

PUBLIC OFFERING STATEMENT

A

PUBLIC OFFERING STATEMENT

FOR

SOUTH POINTE CONDOMINIUM
FRANKLIN COUNTY, VIRGINIA

PREPARED BY

WILLARD CONSTRUCTION OF ROANOKE
VALLEY, INC., A VIRGINIA CORPORATION
P.O. BOX 540
WIRTZ, VA 24184

PURCHASER SHOULD READ THIS DOCUMENT FOR HIS OWN PROTECTION
PUBLIC OFFERING STATEMENT

NAME OF CONDOMINIUM:	SOUTH POINTE CONDOMINIUM
LOCATION OF CONDOMINIUM	Gills Creek Magisterial District, South Pointe Shore Drive, Moneta, Franklin County, Virginia 24121
NAME OF DECLARANT	Willard Construction of Roanoke Valley, Inc., a Virginia Corporation
ADDRESS OF DECLARANT	P.O. Box 540 Wirtz, Virginia 24184
EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT:	September 29, 2003
	AMENDED: MARCH 16, 2004, September 10, 2004
	AMENDED: <u>August 12, 2005</u>

This Public Offering Statement presents information regarding condominium units being offered for sale by the declarant. Virginia Law requires that a Public Offering Statement be given to every purchaser in order to provide full and accurate disclosure of the significant features of the condominium units being offered. The Public Offering Statement is not intended, however, to be all inclusive. The purchaser should consult other sources for details not covered by the Public Offering Statement.

The Public Offering Statement summarizes information and documents furnished by the declarant to the Virginia Real Estate Board. The Board has carefully reviewed the Public Offering Statement to ensure that it is an accurate summary but does not guarantee its accuracy. In the event of any inconsistency between the Public Offering Statement and the material it is intended to summarize, the latter will control.

Under Virginia Law a purchaser of a condominium unit is afforded a ten day period during which he or she may cancel the contract of sale and obtain full refund of any sums deposited in connection with the contract. The ten day period begins running

on the contract date or the date of delivery of a Public Offering Statement, whichever is later. The purchaser should inspect the condominium unit and all common areas and obtain professional advise. If the purchaser elects to cancel, he or she must deliver notice of cancellation to the declarant by hand or by United States mail, return receipt requested.

1. The following are violations of Virginia Law and should be reported to the Virginia Real Estate Board, 3600 West Broad Street, Richmond, Virginia, 23230-4917.
 - a. A misrepresentation made in the Public Offering Statement
 - b. an oral modification of the Public Offering Statement
 - c. a representation that the Board has passed on merits of the condominium units being offered or endorses the condominium

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SUMMARY OF IMPORTANT CONSIDERATIONS

SUMMARY

Following are important matters to be considered in acquiring a Condominium unit. They are highlights only. The narrative sections should be examined to obtain detailed information.

(1) The Condominium will be governed by a Unit Owners' Association, which is incorporated. Each Unit Owner will have a vote on certain decisions of the Association and will be bound by all decisions of the Association including those with which he or she disagrees. See "Unit Owners' Association", Section J, Public Offering Statement.

(2) Certain decisions of the Unit Owners' Association will be made by the Board of Directors of the Association. See "Unit Owners' Association", Section J, Public Offering Statement.

(3) The expenses of operating the Unit Owners' Association will be paid by the Unit Owners on the basis of a periodic budget. Each Unit Owner will pay a periodic assessment. A Unit Owner cannot reduce the amount of his assessment by refraining from use of the Common Elements. See "Financial Matters", Section L, Public Offering Statement.

(4) If a Unit Owner fails to pay an assessment when due, the Unit Owners' Association will have a lien against his

Condominium Unit. Certain other penalties may be applied. See "Financial Matters", Section L, Public Offering Statement.

(5) The Declarant must pay assessments on unsold Condominium Units.

(6) The Declarant will retain control of the Unit Owners' Association for an initial period of five years from the date of settlement of the first Unit sold, or such earlier date when units to which three-fourths of the undivided interests in the common elements appertain have been sold and conveyed. See "Unit Owners' Association", Section J, Public Offering Statement.

(7) A managing agent will perform the routine operations of the Unit Owners' Association. The initial managing agent will be the Declarant. See "Unit Owners' Association", Section J, Public Offering Statement.

(8) The Declarant may rent unsold Condominium Units. The right of any Unit Owner to rent his Unit is subject to the Declaration which prohibits leases of less than an entire unit, leases for less than two weeks and leases through leasing agencies. See "Restrictions on Transfer", Section I, Public Offering Statement.

(9) The Declarant will not expand the Condominium to more than a total of 48 units.

(10) There are no restrictions on the right of a Unit Owner to resell his Condominium Unit. See "Restrictions to Transfer", Section I, Public Offering Statement.

(11) The Units are restricted to residential use. See "Description of Condominium", Section C, Public Offering Statement.

(12) The Unit Owner may not alter the structure of his Unit or modify the exterior of his Unit without the approval of the Unit Owners' Association. See "Individual Units", Section D, Public Offering Statement.

(13) The Unit Owners' Association will obtain certain insurance benefiting the Unit Owner, but the Unit Owner should obtain other insurance on his own. See "Insurance", Section M, Public Offering Statement.

(14) The Unit Owner will pay real estate taxes on his Condominium Unit. See "Taxes", Section N, Public Offering Statement.

(15) The Condominium is not subject to development as a timeshare. See "Description of Condominium" Section C, Public Offering Statement.

(16) Marketing and sale of condominium units will be conducted in accordance with the Virginia Fair Housing Law (Code of Virginia §36-96.1 et seq.) and the Virginia Condominium Act (Code of Virginia §55-79.52(c)).

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A. The Condominium Concept.

Condominium ownership is a relatively new property right which, in effect, combines two older forms of ownership. The Condominium Unit Owner is (1) the sole owner of the portion of a building which comprises his living quarters and is (2) one of many mutual owners (legally speaking, "tenants in common") of common facilities which service his and other living quarters and of common areas which the Unit Owner may use and enjoy along with other mutual owners. Each individual Unit Owner has an "undivided interest" in the Common Elements. An undivided interest gives the Unit Owner the right to share in the control of the Common Elements, but he must also pay his share of the normal expenses of operating and maintaining the Common Elements. General Common Elements are for the general use of all Unit Owners, subject to the rules of the Condominium documents and the Association. Limited Common Elements are restricted in use, and are available to one or more Unit Owners only. It is the ownership of an undivided interest in the Common Elements which sets Condominium ownership apart from other types of property ownership.

B. Creation of the Condominium.

South Pointe Condominium will be created by the recording of the Declaration and amendments thereto. Attached to the Declaration will be plats and plans, and the By-Laws of the Unit Owners' Association.

1. The Declaration.

The Declaration is the basic document for the Condominium, and it includes any amendments thereto and the following:

- a. a description of the Units and Common Elements,
- b. the creation of easements affecting the Units and Common Elements,
- c. the imposition of restrictions on the use of Units and Common Elements,
- d. a description of the insurance that the Association is required to maintain,
- e. a description of the basis and use of assessments and reserves,

- f. and a description of the basic rights of owners and lenders in the Condominium.

The Declaration may be amended by two-thirds (2/3) vote of the Unit Owners and the lenders holding first liens on the Units. If there are no Unit Owners other than Declarant, the Declarant may unilaterally amend the Condominium Instruments.

2. Plats and Plans.

The Plats and Plans and amendments thereto will depict the Condominium Units and Common Elements as actually built. They will be certified as to accuracy by surveyors, engineers or architects licensed to practice in Virginia after all units are "substantially complete".

3. By-Laws.

The By-Laws are the basic format for the governing of the Condominium by the Unit Owners. They establish the format and procedure for voting, meetings, and officers of the Unit Owners' Association. They provide for the Board of Directors, and the governing of the Condominium by the Board of Directors. The By-Laws may be amended by a two-thirds vote of the Unit Owners, said vote computed as provided in Section J herein.

The Declaration and the above attachments and amendments thereto will be recorded in the Clerk's Office of the Circuit Court for Franklin County, Virginia, located in the Franklin County Courthouse, Rocky Mount, Virginia. After it is recorded, Declarant, within ten (10) days will forward to each contract purchaser a copy of the Declaration and attachments as required by the Virginia Condominium Act.

C. Description of Condominium

South Pointe Condominium is located on Smith Mountain Lake in the Gills Creek Magisterial District of Franklin County, Virginia at South Pointe Shore Drive, Moneta, Virginia 24121, and is a part of the general Waterfront development area. The Waterfront is a development by the Declarant of approximately 755 acres upon which the Declarant has constructed an eighteen hole golf course and upon which approximately 274 lots for single family residential dwellings have been developed, 84 townhouse units and 54 condominium units have been completed. The condominium, after the submission of the final phase, Phase 4, shall contain a total of 8.333 acres, designated as South Pointe Condominium. The Declarant has constructed 12 units in Phase 1,

12 units in Phase 2, 12 units in Phase 3, and 12 units in Phase 4. Phase 1 of the Condominium contains 2.559 acres of land, Phase 2 contains 2.502 acres of land, Phase 3 contains 1.832 acres of land, and Phase 4 contains 1.440 acres of land on which the Declarant has built 12 units in Building 300, 12 units in Building 200, 12 units in Building 100 and 12 units in Building 400, containing 8 Type A units, 8 Type B units, 16 Type C units and 16 Type D units. The Condominium was initially an expandable condominium but with the addition of Phase 4 there will be no further expansion and the Declarant has removed any "Additional Land" not within the bounds of the 8.333 acres submitted from the Declaration, except for drainfield easements located within the "Additional Land" areas and shown upon the plats. Declarant has developed 48 units in Phases 1, 2, 3 and 4 so as to create an overall harmonious community. There shall be no further construction and development of additional phases.

All buildings will be constructed with 19.2 feet on center 24" floor trusses, stud framework, brick and masonry veneer, and fiber cement board siding exterior. The roofing material will be 25 year fiberglass shingles. Sewage treatment shall be by septic systems. (See paragraph K, page 18)

All units within South Pointe Condominium are restricted to residential use and this restriction and other use and occupancy restrictions may be found in Article XII of the Declaration which is Exhibit 1 attached hereto.

There were 36 units offered for sale in Phases #1, #2 and #3, and 12 units offered for sale in Phase # 4 in this offering. The Declarant will attempt to sell all units, however, unsold units may be rented by Declarant prior to sale. It is the intention of the Declarant that the Condominium will not be sold on a time shared basis. There will be limitations of rental of units after their sale by Declarant as herein set forth. At the time of registration, the Declarant intends to sell more than 20 percent of the units to persons who do not intend to occupy the units as their primary residence.

D. Individual Units.

Individual units at South Pointe Condominium are available in four floor designs ranging in size based on distances between interior walls measured to inside faces of studs or foundation walls, of 1217 square feet for Type A, 1197 square feet for Type B, 1234 square feet for Type C, and 1203 square feet for Type D. The layout of each individual type Condominium Unit is shown on Exhibit "A" and the Plats and Plans, a part of the Declaration as

Exhibit 1, attached hereto. Each purchaser of a Condominium Unit will own in fee simple a living unit and in addition will own an undivided interest in the Common Elements. Additionally, ownership of a unit shall entitle the owner to the exclusive use and enjoyment of any shutters, awnings, screened porch, doorsteps, porches, balconies, patios, and patio fencing appurtenant thereto, as a Limited Common Element. Each purchaser is responsible for the care and upkeep of his individual unit. Day to day cleaning and upkeep of Limited Common Elements shall be the responsibility of the Owner of the unit having the use and enjoyment thereof. The Unit Owners' Association is responsible for repair and maintenance of the Common Elements as well as all major repairs connected with the Limited Common Elements as built by the Declarant.

The exterior shells of all buildings are General Common Elements. No exterior changes may be made to a unit without the consent of the Unit Owners' Association. Construction of Phases 1, 2, 3 and 4 has been completed.

E. Common Elements.

Common Elements are defined to mean all portions of the Condominium other than the individual units and those areas designated as Limited Common Elements in the Declaration of the Condominium and shown on "Exhibit A" to the Declaration which are the "Plats and Plans" prepared by Lumsden Associates, P.C., Roanoke, Virginia. All Common Elements are owned in common by all Unit Owners in a undivided way and are available for use by all Unit Owners, or occupants, except for those Common Elements specifically designated as Limited Common Elements. Limited Common Elements are reserved for the exclusive use of a particular Unit or Units, but less than all of the Units. Each Unit will have a deck or a patio designated as a Limited Common Element and which shall not be reassignable. Each unit will be assigned as a Limited Common Element one boat slip located within a boat dock structure to be constructed upon the land lying below the 800 foot contour line adjoining the common area. These boat slips shall be appurtenant to the unit to which they are initially designated and assigned and shall not be sold, leased or assigned except as an appurtenance to such unit, provided however, slips may be exchanged and reassigned between units upon written application to and the written permission of the Unit Owners Association.

A portion of the common area of the South Pointe Condominium will abut the 800 foot contour line which is generally the high water mark or boundary of Smith Mountain Lake. The land below

the 800 foot contour line is subject to the flowage easement rights of American Electric Power. The common area will further include a limited easement to cross the land between the 800 foot contour line and the waters of Smith Mountain Lake to use said waters for recreational purposes expressly subject however to all of the rights, rules, regulations and limitations imposed and to be imposed from time to time by American Electric Power, by the Declarant, and by the Unit Owners' Association. The Unit Owners' Association is, and will be prohibited by the Declarant when it conveys the common area to the Unit Owners' Association, from constructing any additional boat docks, slips or mooring facilities or other structures of any type below the 800 foot contour line except for restoration or replacement of any such facilities or structures initially constructed by Declarant. The use of any area of the Common Element below the 800 foot contour line will be at the sole risk of the user as to American Electric Power and Declarant and there may be no claims against American Electric Power or Declarant for any injuries or damages arising out of such use. Further, there may be no claims against American Electric Power or Declarant for any effect, change or result whatsoever resulting from the construction or maintenance of the dam of Smith Mountain Lake by American Electric Power and the varying level of the impounded waters. American Electric Power has the right to flood the said area adjoining the area below the 800 foot contour line as set forth in paragraph H(1)(a).

Any pipe, drain, conduit, etc., within any Unit, or Limited Common Element, which provides utility or service to other Units shall also be a Common Element. Limited Common Elements shall not be considered or interpreted to be separate and apart from the Common Elements in general, being limited only with aspect to the reserved use thereof to the Unit or Units served thereby.

An undivided interest in and to the Common Elements shall be allocated to each Unit as shown in the Declaration.

There has been substantial completion of the common elements in Phases 1, 2, 3 and 4.

South Pointe Condominium Phase 1, Phase 2, Phase 3 and Phase 4 will contain 72 exterior paved parking spaces, 1 per unit with an additional 24 spaces, as shown on the plats and plans, all of which are initially part of the Common Elements. None of the parking spaces will be assigned to any particular unit by Declarant, however, the Unit Owners' Association may elect to assign parking spaces in the exercise of its discretion. There will be no extra charge or cost to any Unit Owner for the

use of parking spaces or any portion of the Common Elements. Boats, trailers, campers and recreational vehicles will be strictly prohibited from being parked upon South Pointe Shore Drive or upon any paved parking areas and in the areas of the Common Elements, except upon such areas as are specifically designated by the Association. The Declarant will not submit the land over which the said South Pointe Shore Drive right of way easement is located but will submit a non-exclusive easement over same for ingress and egress, from Va. Sec. Rte #654, to the parking areas of the condominium. The said parking area and roads through the submitted lands to the cul-de-sac of South Pointe Shore Drive and the curbing and guttering of same shall be maintained by the Unit Owners' Association as a common area expense and shall be considered a Common Element.

F. The Declarant.

Willard Construction of Roanoke Valley, Inc. is a Virginia Corporation whose president and sole stockholder is Ronald L. Willard. Declarant was not organized for the sole purpose of developing South Pointe Condominium. The Declarant has developed and constructed as the managing general partner with a 50% ownership interest of Gangplank Pointe, a Virginia Partnership, Gangplank Pointe Condominium, a condominium located within "The Waterfront" development of Franklin County, Virginia consisting of 54 units all of which have been sold and conveyed. The Declarant has developed and constructed Marina Bay Condominium located in the Water's Edge subdivision, consisting of 36 units, all of which have been sold.

The Declarant, Willard Construction of Roanoke Valley, Inc. was chartered in 1975 as a Virginia Corporation, which, since that time, has engaged in the business of land development and construction. The person immediately responsible for the development of the Condominium is Ronald L. Willard, the President, sole stockholder and managing officer of Willard Construction of Roanoke Valley, Inc. Ronald L. Willard has been associated with Declarant since its inception in 1975. Willard Construction of Roanoke Valley, Inc., in addition to being the Declarant shall act as general contractor for the construction of the Condominium and Ronald L. Willard will be the managing officer of said corporation for the development and construction of the Condominium. Ronald L. Willard has been involved in residential construction and real estate development for approximately 30 years. As President, managing officer and majority stockholder of Bremble Properties, Inc. and as President, managing officer and sole stockholder of Willard Construction of Roanoke Valley, Inc., he has developed Sections 1

through 7, and Sections 9 through 11 of The Waterfront development, consisting of approximately 274 residential lots, 84 townhouse units, 54 condominium units, and the eighteen hole Waterfront golf course and club house; Sections 1 through 8 of The Water's Edge consisting of approximately 550 residential lots, the eighteen hole Water's Edge golf course, the Water's Edge Country Club club house, Marina Bay Condominium consisting of 36 condominium units and the Island Green Pointe Townhouses and the Village Green Townhouses; and the Boardwalk development consisting of 110 residential lots which include the Cottages at The Boardwalk.

G. Terms of Offering.

Prices of Units in South Pointe Condominium are subject to change depending upon cost of construction and other variables. The current pricing of units will range from \$369,000.00 to \$399,500.00. An offering price for a particular unit will be furnished to any prospective purchaser upon request.

It is expected that VA and FHA financing will not be available. The Declarant shall not offer any financing to purchaser.

Each purchaser will be required to pay an initial Condominium assessment to the Unit Owners' Association at the time he settles on his purchase contract. This initial assessment shall not exceed an amount equal to two months common expense assessment as provided for in Article XIII of the Declaration and shall be in addition to the regular monthly assessments. In addition, at closing each purchaser shall pay the prorated portion of the regular monthly assessment for the month of the closing. There will be no other required contribution to the Association in conjunction with the purchase of the Unit. Membership in the Waterfront Country Club is optional requiring payment of additional amounts.

The Purchase Agreement to be signed by each prospective purchaser requires said purchaser to make full settlement under terms of the contract within 15 days after mailing of written notice from the Declarant of the settlement date. If the Purchaser shall fail to make full settlement, or shall fail to comply with the other provisions of the Purchase Agreement, the earnest money deposit may be forfeited at the option of the Declarant, in which event the Purchaser shall be relieved from further liability thereunder, or, without forfeiture of the earnest money deposit, the Seller may avail itself of any further legal or equitable rights and remedies which it may have under

the contract. The Purchase Agreement shall contain provisions requiring a defaulting party to pay the reasonable attorney fees and costs of the non-defaulting party and shall provide for the waiver of a jury trial by the unit owner in any civil action against the Declarant. Purchaser shall receive a refund of all earnest money deposit when he has made a reasonable and proper application for the necessary financing to which the Purchase Agreement may be subject, and has been refused such financing by the Lender.

Earnest money deposits shall be maintained in a separate account apart from the operating accounts of the Declarant.

Declarant will convey each Unit free of liens or liabilities against such Unit, except the lien for current real estate taxes not then due and payable and the lien for condominium assessments.

H. Encumbrances.

The Condominium will be subject to the normal utility easements for water, sewer, electricity, drainage, cable television and telephone lines. The Condominium will be subject to certain easements created by the Declaration and by the Condominium Act. These easements include those for use and enjoyment, structural support, utilities, encroachments, sales and promotional facilitation, maintenance and repair, access to units, rights of Association and rights of Declarant. These easements are described in detail in the Declaration, (Exhibit 1) and the Plats and Plans (Exhibit A to the Declaration)

An easement has been reserved in the Declaration over every Unit for the Unit Owners' Association to carry out essential repairs without the Unit Owners' consent if not carried out by the Unit Owner. Entry for such repair may be made without the consent of the Unit Owner only if required to meet emergency conditions. The Unit Owner may be required to bear the cost of action so taken or work so performed.

1. Existing Easements:

(a) Flowage easements to flood the land to the 800 foot contour line conveyed to American Electric Power by deeds recorded in the Clerk's Office of the Circuit Court for Franklin County, Virginia in Deed Book 175, page 450 and Deed Book 171, page 365. This deed further provided that American Electric Power would not be subject to demands or claims against it for any effect or change or result whatsoever resulting from the

construction or maintenance of dam of Smith Mountain Lake and the varying level of the impounded waters. The right to use the land below the 800 foot contour and the waters of Smith Mountain Lake are subject to exceptions, reservation, covenants and conditions set forth in said deed and also the terms and conditions' of the license issued by the Federal Power Commission to American Electric Power dated April 25, 1960 and any amendments or supplements thereto. The said deed further provides that any use of the lands below the 800 foot contour line and the waters of Smith Mountain Lake shall be at the sole risk of the user and no claims shall be made against American Electric Power for any injuries or damages arising out of any such use.

(b) There will be other utility easements recorded during and after the construction of the Condominium.

I. Restrictions on Transfer.

The only restriction on the resale of a Condominium Unit by a Unit Owner is that it be sold for residential use. Leasing of Units will be limited to and subject to the following restrictions and those which the Association may from time to time enact and enforce. Leasing or rental of units by any commercial leasing or real estate agency shall be prohibited. Leases or rental of units for less than two consecutive weeks shall be prohibited. The Declarant will not offer leasing services. Persons other than owners occupying units shall have no privileges at the Waterfront Country Club or any of its facilities except as expressly permitted by said club or the Declarant. No portion of a Unit (less than the entire Unit) may be leased for any period. All leases or occupying agreements must be in writing and must provide that failure to comply with the Condominium Instruments and the Rules and Regulations constitutes a default under the lease. The Unit Owners' Association may adopt further restrictions on leasing, at its option, all of which will be incorporated in the Rules and Regulations of the Association.

J. Unit Owners Association.

The Unit Owners' Association is the body which controls the operation of the Condominium and in which ever Unit Owner has a voice and vote proportionate to that Unit's percentage of undivided interest in the Common Elements referred to as "percentage interest". The powers and duties of the Unit Owners' Association are governed by the By-Laws and the Virginia Condominium Act, a copy of said By-Laws being attached hereto as Exhibit 2. The Unit Owners' Association shall have the power to

adopt rules and regulations governing the use of the Common Elements and the personal conduct of the Unit Owners, and their guests thereon, and to establish penalties for the infraction thereof. The Association shall have one class of voting membership which shall consist of all Unit Owners, including the Declarant. Votes are allocated to Unit Owners based on their Unit's percentage interest. The Association shall meet at least once a year and elect a Board of Directors. The Board of Directors will elect officers and the Board and the officers will execute the powers and duties of the Unit Owners' Association, which is incorporated.

The initial Board of Directors of South Pointe Condominium shall be designated and appointed by the Declarant. The Declarant may retain control of the officers and Board of Directors during the Declarant's control period and the Declarant's control of South Pointe Condominium shall pass to the Unit Owners' Association upon the following: (1) The passage of five years from the date of settlement of the first unit sold, or (2) Upon Units registered with the Virginia Real Estate Board, to which three-fourths of the undivided interest in the Common Elements appertain have been conveyed, whichever shall first occur.

The Declarant, on behalf of the Unit Owners' Association, plans to enter into a Management Agreement with Willard Construction of Roanoke Valley, Inc., a Virginia Corporation (See Exhibit #3 hereto). Subject to the requirements of the Virginia Condominium Act as amended, the contract will be written for a period of two years. This management contract will be initiated during the period of control by the Declarant, and consequently shall not be binding upon the Unit Owners' Association after such period of control, unless then renewed or ratified with the consent of Unit Owners of Units to which a majority of votes in the Unit Owners' Association appertain.

Any contract or other commitment made by the Board of Directors or any managing agent is made only as agent for the Unit Owners, and the members of the Board of Directors or any managing agent, as the case may be, shall have no personal liability on any such contract (with the exception as to their being Unit Owners), except as expressly provided in the By-Laws, or except as provided by contract between the Board of Directors and any managing agent. The liability of any Unit Owner on any such contract or commitment shall be limited to the total liability thereunder times the Percentage Interest of such Unit

Owner. The Board of Directors shall have no liability to the Unit Owners for errors of judgment, negligence or otherwise, except for willful misconduct of its members.

K. Surrounding Area.

The Condominium is located at Moneta, Virginia on Smith Mountain Lake, in Franklin County, Virginia off of Va. Sec. Rte. 654 at the terminus of South Pointe Shore Drive. The location is suited for the residential vacation community intended. Unit Owners will have the option if exercised at the time of the conveyance of their unit to them by Declarant and by paying the fees and dues then in effect, of obtaining membership in The Waterfront Country Club which is a country club with an eighteen hole golf course, tennis courts, swimming pool and clubhouse located in The Waterfront development area and within 1 mile of the Condominium.

Franklin County, Virginia has enacted a zoning ordinance. The approximate 755 acre area of the Waterfront development is primarily zoned for residential use. The area of the condominium development has been designated as a Planned Unit Development area. Access to the property shall be across Va. Sec. Rte. #654 and South Pointe Shore Drive. All applicable codes shall be adhered to during construction of the Condominium.

There will be an on-site septic system for sewage constructed upon Phases 1, 2, 3 and 4 of the submitted land and upon Additional Land Parcel 1 containing 6.785 acres and Additional Land Parcel 2 containing 11.556 acres and upon the Drainfield Easement areas containing 3.167 acres and 3.840 acres shown upon the plats. The system will be maintained as a Common Element to the extent permitted by applicable law.

L. Financial Matters.

The Association shall establish and collect from the Unit Owners quarterly assessments to provide for the maintenance of the Common Elements and payment of other common expenses. The quarterly assessments shall be paid quarterly due and payable on the first day of the month of the quarter for which the assessment is owed and shall equal one-fourth of the amount of the annual assessment. Electricity, phones, and water, for individual Units will be the separate responsibility of the Unit Owners. The maintenance and servicing of the septic systems shall be a Common Expense. Quarterly assessments charged to Unit Owners shall be initially set by the Declarant. The initial assessment shall be in an amount sufficient to meet the estimate

of management, operating and maintenance expenses, reserves and all other expenses of the Association. Subsequent to the initial assessment, the Association shall have the responsibility of approving the annual budget, establishing and collecting the quarterly Condominium fees in amounts sufficient to meet the Association's estimate of expenses set forth in the operating budget. The Board of Directors shall have the right and obligation to enact a new schedule of assessments to eliminate any insufficiency should any insufficiency arise. The Association is empowered to collect through appropriate action any assessments which may fall past due.

The assessments imposed by the Association shall constitute a lien upon each Unit in accordance with the provisions of the Virginia Condominium Act. If any assessments are past due for more than two months, the Association may accelerate the payments (i.e., declare immediately due and payable the total amount assessed against the Unit Owner for the fiscal year not yet paid). The Unit Owners' Association may obtain payment of overdue assessments by foreclosure of the lien resulting in a forced sale of the Condominium Unit or by suing the Unit Owner. Additionally, each Unit Owner shall be personally liable for all such assessments imposed by the Association which may be due but unpaid at the time he acquires a Unit or which may become due and payable during any time while he owns a Unit.

The Association shall establish and maintain a Reserve Fund and a General Operating Reserve Account to service the Condominium in an amount as shall be determined by the Board of Directors of the Association as being necessary to meet reasonably expected capital costs and contingencies. The Association shall also maintain all books and documents, issue monthly operating reports, certified financial reports and copies of minutes of all official meetings.

The quarterly assessments for the Condominium for calendar 2005 are based upon a budget prepared for the Declarant and shown on Exhibit 4. It is not possible to predict with complete accuracy the total cost necessary for future operations because of the vagaries of inflation and other influences on the budget, however, the figures shown are in the judgment of the Declarant the best figures obtainable under the circumstances.

Exhibit 4 also contains a 3 year projected Operation Budget and a breakdown of the per Unit quarterly Condominium assessment. Units shall be assessed based on their voting and ownership of

Common Elements. A Unit Owner cannot obtain a reduction of the regular common expenses assessed against his Unit by refraining from use of any of the Common Elements.

There will be no separate fee or charge payable by any Unit Owner for the use of any portion of the Common Elements. The use by any Unit Owner of The Waterfront Country Club and Golf Course located in the vicinity of the Condominium is subject to such Unit Owner obtaining membership in said club and paying such dues and charges required by said Club.

Each Unit Owner shall on an individual basis maintain the Limited Common Elements appurtenant to his Unit as provided in the maintenance section of the By-Laws. Unless the Association appropriately authorizes otherwise, the Unit Owner shall be individually responsible for the day to day upkeep and maintenance of the Limited Common Elements appurtenant to its Unit. All major repairs connected with the Limited Common Elements as built by Declarant shall be the responsibility of the Association. If any additions, alterations or improvements to the Common Elements, other than necessary structural repairs, are requested by Unit Owners and result in benefit only to the requesting Unit Owners, the cost of the addition, alteration or improvement may be charged on an individual basis to the benefited Unit Owners.

All painting, decorating, maintenance, repairs and replacements to the Common Elements, and to the Limited Common Elements, shall be made by the Association, and the cost thereof shall be charged to all Unit Owners as a Common Expense, except to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, as determined by the Association, in which case such expense shall be charged to such Unit Owner. Except as otherwise stated, a Unit Owner must pay directly all of the costs of maintenance and repair for his own Unit, including heating, air conditioning and hot water systems.

In addition to the regular recurring quarterly assessment, special assessments may be required by the Association should such be necessary.

Declarant has executed a Bond in the amount of \$12,000.00, with corporate surety, to insure payment by Declarant of all common expense assessed on condominium units owned by Declarant. This Bond expires when Declarant owns no more than 10% of the Units of the Condominium.

M. Insurance.

As stated in the Declaration, the Unit Owners' Association or the managing agent on behalf of the Association shall provide certain insurance protection for all Units and the Common Elements of the Condominium. The buildings and structures including all Units, will be covered by a Multi-Peril Condominium Package Policy protecting against physical damage in the amount of the replacement cost of the buildings and structure. This insurance will not insure personal property belonging to Unit Owners nor will it insure improvements to a Unit which increases its value beyond the limits of coverage.

The Unit Owners' Association and Unit Owners will be insured against liability arising from ownership or use of the Common Elements. This coverage will not insure Unit Owners against liability arising from an accident or injury occurring within a Unit or liability arising from the act or negligence of a Unit Owner.

Individual Unit Owners' title insurance is not provided by the Declarant, but a Unit Owner may secure it separately if he desires it.

N. Taxes.

Real estate taxes are levied separately against individual Units, and each Owner will be responsible for the payment of taxes on his own Unit. Although the assessed value of individual Units is presently unknown, it is probable that the official assessor will assess each Unit at its purchase price once a deed from the Declarant to the Unit Owner has been recorded. The County of Franklin, Virginia, assesses at one hundred percent (100%) of the Unit's appraised value. The present rate is fifty three four cents (\$0.53) per one hundred dollars (\$100.00) of assessed value. Therefore, in order to determine an estimate of the annual real estate taxes that a Unit Owner must pay, the purchase price of the Unit should be multiplied by .0053. Declarant knows of no other taxes a Unit Owner will be liable for besides real estate taxes.

O. Governmental Approval.

The Condominium site plan has been approved by Franklin County authorities. There is a zoning ordinance and the South Pointe Condominium is within a Planned Unit Development area. Site plan approval was given on February 13, 2003, and the building permit for Phases 1 and 2, Building 200 and Building 300

was issued on February 24, 2003 for Phase 3, Building 100 on September 3, 2003 and for Phase 4, Building 400 on April 7, 2005.

P. Warranties.

All Units under construction of the Condominium will be covered by Warranty from the Declarant. See Exhibit 5, included herein, South Pointe Condominium Form Warranty. Declarant warrants that each unit is fit for habitation and constructed in a workmanlike manner so as to pass without objection in the trade.

The Declarant warrants against structural defects in each of the individual Units for a two-year period, from the time each Unit is conveyed, and in all of the Common Elements for two years, as provided for in Section 55-79.79(b) of the Code of Virginia, 1950, as amended.

Q. Completion of Condominium.

Declarant shall complete the Condominium in substantial conformity to the drawings on the Plats and Plans.

R. General Information.

Any information or data regarding the Condominium not presented in the Public Offering Statement or contained in its Exhibits must not be relied upon. No person has been authorized by the Declarant to make any representations not expressly contained herein. This presentation may not be changed or modified orally.

The Declarant reserves the right to change the terms of this Public Offering Statement as they affect potential purchasers, provided, however, that any such change shall not affect the substance of the Public Offering Statement with respect to prior purchasers or purchasers under contract, nor shall such change affect the Percentage Interests in the Common Elements.

S. Cancellation.

As required by Section 55-79.88(c) of the Code of Virginia, 1950, as amended, the Declarant's sales agreement provided, that, having received a copy of this Public Offering Statement, prospective Unit Owners will be given ten (10) days from the agreement date to make a final determination that he will consummate the purchase of said Unit. If the purchaser elects to cancel the agreement, he may do so by written notice sent by

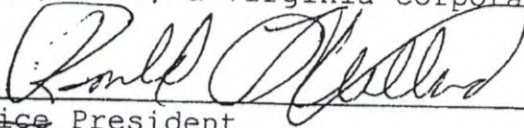
first class mail, return receipt requested, or by hand delivery to the Declarant, as provided in the Condominium Unit Sales Agreement.

T. Other Matters.

Attached hereto are the following documents with the Exhibit Numbers:

<u>Document</u>	<u>Exhibit No.</u>
Declaration, First Amendment to Declaration, Second Amendment to Declaration and Third Amendment to Declaration	1
Plat showing property boundary, all easements, Limited Common Elements, Common Elements and Unit Locations (Exhibit "A" of Declaration)	
By-Laws of the Unit Owners' Association (Exhibit "B" of Declaration)	2
Management Agreement	3
Operating Budget & Per Unit Assessment Breakdown	4
Form Warranty	5
Articles of Incorporation	6

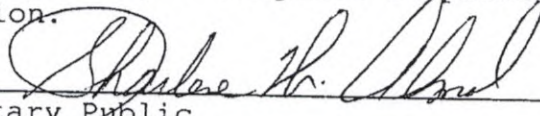
WILLARD CONSTRUCTION OF ROANOKE
VALLEY, INC., a Virginia corporation

By: 
Vice President

STATE OF VIRGINIA

COUNTY OF FRANKLIN, TO-WIT:

Sworn and subscribed before me this 12th day of August,
2005, by RONALD L. WILLARD, ~~AT~~ Vice President of Willard
Construction of Roanoke Valley, Inc, a Virginia Corporation, on
behalf of the said corporation.


Notary Public

My Commission Expires:

May 31, 2007