

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This DECLARATION made this 12th day of May, 2009, by TERRA RESOURCES, LLC, a Virginia Limited Liability Company, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property located in the Central Magisterial District, Giles County, Virginia, which contains six (6) lots, which lots are shown upon the plat of Johnston Acres Subdivision prepared by James H. Berckman, Land Surveyor, dated 3 February, 2009 and designated as Job number 07094, said plat being recorded in the Office of the Clerk of the Circuit Court of Giles County, Virginia, in Plat Box 13, Envelope 24, Instrument number 200900191.

NOW, THEREFORE, Declarant hereby declares that all of the property included within the numbered lots one (1) through six (6) (except for those provisions expressly set forth herein that shall apply to certain designated lots only) shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part hereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof.

Section 1: Definitions:

"Association" shall mean and refer to the Johnston Acres Homeowners Association, its successors and assigns.

"Owner" shall mean and refer to the record owners, whether one or more persons or entities, or a fee simple title to any lot which is a part of the properties, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

"Properties" shall mean and refer to those certain numbered lots hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association, if any, provided however that areas shown upon the aforesaid plat which are not contained within the numbered lots of this subdivision shall not be subject to these covenants unless and until expressly made subject to said covenants by the Declarant.

"Lot" shall mean and refer to any numbered plot of land within the subdivision.

"Declarant" shall mean and refer to Terra Resources, LLC or to any person(s) or entity who acquires substantially all of the assets of or otherwise succeeds to the interest of the Declarant, provided however that the purchase of a lot in this Subdivision shall not be deemed to be a succession to the interest of the Declarant unless the purchaser is expressly conveyed the rights of the Declarant under this Declaration.

Section 2: Lots Sold for Single Family Residential Purposes Only: Individual tracts shall be used for residential purposes only. No structure shall be erected, altered, placed or

permitted to remain on any portion of any tract, shown on said map, other than a single-family dwelling and appurtenances thereto. No more than one residence may be erected or built on any one lot, subject to the further provisions set forth below applicable to lot number six (6). A residence is hereby defined so as to include no more than one detached garage and one detached outbuilding. The accessory structure shall not be constructed prior to the construction of the main residence. Residences may be occupied by no more than one family and its domiciled servants and employees and temporary guests. Detached garages and outbuildings shall not be occupied as living space.

The owners of Lot number Six (6) shall be permitted to construct a guest home and garage on that lot prior to construction of the primary residence. A second garage and/or barn shall also be permitted on Lot number Six (6) only.

Section 3: Time for Completion of Structures: The exterior of all houses and other structures, including landscaping and seeding of lots, must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergencies or natural calamities.

Section 4: Requirements for Structures: In addition to all applicable building codes, zoning and other restrictions now existing or hereinafter enacted, any structure constructed on a lot in the subdivision will conform to the following:

a) The principal residence shall have a minimum of one thousand one hundred (1,100) square feet of heated, usable floor space, excluding basements, garages, porches, storage rooms, breezeways and terraces. Where the principal residence to be erected on a parcel is to be multi-story dwelling, it shall contain a minimum of six hundred (600) square feet of living space on the ground floor with the hereinabove exclusion as to garages, etc., to apply.

b) The type of construction and the materials used shall be at least equal to the requirements of FHA Title II standards.

c) The exterior building material of all structures to be erected shall be of a permanent type exterior, other than cinderblock or stucco. No cinderblock or stucco house shall be erected on any tract. Exterior finish of the house must be at ground level. (The cinderblocks used in the foundation of a structure are not to show above ground level.)

d) No mobile homes, trailers, double-wide or triple wide manufactured homes shall be occupied or placed on property. This restriction shall not be deemed to preclude the erection of a modular home built in sections in a factory, transported to the site and permanently erected on a continuous foundation in compliance with the local building codes.

e) All fuel storage tanks and trash and garbage receptacles shall be buried in the ground or placed in an enclosure which screens them from the public and neighbors view.

f) No permanent exterior clothes lines will be permitted.

g) Satellite dishes shall not exceed 18 inches in diameter. Antennas shall not be erected on any lot.

Section 5: Further Subdivision of Lots Prohibited: No lot shall be in any way further subdivided or divided, however lotline revisions between lot owners shall be permitted so long as all applicable zoning and municipal subdivision requirements are met and the combination of lots so that one residence is built on one and one half lots or two lots shall be permitted. If a residence is erected on one and one half lots, no residence may be erected on the remaining one half lot unless combined with another lot.

Section 6: Restriction on Commercial Activity: No person shall engage in any commercial activity that shall constitute a nuisance. The Association shall have the right to cause any person to cease and desist any activity which Association deems to be a nuisance. A home occupation permitted under applicable zoning ordinances shall be permitted so long as such home occupation does not constitute a nuisance. A nuisance shall include but not be limited to excessive noise, traffic or activity on a lot which which interferes with the quiet enjoyment of other lot owners of their lots. The restriction on commercial activity shall be deemed to preclude the parking of a tractor-trailer commonly referred to as an "eighteen wheeler" or the trailer or tractor portion of said vehicle on any lot. No more than one commercial vehicle, excluding tractor-trailers shall be parked or kept on any lot.

Section 7: Covenant for Underground Utilities: No overhead wires, poles or overhead facilities of any kind for electrical or telephone service will be permitted to run to the individual residences or outbuildings. Main service lines for this subdivision installed by the Declarant or utility companies shall be permitted to run overhead. Nothing herein shall be construed to prevent street lighting, dusk to dawn lights, or ornamental yard lighting services by underground wires or cables.

Section 8: Storage of Recreational Vehicles: Trailers, campers and other recreation vehicles may not be parked or stored on a lot or on any street in the subdivision for more than 24 consecutive hours. Storage of such vehicles within an enclosed garage is not prohibited. Boats may be stored outside of an enclosed garage so long as they are not visible from any other lot or street in the subdivision.

Section 9: Unlicensed Vehicles: Motor vehicles which are not currently licensed and inspected must be kept within an enclosed garage.

Section 10: Signs: Signs, including political signs and advertising posters are prohibited from erection on any lot or street in the subdivision, excluding one for sale or for rent sign not to exceed four (4) square feet in area, or a builder's identification sign not to exceed four (4) square feet in area during the period of construction only.

Section 11: Keeping of Animals: No cattle, sheep, goats, poultry or other animals shall be kept on any lot. This covenant shall not prohibit the lot owners from keeping household pets. No more than two (2) horses owned by the owner of any lot may be kept and maintained on such lot. Boarding of horses owned by other persons is prohibited.

Section 12: No Access to Other Properties: No lot or parcel herein, nor any portion thereof shall be used for a street or roadway as access to any property lying outside of the boundaries of the lands within this subdivision other than those streets or roadways shown on the plat filed herewith. No lot may be used to access adjoining property. No rights of way shall be granted to any owners of adjoining property.

Section 13: Construction Vehicles and Other Construction Requirements:

A. During construction of permitted structures, vehicles shall not be parked in any areas other than on the building site of the building under construction, or on the roadway bordering the site. Vehicles will not be permitted to obstruct the traffic flow on any street. The contractor or lot owner shall be responsible for keeping the streets free of mud or other debris which results from construction on any lot and shall be responsible for repairing any damage to streets caused by construction vehicles.

B. Haphazard storage, parking and location of other equipment will not be allowed. The building site must be kept clear of paper and other debris and maintained during the entire period of construction in a manner which is not unattractive from the street, adjoining lots, and common areas.

C. Contractor must place at the designated street entry to the lot a sufficient amount of gravel on a firm well drained sub grade to prevent mud and other debris from being tracked onto the streets.

Section 14: Maintenance of Lots:

A. The premises and yard of any lot or parcel shall be kept clean of all debris, weeds and other obnoxious or unsightly matter. In the event that a lot owner does not comply with this covenant, the Homeowner's Association, upon thirty (30) days written notice to such owner, may clean or otherwise remove debris from such lot and add the cost of such cleaning or removal to the annual assessment due for that lot.

B. The owners of lots or parcels shall not allow any person to cause any garbage, sewage, refuse, waste or contaminating matter to be drained or discharged from their lot upon any adjacent lot or lots now owned by the said owners.

Section 15: Homeowner's Association, Assessments, Etc.:

A. Every person who acquires title, legal or equitable, to any numbered lot in the Subdivision shall become a member of the Johnston Acres Homeowners' Association, an unincorporated association, herein referred to as "Association," provided, however, that such

membership is not intended to apply to those persons who hold an interest in any such lot merely as security for the performance of an obligation to pay money, e.g., mortgages, deeds of trust, or real estate contract purchases. However, if such a person should realize upon his security and become the real owner of a lot within the Subdivision, he will then be subject to all the requirements and limitations imposed in these Restrictions on owners of lots within the Subdivision and on members of the Association, including those provisions with respect to alienation and payment of an annual charge.

B. The general purpose of the Association is to further and promote the community welfare of property owners in the Subdivision.

C. The Association shall be responsible for the maintenance, repair, and upkeep of any common areas within the Subdivision including the streets and any storm water management facilities and easements appurtenant thereto constructed or reserved by Declarant to control storm water resulting from the development of the subdivision. The Association shall also be the means for the promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such Common Areas and such other properties within the Subdivision as it may from time to time own.

D. The Association shall have all the powers that are set out in these covenants and all other powers that belong to it by operation of law, including, but not limited to, the power to levy against every member of the Association a uniform annual charge per single-family residential lot within the Subdivision, the amount of said charge to be determined by the Board of Directors of the Association after consideration of current maintenance needs and future needs of the Association, for the purposes set forth in its Articles of Incorporation; provided, however, that the uniform annual charge shall in no event be less than One Hundred Dollars (\$100.00) per lot. Regardless of the number of lots which it owns, Declarant shall not be required to pay an annual or special assessment on more than two (2) lots except that an assessment shall be collected for any lot on which construction of a residential structure has commenced. An initial assessment of One Hundred Dollars (\$100.00) shall be paid to the Homeowner's Association upon the initial sale of a lot by Declarant to a subsequent owner and collected at closing.

(i) Every such charge so made shall be paid by the member to the Association on or before the first day of January of each year, for the ensuing year. The Board of Directors of the Association shall fix the amount of the annual charge per lot for each ensuing year by the first day of October of each year, and written notice of the charge so fixed shall be sent to each member.

(ii) If any charge shall not be paid when due, it shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum; the Association may publish the

name of the delinquent member in a list of delinquent members, or by any other means of publication; and the Association may file a notice that it is the owner of a lien to secure payment of the unpaid charge plus costs and reasonable attorney's fees, which lien shall encumber the lot or lots in respect of which the charge shall have been made, and which notice shall be filed in the Office of the Clerk of the Circuit Court of Giles County, Virginia. Every such lien may be enforced at any time within twenty-four months after the date on which the notice thereof shall have been filed. In addition to the remedy of the enforcement of the lien, the Association shall have the right to sue for such unpaid charges, interest, costs, and reasonable attorney's fees in any court of competent jurisdiction as for a debt owed by the delinquent member or members to the Association. Every person who shall become the owner of the title (legal or equitable) to any lot in the Subdivision by any means is hereby notified that, by the act of acquiring such title, such person will be conclusively held to have covenanted to pay the Association all charges that the Association shall make pursuant to any paragraph or subparagraph of these Restrictions.

(iii) The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association certifying that the charges on a specified lot have been paid or that certain charges against said lot remain unpaid, as the case may be. A reasonable charge may be made by the Board of Directors of the Association for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any charges therein stated to have been paid.

(iv) The Board of Directors of the Association shall be composed of three (3) members who shall be elected by the members at the annual meeting of the Association which shall be held on the first Monday of October of each year. The initial directors shall be appointed by the Declarant and shall serve an initial term of a minimum of one year following the sale of the first lot in the subdivision. Directors may succeed themselves in office but may not serve as directors for more than two consecutive years, provided that such restriction shall not apply to the Declarant. A majority of the members of the Association shall constitute a quorum for the purposes of conducting business at any meeting. In the event that a quorum is not present at any annual or special meeting, then such meeting may be continued to a subsequent date and thirty percent of the members of the Association shall constitute a quorum for the purposes of transacting business at any meeting continued from a former meeting due to lack of a quorum. Each lot shall be entitled to one vote regardless of the fact that one person or entity may own more than one lot.

(v) The Association shall also have the right, upon the vote of a two thirds (2/3) majority vote of a quorum of its members to impose a special assessment upon its members for the purposes of paying for the costs of a specific improvement or project which benefits the

members of the association. Such charge shall be collected and paid in the same manner as the annual assessment provided for herein.

E. The fund accumulated as the result of the charges levied by the Association shall be used exclusively for the purposes of promoting the recreation, health, safety, and welfare of the members of the Association and in particular for the improvement and maintenance of the Common Areas, streets and drainage and storm water management facilities within the Subdivision as such facilities and properties shall have been conveyed to the Association, whether in fee simple or by easement.

F. The lien of a deed of trust representing a first or second trust placed upon any lot for the purpose of permanent financing and/or constructing a residence or other improvement thereon, recorded in accordance with the laws of the State of Virginia, shall be, from the date of the recordation, superior to any and all such liens provided for herein.

G. The Board of Directors of the Association shall have the right to suspend the voting rights (if any) and the right to use of the recreational facilities of the Association of any member:

(i) For any period during which any Association charge or assessment owed by the member remains unpaid;

(ii) During the period of any continuing violation of the restrictive covenants for the Subdivision, after the existence of the violation shall have been declared by the Board of Directors of the Association;

H. The Association shall not own any property initially but shall have the responsibility for maintaining the access easements within the subdivision as set forth in Section 16 below.

Section 16: Special Assessments for Street Maintenance:

Street and right of way maintenance shall be provided for by the Association. Such maintenance shall be paid to the extent possible from the annual assessments set forth herein. In the event that such annual assessments are not adequate to perform the necessary maintenance for such easements, then the Association may impose special assessments as necessary to provide for maintenance.

Section 17: Easements: Those areas designated and shown upon the subdivision plat recorded herewith as public utility easements, storm water and drainage easements and easements for any other purposes are hereby reserved for the benefit of the lots in the subdivision and with the consent of the Declarant may also be used to extend utility service to other areas outside of the subdivision.

Section 18: Enforcement: These covenants may be enforced by the Homeowner's Association or by the owner of any lot within the subdivision. The failure of any owner or the Association to prosecute a violation of these covenants and restrictions in a timely manner shall

not impair or affect the right of future enforcement of such covenants and restrictions. The Association or any lot owner may elect to enforce such covenants and restrictions by injunction or seek to recover damages or compensation for such violations in appropriate cases.

Section 19: Invalidation: Invalidation of any one or more of these covenants by judgment or court shall in no way affect any of the other covenants or provisions herein contained which shall remain in full force and effect.

Section 20: Amendment: The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by a written instrument signed by not less than sixty six and two thirds percent (66.67%) of the Lot Owners. Any amendment must be recorded.

WITNESS THE FOLLOWING SIGNATURE OF THE DECLARANT THIS 12th DAY OF May, 2009.

Terra Resources, LLC

by [Signature] (SEAL)
Kevin C. Ryan, Member

By [Signature] (SEAL)
John Morehead, Member

STATE OF VIRGINIA

COUNTY OF Giles, to-wit:

The foregoing was signed and acknowledged before me this the 12th day of May, 2009 by Kevin C. Ryan and John Morehead as members of Terra Resources, LLC.

My Commission Expires: 4.30.10

[Signature]
NOTARY PUBLIC

SELENA R WILLIAMS
Notary Public
Commonwealth of Virginia
319172 INSTRUMENT #0900848
My Commission Expires: 4/30/10

RECORDED IN THE CLERK'S OFFICE OF
COUNTY OF GILES ON
MAY 13, 2009 AT 01:55PM

CHARLES L FRALEY, III, CLERK
RECORDED BY: ADB