

Exhibit C

Prepared by: Stephen W. Lemon VSB 33900
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P. O. Box 13366
Roanoke, Virginia 24033

RA 1024 PG 00580

Returned to: _____

PIN: 0580009000

NOTE TO TITLE EXAMINERS: This conservation and open-space easement contains restrictions on permitted uses and activities on the property described below, which run with the land and are applicable to the property in perpetuity.

Exempted from recordation tax
under the Code of Virginia (1950), as amended,
Sections 58.1-811 (A) (3), 58.1-811 (D) and 10.1-1803
and from Circuit Court Clerk's fee under Section 17.1-266

THIS DEED OF GIFT OF EASEMENT (this "Easement"), made this 19th day of November, 2012, among WESLEY W. NAFF III ("Grantor"); MICHELE K. NAFF, his wife ("Additional Grantor"); the VIRGINIA OUTDOORS FOUNDATION, an agency of the COMMONWEALTH OF VIRGINIA ("Grantee") (the designations "Grantor" and "Grantee" refer to Grantor and Grantee and their respective successors and assigns); FRANKLIN COMMUNITY BANK, N.A. (the "Lender"); and LARRY A. HEATON, Trustee, witnesseth:

RECITALS:

R-1 Grantor is the owner in fee simple of real property situated in Franklin County, Virginia, containing in the aggregate 1,034.179 acres, more or less, as further described below (the "Property"), and desires to give and convey to Grantee a perpetual open-space easement over the Property as herein set forth.

R-2 Grantee is a governmental agency of the Commonwealth of Virginia and 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 provisions of any subsequent federal tax laws and regulations) (the "IRC") and Treasury Regulation Section 1.170A-14(c)(1) and is willing to accept a perpetual open-space easement over the Property as herein set forth.

R-3 Chapter 461 of the Acts of 1966, codified in Chapter 17, Title 10.1, Sections 10.1-1700 through 10.1-1705 of the Code of Virginia, as amended (the "Open-Space Land Act"), provides "that the provision and preservation of permanent open-space land are

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necessary to help curb urban sprawl, to prevent the spread of urban blight and deterioration, to encourage and assist more economic and desirable urban development, to help provide or preserve necessary park, recreational, historic and scenic areas, and to conserve 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.

R-4 Pursuant to Sections 10.1-1700 and 10.1-1703 of the Open-Space Land Act, the purposes of this Easement (as defined below in Section I) 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.

R-5 Chapter 525 of the Acts of 1966, Chapter 18, Title 10.1, Sections 10.1-1800 through 10.1-1804 of the Code of Virginia, declares it to be the public policy of the Commonwealth to encourage preservation of open-space land and authorizes the Virginia Outdoors Foundation to hold real property or any estate or interest therein for the purpose of preserving the natural, scenic, historic, scientific, open-space and recreational lands of the Commonwealth.

R-6 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 Franklin Comprehensive Plan adopted on May 22, 2007, and the Property is located within an area that is designated as Conservation Areas/Steep Slopes on the county's future land use map.

R-7 This Easement is intended to constitute (i) a "qualified conservation contribution" as defined in IRC Section 170(h)(1) and 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).

R-8 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.

R-9 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. Chapter 18, of Title 10.1, Sections 10.1-1800 through 10.1-1804 of the Code of Virginia cited above;
- d. 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;
- e. Grantee's formal practices in reviewing and accepting this Easement. Grantee has engaged in a rigorous review, considered and evaluated the benefits provided by this Easement to the general public as set forth in these recitals, and concluded that the protection afforded the open-space character of the Property by this Easement will yield a significant public benefit and further the open-space conservation objectives of Grantee and the Commonwealth of Virginia. Grantor believes that such review and 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 Franklin as delineated in:

- a. its comprehensive plan adopted by the Franklin County Board of Supervisors on May 22, 2007, to which plan the restrictions set forth in this deed conform and which contains the following goals, objectives, strategies:

GOALS, OBJECTIVES, AND STRATEGIES
Cultural Resources

Goal: Identify, protect, preserve, and promote the unique history, heritage, and diverse cultures and lifestyles of Franklin County.

Objective:

9.0 Identify and protect the County's historic, architectural, and cultural resources.

Environment

Goal: Preserve and promote forests, farmland, open space, viewsheds, wildlife corridors, greenways and rural roadscapes.

Objective:

23.0 Develop an effective public education program to improve and encourage conservation of the County's farm, forest, and wildlife resources.

Strategies:

23.0a Public outreach programs to include;

3 Educate the construction industry in the use of best management practices

6 Educate the public on available options for conservation easements through land trusts and environmental advocacy organizations

Objective:

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19.0 Develop incentives, ordinances, and programs to encourage the preservation of farmland and forestland.

b. its recognition of the rural character of the Property and support for its continued use as agricultural, forest or open-space land by providing "Land Use" or use value taxation for the Property under the authority provided by Sec. 20-31 of the Code of the County of Franklin, Virginia.

R-10 More than 80 percent (over 800 acres) of the Property is classified as "high priority conservation area" by the Virginia Department of Forestry, and the preservation of the Property in its relatively undeveloped state assures its availability for timber production and other forest uses.

R-11 The Property is visible from Five Mile Mountain Road (SR 640), a designated Virginia Byway, and the preservation of the Property in its relatively undeveloped state in accordance with the restrictions herein help to preserve the views of the public travelling that road.

R-12 Daniel's Run, which largely originates on the Property, is known to the Virginia Department of Game and Inland Fisheries to contain native brook trout, and restrictions in this Easement help to protect habitat for that resource.

R-13 The Property serves as part of the headwaters for both the Blackwater River and the Pigg River, two large rivers, which are important recreational resources in Franklin County and parts of the "Blueways" system designated in the county's comprehensive plan, and restrictions herein help enhance water quality in those headwaters.

R-14 The Property is substantially undeveloped, is used primarily for agricultural, forestal, and wildlife habitat purposes, and contains natural areas such as pastures, mature forest, and riparian areas. The preservation of the open-space character of the Property helps to preserve the scenic local and regional landscape in general, which attracts tourism and commerce to the area and enhances the quality of life for area residents.

R-15 The Property is comprised of several high ridges, and a portion of the Property is visible from the Blue Ridge Parkway, a 469-mile scenic road connecting the Shenandoah and Great Smoky Mountains National Parks, is considered the most visited unit of America's National Park System, and is specifically visible from mile markers 147 and 148 among other locations. This Easement will protect the public viewshed of the Property, ensure the public will continue to have the opportunity to appreciate the Property's scenic values, and will contribute to the scenic views enjoyed by the public from the Blue Ridge Parkway.

R-16 This Easement will yield significant public benefit to the citizens of the Commonwealth as set forth in these recitals and in Section I below.

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R-17 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.

R-18 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.

R-19 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 an open-space easement in gross (this "Easement") over, and the right in perpetuity to restrict the use of, the Property, which is described in SCHEDULE "A" attached hereto and made a part hereof and consists of 1,034.179 acres, more or less located in Franklin County, Virginia, near Callaway, fronting on State Route 642.

The Property is shown as PIN 0580009000 among the land records of the County of Franklin, Virginia. Even if the Property consists of more than one parcel for real estate tax or any other purpose or if it may have been acquired previously as separate parcels, 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 the Property's open-space and scenic values and its value as land preserved for rural uses such as forestry and agriculture (including livestock production). Pursuant to the Virginia Land Conservation Foundation's Conservation Value Review Criteria the further purpose of this Easement is preservation of land for agricultural and forestal use and preservation of scenic open space.

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 the Property, and the restrictions that Grantee is hereby entitled to enforce, are and shall be as follows:

1. **DIVISION.** The Property shall not be divided or subdivided into, or separately conveyed as, more than eight parcels (seven divisions permitted). Grantor shall give Grantee written notice prior to making a division of the Property. In the event of a division of the Property as provided in this Paragraph 1, the grantor making the conveyance retains the right to make any further permitted divisions of the Property unless the permitted divisions are allocated by that grantor in the instrument creating the division or other recorded instrument.

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 Board of Trustees of Grantee.

The acquisition of a *de minimis* portion of the Property adjacent to State Route 642 for minor road improvements shall not be considered a division or subdivision of the Property, and neither the acquisition of such a *de minimis* portion of the Property nor the use of the portion of the Property so acquired shall be prohibited by this Easement, provided that Grantee approves such conveyance or taking, which approval shall be contingent upon the project including all reasonable actions, such as landscaping or topographic improvements, to minimize the project's impact on the Property and prevent harm to its conservation values. Grantor reserves its separate rights to approve such acquisition. Use of the Property for such a project is limited to minor improvements to Route 642 in its present alignment, including, but not limited to, maintenance, correction, repair, or upgrading of the existing public road. For the purpose of this paragraph, "minor road improvements" does not include the addition of new travel lanes. Any portion of the Property acquired from Grantor pursuant to this paragraph shall remain subject to the terms and restrictions of this Easement.

In the event that a permitted division of the Property requires a road or street dedication, such dedication shall not be considered a separate conveyance of a portion of the Property or a division or subdivision of the Property.

2. **BUILDINGS, STRUCTURES, ROADS, AND UTILITIES.**

(i) No buildings, structures, roads or utilities, other than the following, are permitted on the Property:

(a) **Dwellings.** Nine dwelling units, such as detached or attached dwellings or barn or garage apartments which shall not exceed an aggregate of 36,000 square feet of above-ground enclosed living area and non-residential outbuildings and structures commonly and appropriately incidental to such dwellings sized appropriately to serve as amenities to residential use. Such dwellings shall not individually exceed 4,500 square feet of above-ground enclosed living area without Grantee's prior review and written approval, which approval shall take into consideration the impact of the size, height and siting of the proposed dwellings on the scenic and other conservation values of the Property. Dwellings currently existing on the Property shall be counted in the number of permitted dwellings and in the permitted aggregate square feet of above-ground enclosed living area. Grantor shall give Grantee 30 days' written notice before beginning construction or enlargement of any dwelling on the Property. In the event of division of the Property as provided in Section II, Paragraph 1, the grantor making the division retains all permitted dwelling rights unless permitted dwellings are allocated among the parcels in the instrument creating the division or other recorded instrument; and

(b) **Farm buildings or structures.** Farm buildings or structures, except that a farm building or farm structure exceeding 4,500 square feet in ground area may not be constructed on the Property unless prior written approval for the building or structure shall have been obtained from Grantee, which approval shall be limited to consideration of the impact of the size, height and siting of the proposed structure on the conservation values of the Property. For purposes of this paragraph (b), a farm building or structure shall mean a building or structure originally constructed and used for the activities specified in Section II Paragraph 3(i) (a) below; and

(c) **Buildings for the processing and sale of farm or forest products.** Buildings for the processing and sale of farm or forest products produced or partially produced on the Property not exceeding 4,500 square feet of enclosed area in the aggregate and not individually exceeding 2,500 square feet of enclosed area. For purposes of this paragraph (c), a building for the processing and sale of farm or forest products shall mean a building originally constructed and used for the activities specified in Section II Paragraph 3(i)(b) below; and

(d) **Roads.** Private roads to serve permitted buildings or structures, private roads to parcels created by permitted divisions of the Property, public roads required to be constructed in conjunction with the permitted divisions or subdivisions of the Property, provided that Grantee determines that the construction of such public roads will not impair the conservation values of the

Property and gives prior written approval of such construction, and roads with permeable surfaces for other permitted uses and activities, such as farming, forestry, hunting, and access to the interior of the Property; and

(e) **Utilities.** Public or private utilities to serve permitted buildings or structures and public or private utilities to serve parcels created by the permitted divisions of the Property. Public or private utilities to be constructed in whole or in part to serve other properties shall not be constructed on, under, or over 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. Approval or disapproval of such construction and maintenance shall take into consideration the visibility and any other adverse impact of such utilities on the conservation values of the Property. Grantor reserves its separate rights to approve such public or private utilities; and

(f) **Alternative energy structures.** Alternative energy structures scaled to provide electrical energy or pump water for permitted dwellings, structures, and activities on the Property, which limitation shall not be deemed to prohibit the sale of excess power generated incidentally in the operation of such structures and associated equipment including, but not limited to, solar panels, wind turbines, and micro-hydro installations; and

(g) **Small-scale miscellaneous buildings or structures.** Small-scale miscellaneous buildings and structures, the existence of which is consistent with the conservation purposes of this Easement and which will not impair the conservation values protected herein, such as hunting stands, wildlife observation structures, fences, boardwalks, or structures for crossing of streams or wetlands.

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

(iii) All or a portion of the aggregate allowable square footage for dwellings set forth in Section II Paragraph 2(i)(a) above may be used for other kinds of buildings or structures, such as educational, recreational, or religious buildings or structures, provided that Grantee determines that the construction of such buildings or structures is consistent with the conservation purposes of this Easement, will not impair the conservation values protected herein, and gives prior written approval of such construction.

(iv) To protect the scenic values of the Property from Five Mile Mountain Road (SR 640), no buildings or structures larger than 500 square feet in ground area shall be constructed above the 2,600-foot contour line as shown on the

CALLAWAY USGS Topographic Quadrangle Map and on Schedule B. To protect the scenic values of the Property from Foothills Road (SR 642) no buildings or structures larger than 500 square feet in ground area shall be constructed within 500 feet of SR 642 (as measured from the center line of the road) without Grantee's prior review and written approval, which approval shall take into consideration the impact of the size, height and siting of the proposed buildings or structures on the scenic and other conservation values of the Property. To protect the scenic values of the Property from the Blue Ridge Parkway, no buildings or structures larger than 500 square feet in ground area shall be constructed within the area detailed on Schedule "B" attached hereto and by this reference made a part hereof without Grantee's prior review and written approval, which approval shall take into consideration the impact of the size, height and siting of the proposed buildings or structures on the scenic and other conservation values of the Property.

(v) The collective footprint of all buildings and structures on the Property, excluding roads, shall not exceed one-half of one percent (1/2 of 1%) of the total area of the Property, provided that if Grantor can demonstrate that an increase in the collective footprint would result in increased protection of the conservation values of the Property, Grantee may approve such increase. For the purpose of this paragraph the collective footprint is the ground area measured in square feet of the buildings and structures set forth in Section II Paragraph 2(i)(a) through (c), (f), and (g) and Section II Paragraph 2(iii) above and all other impervious surfaces, excluding roads. In the event of division of the Property, the collective footprint of the buildings and structures and all other impervious surfaces on each parcel, excluding roads, shall not exceed one-half of one percent (1/2 of 1%) percent of the total area of such parcel unless otherwise allocated in the instrument of transfer or other recorded instrument.

3. ACTIVITIES ON THE PROPERTY.

(i) Industrial or commercial activities are prohibited, with the exception of the following:

(a) agriculture (including livestock production), equine activities, or forestry;

(b) processing or sale of farm or forest products produced or partially produced on the Property in buildings permitted in Section II Paragraph 2(i)(c) above;

(c) small-scale incidental commercial or industrial operations compatible with activities set forth in (a) above that Grantee approves in writing as being consistent with the conservation purpose of this Easement;

(d) activities that can be and in fact are conducted within permitted buildings without material alteration to their external appearance.

(e) the sale of excess power generated incidentally in the operation of approved alternative energy structures and associated equipment as provided in Section II Paragraph 2 (i)(f) above.

(f) activities to restore or enhance wetlands or streams or restore, enhance, or develop other ecosystem functions on the Property including, but not limited to, stream bank restoration, wetland and stream mitigation, biological carbon sequestration and biodiversity mitigation, provided that such activities are not in conflict or inconsistent with the conservation purpose of or the restrictions set forth in this Easement and that prior written approval for same shall have been obtained from Grantee. Grantee is not responsible for monitoring any such activities and has no obligation to enforce the provisions of any permit(s), restriction(s), or easement(s) therefor. Subject to Grantee's approval, Grantor is free to participate in same in Grantor's discretion and to retain any remuneration derived therefrom. Grantee reserves the right to impose a cost recovery charge for evaluation of ecosystem function projects on the Property.

(g) temporary or seasonal outdoor activities or events ("activities") that do not permanently alter the physical appearance of the Property and that do not impair the conservation values of the Property herein protected, except that such activities involving 100 or more people shall not exceed seven consecutive days unless Grantee gives its prior written approval of such activities, which approval shall take into consideration the number of people involved, the duration of such activities, and any other aspects thereof that may have an impact on the conservation values being protected herein. Approval may be subject to the requirement that at the conclusion of the activity Grantor shall restore the Property to its pre-existing condition.

(ii) Educational, recreational, or religious activities are permitted on the Property, provided that they are consistent with the conservation purposes of this Easement and do not impair the conservation values protected herein. (Recreational activities may include use of all or a portion of the Property as a park for passive recreational activities, such as hiking, photography, bird watching, and nature study.)

4. **MANAGEMENT OF FOREST.** Best Management Practices (BMPs), as defined by the Virginia Department of Forestry, shall be used to control erosion and protect water quality when any material timber harvest or land-clearing activity is undertaken. A pre-harvest plan shall be submitted to Grantee for approval no later than 14 days before beginning any material timber harvest, which approval shall take into consideration whether or not the pre-harvest plan is consistent with the provisions of this Easement. The pre-harvest plan shall

describe the BMPs to be used in sufficient detail to ensure that water quality will be protected.

The following activities do not constitute material timber harvesting or land clearing and do not require the use of BMPs or a pre-harvest plan: cutting, clearing, or removal of less than 10 acres of trees (i) for the construction of permitted roads, utilities, buildings, or structures, (ii) for firewood (iii) for creation or clearing of trails or ponds, (iv) which pose an imminent hazard to the health or safety of persons, property, or livestock, (v) which are invasive species, or (vi) for other permitted uses on the Property except timber harvesting.

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

A 50-foot buffer strip shall be maintained along each edge of Daniel's Run as measured from the tops of the banks, and a 35-ft buffer shall be maintained along other perennial streams on the Property as measured from the tops of the banks, as shown in the Baseline Documentation Report.

(i) Within the buffer strips there shall be (a) no buildings or other substantial structures constructed, (b) no new paved roads without Grantee's approval (existing roads in the buffer strips may be paved) (c) no storage of compost, manure, fertilizers, chemicals, machinery or equipment, (d) no removal of trees except: (1) removal of invasive species, (2) removal of dead, diseased or dying trees, or trees posing a threat to human or livestock health or safety, (3) or removal of trees for the purpose of maintaining existing roads or constructing new permitted roads and (e) no plowing, cultivation, filling, or other earth-disturbing activity, except as may be reasonably necessary for the activities set forth in Section II Paragraph 5(ii) below.

(ii) Notwithstanding the foregoing, permitted within the buffer strips, subject to any applicable laws and regulations, are (a) erosion control or restoration, enhancement, or development of ecosystem functions on the Property as permitted and limited under Section II, Paragraph 3 (i)(f) above, (b) fencing along or within the buffer strips, (c) construction and maintenance of stream crossings (including improvements over the buffer strips to access crossings) for pedestrians, livestock and vehicles, which crossings minimize obstruction of water flow, (d) creation and maintenance of trails with unimproved surfaces, (e) removal of invasive species or dead, diseased or dying trees, (f) minimal removal of individual trees or trees posing a threat to human or livestock health or safety, (g) planting of trees, shrubs, grasses, or other vegetation, (h) dam construction to create ponds, (i) removal of trees for the purpose of maintaining existing roads or constructing new permitted roads (j) maintaining wildlife plots and (k) diversion of water for agricultural use on the Property.

(iii) Should the watercourses meander or change course naturally, or as a result of the restoration, enhancement, or development of ecosystem functions on the Property as permitted and limited under Section II, Paragraph 3 (i)(f) above, the buffer strips shall remain the same width, but move relative to the movement of the watercourses. In such event, any buildings or structures that were outside of the original buffer strips and are determined to be within the new buffer strips shall not be considered in violation of these restrictions and may be maintained at such locations.

Livestock shall be excluded from Daniel's Run except (1) for brief periods of flash grazing, (2) during times of drought or other emergencies, (3) for stream crossings or (4) for watering at limited access points.

6. **GRADING, BLASTING, FILLING AND MINING.** Grading, blasting, filling, or earth removal shall not materially alter the topography of the Property except for (i) dam construction to create ponds, (ii) restoration, enhancement, or development of ecosystem functions on the Property as permitted and limited under Section II, Paragraph 3 (i)(f) above, (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. Grantee may require appropriate sediment and erosion control practices to be undertaken for buildings, structures, roads, or utilities that require Grantee approval in Section II Paragraph 2 (i) above, as a condition of such approval.

Grading, blasting, filling, 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, including the conversion of forest land into farmland, 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.** No billboards or other signs may be displayed on the Property, except for signs that relate to the Property or to permitted activities (including commercial, no trespassing, and no hunting signs) thereon. Temporary political signs are allowed. No sign visible from outside the Property shall exceed thirty-two square feet in size.

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, in accepting this Easement, commits to protecting the conservation purposes of the Easement and has the resources necessary to enforce the restrictions set forth herein. Grantee has the right to bring a judicial proceeding to enforce the restrictions, which right specifically includes the right (i) to require restoration of the Property to its condition at the time of the donation; (ii) in Grantee's discretion, to require restoration of the Property to its condition prior to a violation of the terms hereof, provided that such prior condition was in compliance with the restrictions and consistent with the purpose of this Easement; (iii) to recover any damages arising from non-compliance; and (iv) to enjoin non-compliance by 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, Grantor shall not 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 Grantor's control or (ii) resulting from prudent action taken by Grantor to avoid, abate, prevent or mitigate such damage to or changes in the condition of the Property from such causes. Nothing in this Easement shall create any right in the public or any third party to maintain any judicial proceeding against Grantor or Grantee.

SECTION IV – DOCUMENTATION

Grantor has made available to Grantee, prior to donating this Easement, documentation sufficient to establish the condition of the Property at the time of the gift, and documentation retained in the office of Grantee including, but not limited to, the Baseline Documentation Report describes the condition and character of the Property at the time of the gift. The Baseline 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. The parties hereby acknowledge that the Baseline Documentation Report contained in the files of Grantee is an accurate representation of the Property and contains a statement signed by Grantor and a representative of Grantee as required by Treasury Regulation 1.170A-14(g)(5)(i).

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 an owner of the Property under this Easement terminate upon proper transfer of such owner'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. Subject to the terms hereof, Grantor retains the exclusive right to such access and use including, but not limited to, the right to hunt, fish, or trap on the Property.
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 or deeds of trust not subordinated to this Easement.
4. **ACCEPTANCE.** Grantee accepts this conveyance pursuant to Virginia Code Section 10.1-1801, which acceptance is evidenced by the signature of a Deputy Director or Staff Attorney by authority granted by Grantee's Board of Trustees.
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. Acts or uses not expressly addressed in this Easement but that are inconsistent with the Purpose of this Easement shall be prohibited on the Property. All rights reserved to Grantor but not specifically described in this Easement nevertheless must be exercised in a manner consistent with the Purpose of this Easement. 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 IRC Section 170(h)(1) and Treasury Regulation Section 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. Failure of Grantor to comply with this requirement shall not impair the validity of the Easement or limit its enforceability in any way.
8. **NOTICE TO GRANTEE AND GRANTOR.** For the purpose of giving notices hereunder the current address of Grantee is Capitol Place Building, 1108 East Main Street, Suite 700, Richmond, Virginia 23219, and any notice to Grantor shall be given to the recipient at the address at which the real estate tax bill is mailed for the Property or portion thereof that is the subject of the notice and which is currently PO Box 100, Callaway, VA 24067.

Grantor shall notify Grantee in writing 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.

In addition, Grantor agrees to notify Grantee in writing 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).

Failure of Grantor to comply with these requirements shall not impair the validity of the Easement or limit its enforceability in any way.

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 Treasury Regulation 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, 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. **NO MERGER.** Grantor and Grantee agree that in the event that 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.** Assignment of this Easement is permitted by Virginia Code Section 10.1-1801, but 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 IRC Section 170(h)(3) and the applicable Treasury Regulations.
12. **GRANTEE'S PROPERTY RIGHT.** Grantor agrees that the donation of this Easement gives rise to a property right, 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 as a whole at that time. The values applicable for purposes of the calculations required by this Paragraph 12 shall be the values finally determined for purposes of any federal income tax deduction allowed with respect to the conveyance of this Easement.
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 in whole or in part, 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 a sale or exchange of the Property subsequent to and resulting from 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 Section V 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. 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 by an amended deed of easement, 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", (v) affect the status of Grantee as a "qualified organization" or "eligible donee", or (vi) create an impermissible private benefit or private inurement in violation of federal tax law. No amendment shall be effective unless documented in a notarized writing executed by Grantee and Grantor and recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia.
16. **JOINT OWNERSHIP.** If Grantor at any time owns the Property or any portion of or interest therein in joint tenancy, tenancy by the entireties, or tenancy in common, all such tenants shall be jointly and severally liable for all obligations of Grantor set forth herein.
17. **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.
18. **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.
19. **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.
20. **RECORDING.** This Easement shall be recorded in the land records in the Circuit Court Clerk's Office of the County of Franklin, Virginia, and Grantee may re-record it any time as may be required to preserve its rights under this Easement.
21. **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.

Michele K. Naff, Additional Grantor, wife of Grantor, joins in the execution of this deed to evidence her consent to the gift of easement herein made and its exclusion from the augmented estate of Grantor pursuant to Virginia Code §64.1-16.1 as now written or hereafter amended.

Lender, is the Noteholder under a certain Deed of Trust dated November 8, 2002 and recorded in the Clerk's Office of the Circuit Court of Franklin County, Virginia in Deed Book 758, page 1975, as amended by Modification of Deed of Trust dated December 6, 2005 and recorded in the aforesaid Clerk's Office in Deed Book 870, page 727 and rerecorded in Deed Book 961, page 2303 which subjects the Property to the Lender's lien. The Lender hereby consents to the terms, conditions, and restrictions of this Easement, 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]

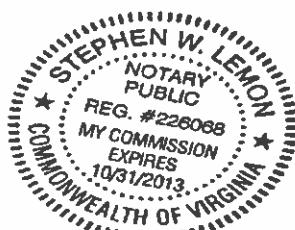
Wesley W. Naff, III
WESLEY W. NAFF, III, Grantor

Michele K. Naff
MICHELE K. NAFF, Additional Grantor

COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF Roseau, TO WIT:

The foregoing instrument was acknowledged before me this 19 day of
November, 2012 by Wesley W. Naff, III.

(SEAL)



My commission expires: _____
Registration No. _____

Stephen W. Lemon
Notary Public

COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF Franklin, TO WIT:

The foregoing instrument was acknowledged before me this 19 day of November,
2012 by Michele K. Naff.



My commission expires: June 30, 2015
Registration No. 7017693

[Counterpart signature page 2 of 4]

Accepted:
VIRGINIA OUTDOORS FOUNDATION,

By: Tamara A. Vance

COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF Montgomery, TO WIT:

November, 2012 by Tamara A. Vance, a Deputy Director/~~Attorney~~
of the Virginia Outdoors Foundation.



Jennifer D. Hubbard
Notary Public

My commission expires: 30 June 2015
Registration No. 7283689

Lender:
FRANKLIN COMMUNITY BANK, N.A.

By: Darren A. Hensley

Its: President/CEO

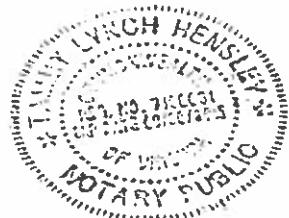
COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF Franklin, TO WIT:

The foregoing instrument was acknowledged before me this 16th day of
December, 2012 by Darren A. Hensley [name of officer], President/CEO
[title of officer] of Franklin Community Bank, N.A., on behalf of the corporation.

Darren A. Hensley
Notary Public

(SEAL)

My commission expires: Aug. 30, 2015
Registration No. 7108031



Larry A. Heaton, Trustee
LARRY A. HEATON

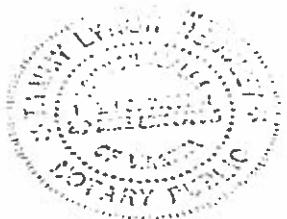
COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF Spotsylvania, TO WIT:

The foregoing instrument was acknowledged before me this 16th day of
December, 2012 by Larry A. Heaton, Trustee.

Darren Taylor Murray
Notary Public

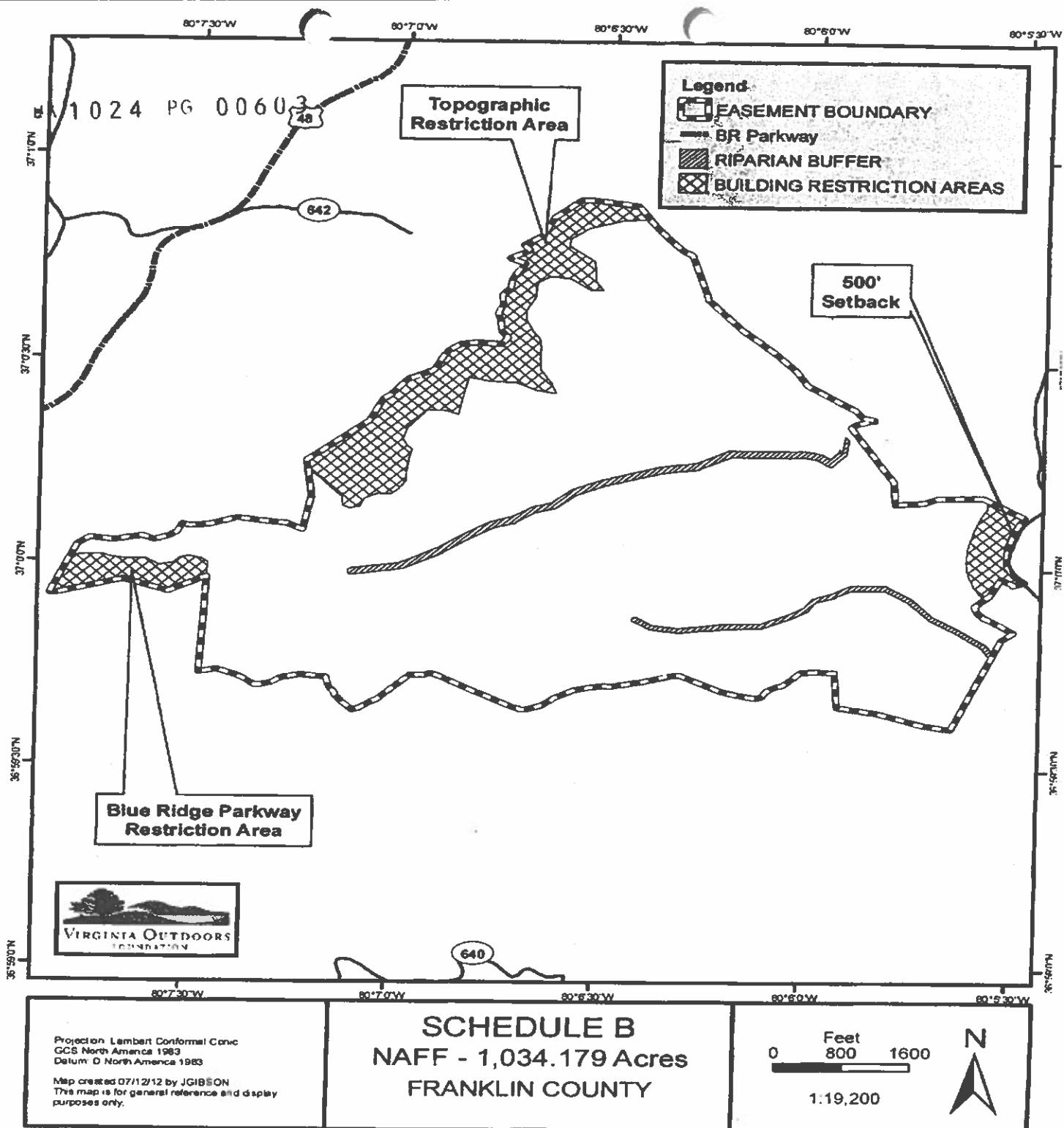
(SEAL)

My commission expires: Aug. 30, 2015
Registration No. 710 8031



All that tract or parcel of land lying and being in Franklin County, Virginia and containing 1,034.179 acres on plat of survey entitled "Survey for Wesley W. Naff, III" prepared by Ronald E. Yount, LS No. 2760, bearing date December 3, 2009, a copy of which is recorded in the Franklin County Circuit Court Clerk's office in Deed Book 973, page 217, to which reference is made for a more particular description of the herein described property.

Being an updated legal description of the same property conveyed to Wesley W. Naff, III pursuant to Deed dated July 21, 2008, recorded in the aforesaid clerk's office in Deed Book 943, page 2274 and by Deed dated May 5, 2009, recorded in the aforesaid clerk's office in Deed 959, page 1274.



WK 1024 PG 00604

INSTRUMENT #120008581
RECORDED IN THE CLERK'S OFFICE OF
FRANKLIN COUNTY ON
NOVEMBER 27, 2014 AT 02:16PM

TERESA J. BROWN - CLERK
RECORDED BY: JWG