

PRO FORMA



Fidelity National Title Insurance Company

SCHEDULE A

Title No : SML IS-08-TO BE DETERMINED

1 Effective date: November 12, 2008 at 8:30 o'clock a.m.

2 Policy or Policies to be issued:

- (a) Policy: Alta 2006 Owner's Policy
Policy Amount: \$TO BE DETERMINED
Proposed Insured: TO BE DETERMINED

3 The estate or interest in the land described or referred to in this Commitment is:

Fee Simple

4 Title to the fee simple estate or interest in the land is at the Effective Date vested in:

Timothy A. Basham, a 1/3 undivided interest, Francis R. Disney, a 1/3 undivided interest and Craig S. Fleming, a 1/3 undivided interest

5 The land referred to in this Commitment is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

SML Title Services, LLC
13595 Booker T. Washington Hwy , Suite 201C
Moneta, VA 24121
540-721-4655

Countersigned: _____
Dixie Lee Dusenberry



FIDELITY NATIONAL TITLE INSURANCE COMPANY

Title No: SMLTS-08-TO BE DETERMINED

LEGAL DESCRIPTION

EXHIBIT "A"

The land referred to herein below is situated in the County of Franklin, Commonwealth of Virginia, and is described as follows:

LOT 43A, as shown on that plat entitled "Re-Subdivision of Lots 26 thru 46 & 48, The Cottages at Contentment Island", dated March 21, 2008, prepared by James T. Riddle, L S , and recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 947, page 1570

TOGETHER WITH an easement appurtenant to the above described lot to construct, maintain, repair and replace a drainfield in the common area designated as "Septic Drainfield and Force Main Easement Area" for The Cottages at Contentment Island on Sheet 7 of the aforesaid plat with an easement for a sewer line from the property herein conveyed to said drainfield easement area as said sewer line is presently located and shown on Sheet 7 of the aforesaid plat with the right to construct, maintain, repair and replace a sewer line to the drainfield easement area with ingress and egress thereto and to the said drainfield easement area

TOGETHER WITH and granted and assigned a license to the lot herein conveyed for the exclusive use of the Grantees, their successors and assigns the individual boat slip designated as #43, with a nonexclusive easement for ingress and egress thereto across the common area of The Cottages at Contentment Island as shown on the aforesaid plat. The aforesaid boat slip shall be exclusive to the lot hereinabove conveyed and shall not be conveyed, assigned or encumbered except as a part of a conveyance of the said lot herein conveyed. The use of said boat slip is governed and regulated by the terms and conditions as set forth in the "Declaration of Covenants, Conditions and Restrictions, The Cottages at Contentment Island" of record in the aforesaid Clerk's Office in Deed Book 813, page 513

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SCHEDULE B – SECTION I

REQUIREMENTS

The following are the requirements to be complied with:

1. Pay us the premiums, fees and charges for the policy
2. Payment to, or for the account of, the sellers or mortgagors of the full consideration for the estate or interest to be insured
3. Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to wit:
 - (a) Deed from Timothy A. Basham, Francis R. Disney and Craig S. Fleming to TO BE DETERMINED vesting fee simple title to the subject property.
4. Receipt of properly executed Owner/Seller Affidavit.
5. Satisfaction and release of record of deed of trust dated August 18, 2006, recorded as Instrument #060009344 in Deed Book 891, page 2035, showing the beneficiary named therein to be Franklin Community Bank, N A , in the original amount of \$625,000.00. **NOTE: If said Deed of Trust is a credit line deed of trust, certification by approved attorney that the credit line account has been closed and all checks and credit cards issued in connection therewith have been surrendered.**
6. Certification by approved attorney that no portion of loan proceeds will finance construction and that the deed of trust to be insured does not secure future advances.
7. Payment of all charges, assessments, costs, etc., required by declaration through effective date of policy
8. Payment of any and all real estate taxes due and payable, plus penalties and interest which would accrue



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SCHEDULE B – SECTION II

EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. **Defects**, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment
2. All assessments and taxes for the year 2009 and all subsequent years
3. Restrictions and other matters, if any, appearing of record Deed Book 813, page 513, Deed Book 852, page 948, Deed Book 598, page 599, Deed Book 235, page 244 and Deed Book 217, page 590 NOTE: This exception omits any covenant, condition or restriction based on race, color, religion, sex, handicap, familiar status or national origin as provided in 42 U.S.C. Sec. 3604, unless and only to the extent that the covenant (a) is not in violation of state or federal law, (b) is exempt under 42 U.S.C. Sec. 36707, or (c) relates to a handicap, but does not discriminate against handicapped people
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land"
5. 30-foot minimum building line as shown on recorded plat of subdivision
6. Terms, provisions and easements set forth in instrument to Appalachian Power Company dated September 1, 1961, of record in Deed Book 189, page 122
7. Terms, provisions and easements set forth in deed from Franklin Real Estate Company to Michael Paul Chaney dated June 2, 1981, of record in Deed Book 363, page 1631.
8. Reservation of easements as set forth in the recorded restrictions
9. Easements granted Appalachian Power Company are as follows:
 - a) By instrument dated January 13, 1947, of record in Deed Book 109, page 125
 - b) By instrument dated January 30, 1990, of record in Deed Book 462, page 1663.
 - c) By instrument dated January 30, 1990, of record in Deed Book 463, page 417
 - d) By instrument dated April 16, 2002, of record in Deed Book 744, page 1727
 - e) By instrument dated April 5, 2006, of record in Deed Book 881, page 2424
10. Easement granted Central Telephone Company dated September 19, 1989, of record in Deed Book 470, page 1163
11. Easement granted Lee Telephone Company dated August 21, 1968, of record in Deed Book 250, page 528.

This commitment is invalid unless the Insuring Provisions and Schedules A and B are attached

12. Reservations, terms and provisions as set forth in Deed Book 235, page 244, and in Deed Book 217, page 590.
13. Easement granted Central Telephone Company dated May 25, 1989, of record in Deed Book 452, page 1268.
14. Easement granted Lee Telephone Company dated November 15, 1965, of record in Deed Book 226, page 103.
15. Terms as contained in Deed dated December 4, 1996, from Contentment Island, LLC to Contentment Island Property Owners Association, Inc., in Deed Book 598, page 599
16. 20-foot public utility easement along front (southeasterly) property line as shown on recorded plat of subdivision of record in Deed Book 787, page 832.
17. 10-foot public utility easement along southwesterly property line of insured premises as shown on recorded plat of subdivision.
18. Rights of others in and to the use and enjoyment of Smith Mountain Lake and the waters thereof
19. Rights of others in and to the use of the appurtenant easement(s) as set forth in the description under Schedule A hereof
20. No liability is assumed for any future supplemental taxes to be issued by virtue of improvements
21. Rights of others in and to the use of the right-of-way crossing Summerwind Drive to and from Virginia Route #957.
22. Rights of others in and to the use of the common areas of The Cottages at Contentment Island
23. Party wall rights.

THIS SPECIMEN PRO FORMA POLICY IS FURNISHED AT THE REQUEST OF THE PROPOSED INSURED AND IT IS UNDERSTOOD AND AGREED THAT IT DOES NOT REFLECT THE PRESENT STATE OF TITLE. THE FURNISHING OF THE COVERAGE SET FORTH HEREIN IS CONTINGENT UPON ALL OF THE COMPANY'S REQUIREMENTS BEING SATISFIED AT OR PRIOR TO CLOSING