



INVESTORS TITLE INSURANCE COMPANY

P.O. Drawer 2687

Chapel Hill, North Carolina 27515-2687

ALTA COMMITMENT FORM

SCHEDULE A

1. Commitment Date 02/28/2005 Time 05:00 PM Comm. No. 200500406WA

2. Policy (or Policies) to be issued:

(a) Owner's Policy Proposed Insured	ALTA 1992 JULIAN E. HOWELL, MARSHA H. HOWELL, JOHN HOUNSELL, DEANNE GALLO HOUNSELL	Coverage \$	85,500.00
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(b) Loan Policy Proposed Insured	N/A N/A	Coverage \$	0.00
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3. Fee simple interest in the land described in this Commitment is owned, at the Commitment Date by:

Gilbert R. Key, II, unmarried

4. The land referred to in this Commitment is in the State of NC County of Macon and described as follows:

FIRST TRACT:

BEING ALL THE LANDS, EASEMENTS, PRIVILEGES AND APPURTENANCES AS DESCRIBED IN AND CONVEYED BY THE DEED FROM HERITAGE MOUNTAIN ESTATES, LIMITED TO LINDA J. WILLIAMS AND SUSAN M. STEWART, DATED JANUARY 20, 1990 AND RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR MACON COUNTY, NORTH CAROLINA, IN BOOK P-18, PAGE 358, AND BEING DESCRIBED THEREIN AS FOLLOWS:

"BEING TRACT NO. I OF UNIT V OF THE HERITAGE MOUNTAIN ESTATES, LIMITED PROPERTY AS SURVEYED BENJAMIN A. WEST AND AS SHOWN ON HIS UNRECORDED MAP DATED AUGUST 29, 1988 AND BEING MORE FULLY DESCRIBE AS FOLLOWS:

Issued through the Office of:
Investors Title Insurance Company
263 N. Haywood Street
Waynesville, NC 28786
Tel. (828)452-3868 (800)860-4842
Fax (828)452-3871 (800)704-3603

Authorized Countersignature

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"BEGINNING ON A CONCRETE MONUMENT, THE EASTERNMOST COMER OF LOT NO. 58 OF UNIT V OF HERITAGE MOUNTAIN ESTATES. LIMITED PROPERTY AS SURVEYED BY BENJAMIN WEST AND RON KIRKLAND AND AS SHOWN ON THEIR PLAT DATED JULY 31, 1985. A COPY OF WHICH IS RECORDED IN THE OFFICE OF REGISTER OF DEEDS FOR MACON COUNTY. NORTH CAROLINA IN PLAT CABINET 1, SLIDE 369. AT PAGE 1 TO WHICH WE HEREBY REFER; RUNS

THENCE WITH THE WEST BOUNDARY OF TRACT 11. NORTH 21 DEGREES 30 MINUTES 40 SECONDS WEST 200.38 FEET TO AN IRON PIPE; THENCE WITH THE WEST BOUNDARY OF TRACT 8A, NORTH 21 DEGREES 29 MINUTES 05 SECONDS WEST 259.48 FEET TO AN IRON PIPE SET ON THE TOP OF A RIDGE; THENCE WITH THE TOP OF THE RIDGE, SOUTH 76 DEGREES 17 MINUTES 05 SECONDS WEST 167.08 FEET TO AN IRON PIPE, SOUTH 89 DEGREES 29 MINUTES 35 SECONDS WEST 173.30 FEET TO AN IRON PIPE, NORTH 70 DEGREES 35 MINUTES 05 SECONDS WEST 133.58 FEET TO AN IRON PIPE. NORTH 61 DEGREES 22 MINUTES 10 SECONDS WEST 91.90 FEET TO A IRON PIPE, NORTH 88 DEGREES 23 MINUTES 25 SECONDS WEST 125.14 FEET TO AN IRON PIPE AND NORTH 74 DEGREES 14 MINUTES 05 SECONDS WEST 30 FEET TO AN IRON PIPE SET ON TOP OF THE RIDGE, SAID POINT BEING THE EASTERNMOST COMER OF TRACT 3A; THENCE WITH THE EAST BOUNDARY OF TRACT 3A, SOUTH 15 DEGREES 35 MINUTES 50 SECONDS WEST 300.31 FEET TO AN IRON PIPE; THENCE WITH THE EAST BOUNDARY OF TRACT 3B, SOUTH 15 DEGREES 35 MINUTES 50 SECONDS WEST 199.72 FEET TO AN IRON PIPE, SAID POINT BEING A COMER COMMON TO TRACTS 38, 5 AND 7; THENCE WITH THE NORTHEAST BOUNDARY OF TRACT 7, SOUTH 70 DEGREES 54 MINUTES 25 SECONDS EAST 521.51 FEET TO AN IRON PIPE; THENCE WITH THE NORTH BOUNDARY OF LOT 58 OF UNIT IV, SOUTH 89 DEGREES 43 MINUTES 40 SECONDS EAST 135.55 FEET TO AN IRON PIPE AND NORTH 65 DEGREES 52 MINUTES 55 SECONDS EAST 406.28 FEET TO THE POINT OF BEGINNING. CONTAINING 10.49 ACRES.

"THIS CONVEYANCE IS MAKE SUBJECT, HOWEVER, TO THE FOLLOWING RESTRICTIONS, COVENANTS AN CONDITIONS:

1. THE LANDS HEREBY CONVEYED SHALL BE USED FOR RESIDENTIAL PURPOSES ONLY, AND NO STRUCTURE SHALL BE ERECTED, ALTERED, PLACED OR PERMITTED TO REMAIN UPON SAID LANDS OTHER THAN ONE SINGLE-FAMILY DWELLING PER SITED, TOGETHER WITH A GARAGE, TOOL SHED, OR OTHER CUSTOMARY OUTBUILDINGS TO SERVE SAID SWELLING. AFTER THE MAIN DWELLING IS

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CONSTRUCTED. A GUEST COTTAGE MAY BE CONSTRUCTED, IF LOCAL CODES PERMIT, WITH A MINIMUM OF 750 SQUARE FEET OF HEATED FLOOR SPACE. A MOBILE HOME MAY BE USED DURING THE BUILDING PERIOD, BUT NOT TO EXCEED A PERIOD OF FIVE (5) MONTHS. DEVELOPERS RESERVE THE RIGHT TO CONSTRUCT OR TO PERMIT CONSTRUCTION OF MULTI-FAMILY DWELLINGS UPON OTHER PORTIONS OF THIS LAND.

2. EACH MAIN DWELLING SHALL CONTAIN A MINIMUM OF 1000 SQUARE FEET OF HEATED FLOOR SPACE.

3. THE USE OF SAID LANDS AND THE STRUCTURES LOCATED THEREON SHALL NOT INCLUDE ANY ACTIVITY NORMALLY CONDUCTED AS A BUSINESS.

4. SUBDIVIDING OF ACREAGE SHALL BE PERMITTED, WITH THE RESTRICTION OF NO SITES TO BE LESS THAN 1-1/2 ACRES AND COMPLIANCE WITH ALL LOCAL AND STATE LAWS.

5. NO TRAILER, MOBILE HOME, OR CAMPER SHALL AT ANY TIME BE INSTALLED OR ALLOWED TO REMAIN UPON SAID PROPERTY FOR USE AS A RESIDENCE, EITHER TEMPORARILY OR PERMANENTLY. HOWEVER, THIS RESTRICTION DOES NOT EXCLUDE A REMANUFACTURED HOME.

6. ALL TRAVEL TRAILERS, CAMPERS, OR BOATS MUST BE STORED IN AN ENCLOSED AREA OUT OF THE PUBLIC VIEW.

7. IN ORDER TO INSURE THE PEACE AND QUIET OF THE COMMUNITY, THERE SHALL BE NO USE OF FIREWORKS OR FIREARMS, OR LOUD, NOISY MOTORIZED VEHICLES.

8. NO PART OF SAID LANDS SHALL BE USED AS A JUNK YARD OR DUMPING GROUND FOR TRASH OR RUBBISH OR FOR ANY UNSIGHTLY OR OBNOXIOUS PURPOSE, AND NO JUNK CARS SHALL BE ALLOWED TO REMAIN ON SAID LANDS. AND NO PART OF SAID PROPERTY TO APPEAR IN AN UNCLEAN OR UNTIDY CONDITION. NOR SHALL THERE BE BURNING OF GARBAGE. TRASH OR REFUSE.

9. ONLY A WATER SYSTEM AND A SEWAGE SYSTEM CONSTRUCTED AND EQUIPPED AND APPROVED ACCORDING TO THE STANDARDS OF THE NORTH CAROLINA STATE BOARD OF HEALTH SHALL BE INSTALLED UPON THE PREMISES.

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10. NO NOXIOUS OR OFFENSIVE ACTIVITY SHALL BE CARRIED ON SAID LANDS, NOR SHALL ANYTHING BE DONE THEREON WHICH MAY BECOME AN ANNOYANCE OR NUISANCE TO THE NEIGHBORHOOD.

11. NO ANIMALS SHALL BE KEPT ON THE LANDS HEREBY CONVEYED EXCEPT ORDINARY HOUSEHOLD PETS. HOUSEHOLD PETS SHALL BE KEPT REASONABLY CONFINED SO AS NOT TO BECOME A NUISANCE.

12. PARTY OF THE FIRST PART RESERVES FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, A 10-FOOT WIDE UTILITY EASEMENT ALONG THE BOUNDARIES OF LANDS HEREBY CONVEYED AND ALONG THE MARGINS OF ALL ROADWAYS FOR UTILITIES INCLUDING BUT NOT LIMITED TO, ELECTRIC, TELEPHONE, . AND WATER UTILITY LINES.

13. IT IS FURTHER UNDERSTOOD AND AGREED BETWEEN THE PARTIES HERETO, THEIR HEIRS, SUCCESSORS AND ASSIGNS, THAT THE ROADWAYS WITHIN THE AREA SHALL BE FOR THE COMMON USE OF THE PARTIES HERETO, THEIR HEIRS, SUCCESSORS AND ASSIGNS. PARTY OF THE FIRST PART SHALL CONSTRUCT THE ROADS, AND PARTIES OF THE SECOND PART, THEIR HEIRS SUCCESSORS AND ASSIGNS, SHALL THEREAFTER PAY A PROPORTIONATE SHARE OF THE COST OF MAINTENANCE AND UPKEEP OF SAID ROADWAYS. THE PROPORTIONATE SHARE SHALL BE COMPUTED ON THE BASIS OF ONE SHARE FOR EACH LOT WITHIN THE PROPERTY FOR HERITAGE MOUNTAIN ESTATES, LIMITED EXCEPT THAT THERE SHALL BE ONE SHARE FOR EACH RESIDENTIAL DWELLING UNIT WITHIN MULTI-FAMILY DWELLINGS.

14. PARTY OF THE FIRST PART AND EACH PERSON TO WHOSE BENEFIT THOSE RESTRICTIONS, CONDITIONS AND STIPULATIONS INSURE, MAY PROCEED AT LAW OR IN EQUITY TO PREVENT THE OCCURRENCE, CONTINUATION, OR VIOLATION OF ANY OF THESE RESTRICTIONS, CONDITIONS, AND STIPULATIONS, AND THE COURT IN SUCH ACTION MAY AWARD THE PARTIES SUCCESSFULLY PROSECUTING SUCH ACTION REASONABLE EXPENSES IN PROSECUTING SUCH ACTION, INCLUDING ATTORNEY FEES.

15. THE INVALIDATION BY ANY COURT OF ANY OF THESE RESTRICTIONS OR ANY PORTION THEREOF SHALL IN NO WAY AFFECT ANY OF THE OTHER RESTRICTIONS.

16. THERE SHALL BE NO USE OF POWER MOWERS, POWER SAWS OR TOOLS, OR

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CUTTING OF GRASS AND NO CONSTRUCTION DONE ON SUNDAY. .

FOR SOURCE OF TITLE, SEE DEED BOOK T-19, PAGES 1041-1043 AND DEED BOOK 8-23, PAGES 816-818, MACON COUNTY REGISTRY.

SECOND TRACT:

BEING AN EASEMENT FOR A ROADWAY 30 FEET IN WIDTH, AS SET FORTH AND DESCRIBED IN THE DEED FROM HERITAGE MOUNTAIN ESTATES, LIMITED, DATED 17 JANUARY 1994, RECORDED IN DEED BOOK H-20, PAGES 486-489, MACON COUNTY REGISTRY, TO WHICH DEED REFERENCE IS HEREBY MADE FOR MORE COMPLETE AND ACCURATE DESCRIPTION OF THE EASEMENT HEREBY CONVEYED.

THIRD TRACT:

BEING THOSE TWO CERTAIN EASEMENTS FOR ROADWAYS 30 FEET IN WIDTH, AS SET FORTH AND DESCRIBED IN THE DEED FROM HERITAGE MOUNTAIN ESTATES, LIMITED, DATED APRIL 6, 1995 RECORDED IN DEED BOOK W-20, PAGES 1925-1927, MACON COUNTY REGISTRY, TO WHICH DEED REFERENCE IS HEREBY MADE FOR MORE COMPLETE AND ACCURATE DESCRIPTION OF THE EASEMENTS HEREBY CONVEYED

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SCHEDULE B - SECTION I **REQUIREMENTS**

The following requirements must be met:

(a) Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.

(b) Pay us the premium, fees and charges for the policy.

(c) Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured, must be signed, delivered and recorded.

(d) You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

1. Provide the attached ITC Privacy Statement to the Borrower/Buyer at the time of closing.

2. Receipt of Attorney's Final Certificate, along with all additional required documents, in order to issue a final policy or policies.

3. Receipt of satisfactory, notarized Affidavit Regarding Liens, if applicable; also, satisfaction and cancellation of any recorded liens.

4. Attorney to provide property address and loan number (if applicable) recorded on Deed of Trust.

5. Cancellation and release of record The Claim of Lien filed in file # 04-M-194 in the Office of the Clerk of Court, Macon County.

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SCHEDULE B - SECTION II *EXCEPTIONS*

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

1. *Taxes for the year 2005, and subsequent years, not yet due and payable.*
2. *Restrictions appearing of record in Book P-18, Page 358, but this policy insures that a violation thereof will not cause a forfeiture or reversion of title.*
3. *Rights of others for ingress and egress purposes in and to the use of the subdivision roads and the rights of way located on insured premises as set forth in Book P-18, Page 358 and Book H-20, Pages 486-489.*
4. *Easement(s) to Nantahala Power and Light Company as recorded in Book S-5, Page 342, Book S-5, Page 379, Book O-6, Page 68 and Book O-6, Page 192..*
5. *Easement for Telephone and Telegraph lines from the Kit Messer heirs, Frank Curtis, W.L. Ledford and Jim Henson to the US Department of Agriculture recorded in Book A-6, Page 457.*
6. *Encroachments, overlaps, boundary line disputes, variations or shortages in area or content, roads, streams, ways or easements or claims of easements, riparian rights and title to filled in land, and any other matters which would be disclosed by an accurate survey of the premises.*
7. *Any inaccuracy in the area, square footage, or acreage of land described in Schedule A or attached plat, if any. The Company does not insure the area, square footage, or acreage of the land.*

NO INSURED CLOSING PROTECTION COVERAGE PROVIDED - As to the transaction for which this binder and/or policy is issued, the Company specifically excludes this transaction from any closing protection services.