the conservation values of the Property herein protected; and
 - (v) activities that can be and in fact are conducted within permitted structures without material alteration to their external appearance.

Temporary outdoor activities involving one hundred (100) or more people shall not exceed seven (7) consecutive days in any ninety (90) day period without prior written approval of Grantee.

4. **MANAGEMENT OF FOREST.** Best Management Practices, as defined by the Virginia Department of Forestry, shall be used to control erosion and protect water quality when any timber harvest or land-clearing activity is undertaken. All material timber harvest activities on the Property shall be guided by a Forest Stewardship Management Plan approved by Grantee. A pre-harvest plan consistent with the Forest Stewardship Management Plan shall be submitted to Grantee for approval 30 days before beginning any material timber harvest, which approval shall be limited to determination of whether or not the pre-harvest plan is in compliance with the Forest Stewardship Management Plan and is consistent with the purpose of this Easement. The objectives of the Forest Stewardship Management Plan shall include, but are not limited to, forest health, biodiversity, timber management, wildlife habitat, scenic forest, aesthetics, recreation, water and air quality, carbon or other mitigation banking programs, historic and cultural resource preservation, natural area preservation, or any combination thereof. Without limiting the foregoing requirement regarding submission of pre-harvest plans, Grantee shall be notified 30 days prior to the clearing of over 10 acres of forestland for conversion into grassland, crop land, or in association with the construction of permitted buildings.

Neither a Forest Stewardship Management Plan nor a pre-harvest plan shall be required for the following permitted non-commercial activities: (i) cutting of trees for the construction of permitted roads, utilities, buildings and structures, (ii) cutting of trees for trail clearing, (iii) cutting of trees for firewood, or for other domestic uses of Grantor, (iv) removal of trees posing an imminent hazard to the health or safety of persons, structures, or livestock, or (v) removal of invasive species.

5. **RIPARIAN BUFFER.** To protect water quality, riparian buffer strips shall be maintained as follows:

- (i) **Forested Buffer:** a 150-foot buffer strip shall be maintained in naturally-occurring grasses and existing trees or be permitted to revegetate with indigenous grasses along the edge of the New River except from mid-April to mid-August of each year turf management, ordinary lawn mowing, and other mowing to control non-native or invasive species or protect trees and other plants planted in the buffer strip is permitted. Notwithstanding the above, native trees and plants may be planted in the buffer. In the alternative, Grantor retains the right, but has no obligation, to allow this area to revert to its natural state.

There shall be no grazing of livestock within this buffer.

- (ii) **Buffer for Cropland and Pasture, including Wooded Pasture:** (a) 150-foot buffer strip (in which no plowing, cultivation or other earth-disturbing activity is permitted, except as set forth below, shall be maintained along the edge of the New River as measured from the top of the bank

Within this buffer strip(s) there shall be (a) no buildings or other substantial structures constructed, except as depicted on the aforesaid "Open Space" survey, (b) no storage of compost, manure, fertilizers, chemicals, machinery or equipment, (c) no removal of trees except removal of invasive species or removal of dead, diseased or dying trees or trees posing a human health or safety hazard, and (d) no plowing, cultivation or other earth-disturbing activity, except as may be reasonably necessary for (1) wetland or stream bank restoration, or erosion control, pursuant to a government permit, (2) fencing along or within the buffer area, (3) construction and maintenance of stream crossings that minimize obstruction of water flow, (4) creation and maintenance of foot or horse trails with unimproved surfaces, (5) dam construction to create ponds, and (6) the construction, repair, maintenance or replacement of structures or facilities otherwise permitted by this Easement..

Should the New River meander or change course naturally, the riparian buffer shall remain the same width, but move relative to the movement of the New River. In such event any buildings or structures that were outside of the original buffer strip and are determined to be within the new buffer strip shall not be considered in violation of these restrictions and may be maintained at such locations.

- 6. **GRADING, BLASTING, AND MINING.** Grading, blasting or earth removal shall not materially alter the topography of the Property except for (i) dam construction to create ponds, (ii) wetlands or stream bank restoration pursuant to a government permit, (iii) erosion and sediment control pursuant to an erosion and sediment control plan, or (iv) as required in the construction of permitted buildings, structures, roads, and utilities. Best Management Practices, in accordance with the Virginia Erosion and Sediment Control Law, shall be used to control erosion and protect water quality in such construction. Grading, blasting or earth removal in excess of one acre for the purposes set forth in subparagraphs (i) through (iv) above require 30 days' prior notice to Grantee. Generally accepted agricultural activities shall not constitute a material alteration. Surface mining, subsurface mining, dredging on or from the Property, or drilling for oil or gas on the Property is prohibited.

- 7. **ACCUMULATION OF TRASH.** Accumulation or dumping of trash, refuse, junk or toxic materials is not permitted on the Property. This restriction shall not

prevent generally accepted agricultural or wildlife management practices, such as creation of brush piles, composting, or the storage of farm machinery, organic matter, agricultural products or agricultural byproducts on the Property.

8. **SIGNS.** Display of billboards, signs, or other advertisements is not permitted on or over the Property except to: (i) state the name and/or address of the owners of the Property, (ii) advertise the sale or lease of the Property, (iii) advertise the sale of goods or services produced incidentally to a permitted use of the Property, (iv) provide notice necessary for the protection of the Property, (v) give directions to visitors, or (vi) recognize historic status or participation in a conservation program. Temporary political signs are allowed. No signs visible from outside the Property shall exceed nine square feet in size.

9. **COST OF MAINTENANCE.** It is intended that Grantee shall ultimately bear no cost or expense relating to or arising from the ownership, administration, exercise, maintenance or enforcement of this Easement or the rights and duties of Grantee hereunder ("Easement Expenses") and that Grantor shall be responsible for the Easement Expenses. Accordingly, Grantee may from time to time, submit to Grantor a statement of such costs and expenses, together with supporting invoices and vouchers as are available, indicating the period during which they were incurred and the amount to be paid Grantee by Grantor as reimbursement thereof. Grantor shall pay such amount to Grantee within 45 days of the date of such statement, and any amount not paid when due shall bear interest at the legal rate of interest. Upon demand of Grantee, Grantor shall pay to Grantee the amount estimated by Grantee to be sufficient to enable Grantee to pay as they become due all Operating Expenses during the following calendar year.

SECTION III – ENFORCEMENT

1. **RIGHT OF INSPECTION.** Representatives of Grantee may enter the Property from time to time for purposes of inspection (including photographic documentation of the condition of the Property) and enforcement of the terms of this Easement after permission from or reasonable notice to Grantor or Grantor's representative, provided, however, that in the event of an emergency, entrance may be made to prevent, terminate or mitigate a potential violation of these restrictions with notice to Grantor or Grantor's representative being given at the earliest practicable time.

2. **ENFORCEMENT.** Grantee has the right to bring an action at law or in equity to enforce the Restrictions and the obligations of Grantor contained herein. This right specifically includes the right (i) to require restoration of the Property to its condition at the time of the donation or, in Grantee's discretion, to require restoration of the Property to its condition prior to the violation, provided that such prior condition was in compliance with the Restrictions and consistent with the purpose of this Easement; (ii) to recover any damages arising from non-compliance; and (iii) to enjoin non-compliance by *ex parte* temporary or

permanent injunction. If the court determines that Grantor failed to comply with this Easement, Grantor shall reimburse Grantee for any reasonable costs of enforcement, including costs of restoration, court costs and attorney's fees, in addition to any other payments ordered by the court. Grantee's delay shall not waive or forfeit its right to take such action as may be necessary to ensure compliance with this Easement, and Grantor hereby waives any defenses of waiver, estoppel or laches with respect to any failure to act by Grantee. Notwithstanding any other provision of this Easement, neither Grantor nor Grantee shall be responsible or liable for any damage to the Property or change in the condition of the Property (i) caused by fire, flood, storm, Act of God, governmental act or other cause outside of the control of Grantor or Grantee, as appropriate or (ii) resulting from prudent action taken by Grantor or Grantee to avoid, abate, prevent or mitigate such damage to or changes in the condition of the Property from such causes.

SECTION IV – DOCUMENTATION

The Grantee shall retain documentation in the office of Grantee including, but not limited to, the Baseline Documentation Report ("Documentation Report"), which describes the condition and character of the Property at the time of the gift. The Documentation Report may be used to determine compliance with and enforcement of the terms of this Easement; however, the parties are not precluded from using other relevant evidence or information to assist in that determination. Grantor has made available to Grantee, prior to donating this Easement, preliminary documentation sufficient to establish the condition of the Property at the time of the gift and will provide by February 1, 2009, the final Documentation Report to Grantee. The Grantor and the Grantee agree that, upon receipt of the final Documentation Report, both shall review same and, upon their satisfactory review of same, both shall execute such documents as may be reasonably provided to memorialize their agreement that same as provided, is an accurate representation of the Property.

SECTION V – GENERAL PROVISIONS

1. **DURATION.** This Easement shall be perpetual. It is an easement in gross that runs with the land as an incorporeal interest in the Property. The covenants, terms, conditions and restrictions contained in this Easement are binding upon, and inure to the benefit of, the parties hereto and their successors and assigns, and shall continue as a servitude running in perpetuity with the Property. The rights and obligations of any Grantor under this Easement terminate upon proper transfer of such Grantor's interest in the Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.
2. **NO PUBLIC ACCESS AND GRANTOR'S RETENTION OF USE.** Although this Easement will benefit the public as described above, nothing herein shall be construed to convey to the public a right of access to, or use of the

Property, or to entitle any person other than Grantor or Grantee to enforce the provisions hereof. Grantor retains the exclusive right to such access and use, subject to the terms hereof.

3. **TITLE.** Grantor covenants and warrants that Grantor has good title to the Property, that Grantor has all right and authority to grant and convey this Easement and that the Property is free and clear of all encumbrances (other than restrictions, covenants, conditions, and utility and access easements of record) including, but not limited to, any mortgages not subordinated to this Easement.

4. **ACCEPTANCE.** Acceptance of this conveyance by Grantee is authorized by the Virginia Water and Waste Authorities Act, and is evidenced by the signature of its Chairman by authority granted by Grantee's board of directors.

5. **INTERACTION WITH OTHER LAWS.** This Easement does not permit any use of the Property that is otherwise prohibited by federal, state, or local law or regulation. Neither the Property, nor any portion of it, has been or shall be dedicated as open space within, or as part of, a residential subdivision or any other type of residential or commercial development, dedicated as open space in, or as part of, any real estate development plan, or dedicated for the purpose of fulfilling density requirements to obtain approvals for zoning, subdivision, site plan, or building permits. No development rights that have been encumbered or extinguished by this Easement shall be transferred to any other property pursuant to a transferable development rights scheme, cluster development arrangement or otherwise.

6. **CONSTRUCTION.** Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purposes of the Easement and the policy and purposes of Grantee. If any provision of this Easement is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid. Notwithstanding the foregoing, lawful acts or uses consistent with the purpose of and not expressly prohibited by this Easement are permitted on the Property. Grantor and Grantee intend that the grant of this Easement qualify as a "qualified conservation contribution" as that term is defined in Section 170(h)(1) of the Internal Revenue Code and Treasury Regulations §1.170A-14, and the restrictions and other provisions of this instrument shall be construed and applied in a manner that will not prevent this Easement from being a qualified conservation contribution.

7. **REFERENCE TO EASEMENT IN SUBSEQUENT DEEDS.** This Easement shall be referenced by deed book and page number, instrument number or other appropriate reference in any deed or other instrument conveying any interest in the Property.

8. **NOTICE TO GRANTEE.** For the purpose of giving notices hereunder the current address of Grantor is 246 Valleyfield Lane, Southern Pines, NC 28387, and the current address of Grantee 136 East Main Street (P.O. Box 99), Independence, VA 24348. Grantor agrees to notify Grantee in writing (i) before exercising any reserved right that Grantor believes may have an adverse effect on the conservation or open-space values or interests associated with the Property (the purpose of requiring such notice is to afford Grantee an adequate opportunity to monitor such activities to ensure that they are carried out in a manner consistent with the purpose of this Easement; such notice shall describe the proposed activity in sufficient detail to allow Grantee to judge the consistency of the proposed activity with the purpose of this Easement); and (ii) at or prior to closing on any *inter vivos* transfer, other than a deed of trust or mortgage, of all or any part of the Property.
9. **TAX MATTERS.** The parties hereto agree and understand that any value of this Easement claimed for tax purposes as a charitable gift must be fully and accurately substantiated by an appraisal from a qualified appraiser as defined in IRS regulations (see Section 1.170A-13(c)(5)), and that the appraisal is subject to review and audit by all appropriate tax authorities. Grantee makes no express or implied warranties that any tax benefits will be available to Grantor from donation of this Easement, or that any such tax benefits might be transferable, or that there will be any market for any tax benefits that might be transferable. By its execution hereof, Grantee acknowledges and confirms receipt of the Easement and further acknowledges that Grantee has not provided any goods or services to Grantor in consideration of the grant of the Easement.
10. **MERGER** To the extent allowed by law, if Grantee acquires a fee interest in the Property, this Easement shall not merge into the fee interest, but shall survive the deed and continue to encumber the Property
11. **ASSIGNMENT BY GRANTEE.** Grantee may not transfer or convey this Easement unless Grantee conditions such transfer or conveyance on the requirement that (i) all restrictions and conservation purposes set forth in this Easement are to be continued in perpetuity and (ii) the transferee then qualifies as an eligible donee as defined in Section 170(h)(3) of the IRC as amended and the applicable Treasury Regulations.
12. **GRANTEE'S PROPERTY RIGHT.** Grantor agrees that the donation of this Easement gives rise to a property right in the realty, but not in any improvements thereto, immediately vested in Grantee, with a fair market value that is equal to the proportionate value that the perpetual conservation restriction at the time of the gift bears to the value of the Property, being the realty but not any improvement thereto, as a whole at that time.
13. **CONVERSION OR DIVERSION.** Grantor and Grantee intend that this Easement be perpetual and acknowledge that no part of the Property may be

converted or diverted from its open-space use except in compliance with the provisions of Section 10.1-1704 of the Open-Space Land Act which does not permit loss of open space.

14. **EXTINGUISHMENT.** Notwithstanding the provisions of Section 10.1-1704 of the Open-Space Land Act, should an attempt be made to extinguish this Easement, such extinguishment can be carried out only by judicial proceedings and only if in compliance with Section 10.1-1704 and IRC Section 170 (h) and applicable Treasury Regulations. In any sale or exchange of the Property subsequent to an extinguishment, Grantee shall be entitled to a portion of the proceeds at least equal to the proportionate value of this Easement computed as set forth in Paragraph 12 above, but not to be less than the proportion that the value of this Easement at the time of extinguishment bears to the then value of the Property as a whole, excluding any improvements thereto. Grantee shall use all its share of the proceeds from the sale of the Property in a manner consistent with the conservation purpose of this Easement and the Open-Space Land Act.
15. **AMENDMENT.** Grantee and Grantor may amend this Easement to enhance the Property's conservation values or add to the restricted property, provided that no amendment shall (i) affect this Easement's perpetual duration, (ii) conflict with or be contrary to or inconsistent with the conservation purpose of this Easement, (iii) reduce the protection of the conservation values, (iv) affect the qualification of this Easement as a "qualified conservation contribution" or "interest in land" or (v) affect the status of Grantee as a "qualified organization" or "eligible donee". No amendment shall be effective unless documented in a notarized writing executed by Grantee and Grantor and recorded among the land records of the County of Grayson, Virginia.
16. **SEVERABILITY.** If any provision of this Easement or its application to any person or circumstance is determined by a court of competent jurisdiction to be invalid, the remaining provisions of this Easement shall not be affected thereby.
17. **ENTIRE AGREEMENT.** This instrument sets forth the entire agreement of the parties with respect to this Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the easement.
18. **CONTROLLING LAW.** The interpretation and performance of this Easement shall be governed by the laws of the Commonwealth of Virginia, resolving any ambiguities or questions of the validity of specific provisions in order to give maximum effect to its conservation purpose.
19. **RECORDING.** This Easement shall be recorded in the land records in the Circuit Court Clerk's Office of the County of Grayson, Virginia, and Grantee may re-record it any time as may be required to preserve its rights under this Easement.

20. **COUNTERPARTS.** This Easement may be executed in one or more counterpart copies, each of which, when executed and delivered shall be an original, but all of which shall constitute one and the same Easement. Execution of this Easement at different times and in different places by the parties hereto shall not affect the validity of the Easement.

Carter Bank & Trust, herein the Bank, is the Note holder under a certain Deed of Trust dated February 27, 2008, and recorded in the Clerk's Office of the Circuit Court of Grayson County, Virginia in Deed Book 493 at Page 628, which subjects the Property to the Bank's lien. The Bank hereby consents to the terms and intent of this Easement, and agrees that the lien represented by said Deed of Trust shall be held subject to this Easement and joins in this Deed to reflect its direction to the Trustee to execute this Easement to give effect to the subordination of such Deed of Trust to this Easement.

WITNESS the following signatures and seals:

[Counterpart signature pages follow]

[Counterpart signature page 1 of 4]

HIGH MEADOWS AT NEW RIVER, LLC

By  (SEAL)
Robert R. Stafford, Member/Manager

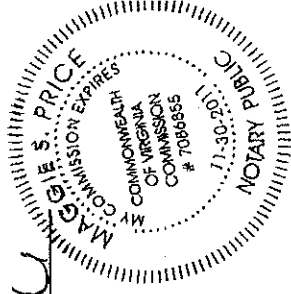
STATE OF Virginia

CITY/COUNTY OF GAVANSON, to-wit:

I, Maagie S. Price, a Notary Public of the County and State
aforesaid, certify that Robert R. Stafford, personally came before me this day and
acknowledged that he is the Manager of HIGH MEADOWS AT NEW RIVER, LLC, and
that by authority duly given and as the act and deed of the said company the foregoing
instrument was signed in its name by him as its Manager.

Witness my hand and seal this 30th day of December 2008.

Maagie S. Price
Notary Public



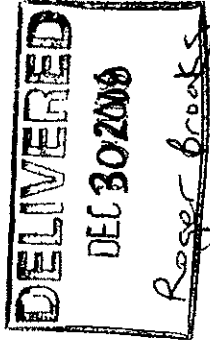
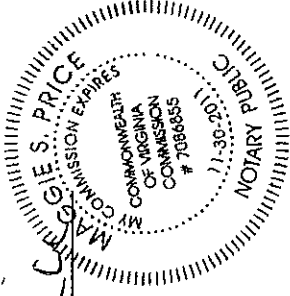
My Commission expires: 11/30/2011

Registration Number: 7086855

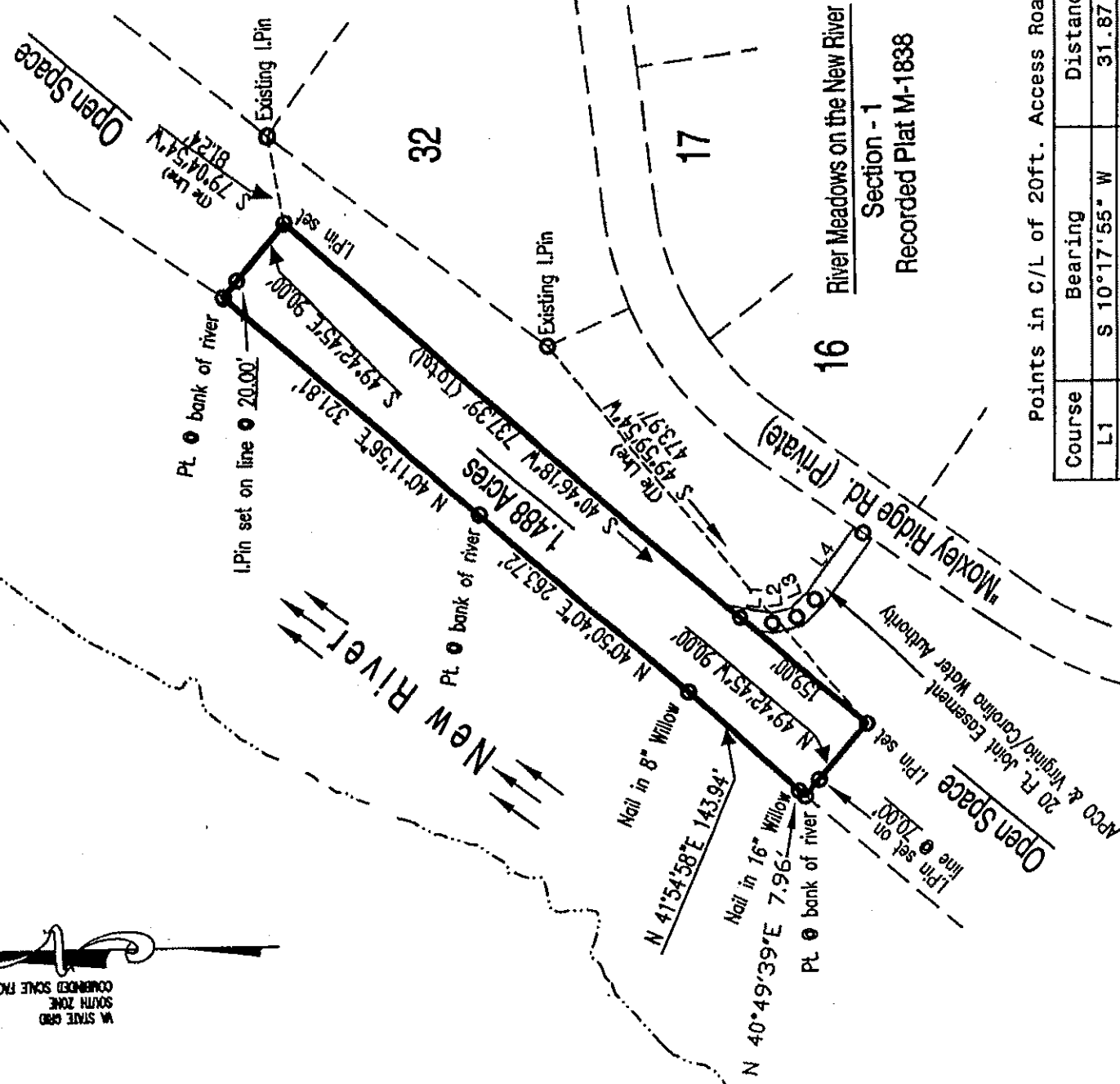
[Counterpart signature page 2 of 4]

Accepted:

VIRGINIA/CAROLINA WATER AUTHORITY

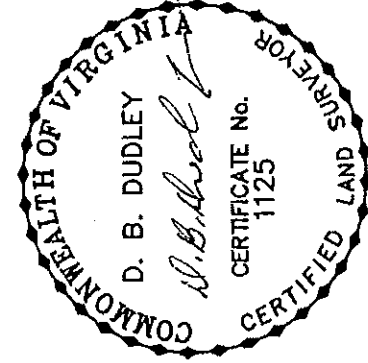
By: Bryan Edwards (SEAL)
Title: ChairmanCOMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF GRAYSON, TO WIT:The foregoing instrument was acknowledged before me this 30th day ofDecember, 2008, on behalf of the Virginia/Carolina Water Authority
by Bryan Edwards, as Chairman of the Virginia/Carolina Water
Authority.Maggie D. Price
Notary PublicMy commission expires: 11/30/2011
Registration No. 7086855INSTRUMENT #080000219
RECORDED IN THE CLERK'S OFFICE OF
GRAYSON CO
DECEMBER 30, 2008 AT 04:37PM
SUSAN M. HERRINGTON, CLERK
RECORDED BY: DPH

VA STATE GRID
SOUTH ZONE
CORRECTED SCALE FACTOR: 0.9992474



Points in C/L of 20ft. Access Road

Course	Bearing	Distance
L1	S 10°17'55" W	31.87'
L2	S 13°19'41" E	24.57'
L3	S 43°36'16" E	24.69'
L4	S 54°11'22" E	77.68'



EXHIBIT

SURVEY FOR CONVEYANCE TO:

Virginia-Carolina Water Authority

FROM:

High Meadows at the New River, LLC.

NOTES:

1. This plat is the result of a current field survey.
2. This plat was prepared without the benefit of a current title report and may not necessarily show all encumbrances thereon.
3. Features such as springs, streams, buildings, roads, etc... unless otherwise dimensioned are approximate locations.

OLD TOWN MAGISTERIAL DISTRICT
GRAYSON COUNTY, VIRGINIA

SCALE: 1"=150 DATE: 12/11/2008

REVISED: 12/22/2008 (20FT. R/W)

TITLE REFERENCE: D.B. 480, PAGE 770 (Portion)

TAX PARCEL: 91-A-45 (Portion)

DWG: RiverMeadowsIntake.DWG

No. 7777E

18" Sycamore on River Bank

Open Space

(0.155 Acres)

Pavilion

Tank

I.Pin Elev: 2333.5'
(100 Year Flood Line)

Elev: 2333.5'
100 Year Flood Line

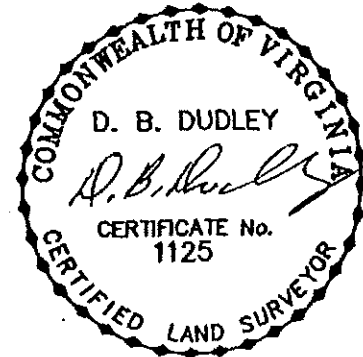
Fire Pit

Open Space

"Moxley Ridge Rd. (Private)"

Existing I.Pin

River Meadows on the New River
Section - 1
Recorded Plat M-1838



NOTE:

1. Elevations based on RM-40 of Community Panel No. 51023 0145 B.

Plat of Survey Showing
Pavilion
A T:
River Meadows on the New River

OLD TOWN MAGISTERIAL DISTRICT
GRAYSON COUNTY, VIRGINIA
SCALE: 1"=80 DATE: 12/12/2008
DWG: RIVERMEADOW-PAVILION.DWG