

The foregoing certificate(s) of

Noland W. Smith

is/are certified to be correct.

This 2 day of October, 2003.

Cherokee County
Register of Deeds

Daphne Dockery

By: Karen Rane

Assistant/Deputy

STATE OF NORTH CAROLINA

COUNTY OF CHEROKEE

(2)

COVENANTS, RESTRICTIONS, EASEMENTS, RESERVATIONS, TERMS AND
CONDITIONS GOVERNING FORT BUTLER MOUNTAIN PROPERTIES

WHEREAS, the undersigned, being the owners of a certain tract or tracts of land hereinafter described, intend to develop said lands, and

WHEREAS, the undersigned has subdivided said lands into lots for purposes of selling the same for residential purposes, and

WHEREAS, the undersigned desire that said lots and said tracts of land be subject to certain covenants, restrictions, easements, reservations, terms and conditions for the protection of both the present owners and assignees of the present owners; and

WHEREAS, the lands to which these covenants, restrictions, easements, reservations, terms and conditions apply shall include any land which are by deed or in writing refer to this instrument as well as the following described lands:

BEING the property described as Tract I, containing 270.39 acres, more or less, as filed for record in Deed Book 1017, Page 412 Cherokee County, North Carolina Registry reference to which is made hereby for incorporation herein.

NOW, THEREFORE, know all men by these presents, that the undersigned as owners of the lands hereinabove described, for full value received in consideration of the obligations of said owners to purchasers of portions of said lands, do hereby establish these covenants, restrictions, easements, reservations, terms and conditions with regard to said lands as follows:

1. Each lot in said subdivision shall be used for residential purposes only. No commercial activity shall be permitted.
2. No house trailer, motor home, camper, tent or commercial vehicles shall be used for permanent residences on any lot. Motor homes and campers may be used during home construction only. Motor homes and campers may be stored on said lot after construction is completed so long as said motor homes and campers are not used as living quarters or residences.
3. No unlicensed, unused, discarded, or salvaged vehicle or any part thereof and no unusable or salvaged household appliance or parts thereof, shall be placed or left anywhere on any lot outside of any enclosed building or on the right-of-way of any subdivision road.

PROPERTY OWNERS' ASSOCIATION
MEMBERSHIP COVENANT

All owners of lots subject to the Fort Butler Mountain Properties Restrictive Covenants shall become members of the Fort Butler Mountain Properties Homeowners' Association upon the execution, delivery and recordation of a deed of conveyance of title to any lot or lots with the office of the Register of Deeds of Cherokee County from the undersigned.

Each owner of a lot subject to these covenants and restrictions shall obtain one membership per lot. All lot owners shall abide by the by-laws of the association as may be amended from time to time and further agree to pay the association an annual maintenance charge as hereinafter set forth.

ASSESSMENTS

SECTION 1.

The undersigned and their successors in interest, including the association as herein provided, shall pursuant to these declarations, have the power to levy assessments as herein provided for the purpose of financing operations of the association and maintaining roads and other improvements for services within and for the benefit of subdivision lots, including roads and or utility easements for the subdivision in accordance with the formula herein set forth.

SECTION 2.

Creation of Lien and Personal Obligation for Assessments. Each lot is and shall be subject to a lien and permanent charge in favor of the undersigned, or the association in the event of transfer by the undersigned to the association of any and all rights and responsibilities it has under and pursuant to the terms of this indenture with annual assessments set forth herein. Each assessment, together with interest thereon and the cost of collection thereof as hereinafter provided, shall be a permanent charge and continuing lien upon the lot or lots against which it relates and shall also be the joint and several personal obligation of each lot owner at the time the assessments become due and payable and upon such owner's successor in title if unpaid on the date of the conveyance of the lot. Each and every owner covenants to pay such amounts to the undersigned, or the association when the same shall become due and payable. A purchaser of a lot at a judicial or foreclosure sale shall be liable only for the assessments due and payable after the date of such sale.

SECTION 3.

Annual Assessments. No later than December 1 of each calendar year the undersigned or the association as assignee of any and all rights and responsibilities of the developer shall establish the annual assessments based upon the following considerations:

1. The cash reserve, if any, on accounts with a lending institution created for the benefit of the lots of the subdivision;
2. The expenditures devoted to the benefit of the subdivision lots during the immediately preceding twelve month period; and
3. The projected annual rate of inflation for the forthcoming year foreseeable for the county in which the land hereto is situate as determined by review of information available to any person, firm, or corporation by any governmental agency, leading institution or private enterprise which provides such statistical data upon request; provided that the annual assessments shall not exceed \$100.00 per lot per year for road maintenance and continue until such time as the undersigned conveys all right, title and interest into said roads over to the Homeowner's Association as herein provided.

SECTION 4.

Date of Commencement of Annual Assessments-Due Date. Assessments are due in annual installments on or before January 1 of each calendar year or in such other reasonable manner as the undersigned, or the Board of Directors of the Association as designee of the undersigned by the through its treasurers shall designate.

The annual assessment shall commence upon the execution and delivery of or recordation of a deed of conveyance from the undersigned to an owner.

The first annual installment for each such lot shall be an amount (rounded to the sum of the nearest whole dollar) equal to the annual payment by the number of days in the current annual payment period divided by the number of days in the current annual payment period and multiplied by the number of days then remaining in such annual payment period.

SECTION 5.

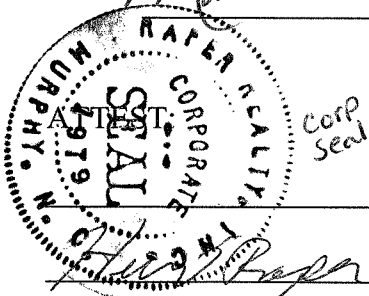
Exempt Property. Each lot shall be exempt from the assessments created hereunder until the execution and delivery of a deed from the undersigned, to an owner making the lot conveyed subject to these declarations.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal , or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

RAPER REALTY, INC.

By: [Signature]

President



(Corporate Seal)

[Signature] Secretary

STATE OF NORTH CAROLINA

COUNTY OF CHEROKEE

I, Noland W. Smith, a Notary Public of said state and county, do hereby certify that Hubert Raper personally appeared before me this day and acknowledged that (s)he is _____ Secretary of Raper Realty, Inc. , a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal, and attested by himself as its _____ Secretary.

WITNESS my hand and Notarial Seal this 2 day of October,

2003

My Commission expires:

[Signature]

Notary Public

