

IN THE CHANCERY COURT FOR BLOUNT COUNTY, TENNESSEE
AT MARYVILLE

ROBERT T. STOOKSBURY, JR.,

Plaintiff,

v.

MICHAEL L. ROSS; LTR PROPERTIES,
INC.; RPL PROPERTIES, LLC; LC
DEVELOPMENT COMPANY, LLC; and
RARITY MANAGEMENT COMPANY,
LLC.

Defendants.

No. 09-057



COMPLAINT

I. PARTIES

1. Robert T. Stooksbury, Jr. ("Plaintiff") is a citizen and resident of Blount County, Tennessee.
2. Defendant Michael L. Ross ("Ross") is a citizen and resident of Blount County, Tennessee, and may be served by process at 2624 Carpenters Grade Road, Maryville, Tennessee 37803.
3. Defendant LTR Properties, Inc. ("LTR") is a Tennessee corporation solely owned by Ross. Ross is LTR's registered agent for service of process, and may be served at 2624 Carpenters Grade Road, Maryville, Tennessee 37803.

4. Defendant RPL Properties, LLC (“RPL”) is a Tennessee limited liability company solely owned by Ross. Ross is RPL’s registered agent for service of process, and may be served at 2624 Carpenters Grade Road, Maryville, Tennessee 37803.

5. Defendant LC Development, LLC (“LC”) is a Tennessee limited liability company solely owned by Ross. Ross is a member and managing agent of LC, and may be served at 2624 Carpenters Grade Road, Maryville, Tennessee 37803.

6. Defendant Rarity Management Company, LLC is a Tennessee limited liability company in which, upon information and belief, Ross owns an interest. Ross is Rarity Management Company, LLC’s registered agent for service of process, and may be served at 2624 Carpenters Grade Road, Maryville, Tennessee 37803.

II. JURISDICTION AND VENUE

7. This Court has inherent and statutory jurisdiction over the matters at issue in this action, and venue in Blount County is proper in that all the Defendants have offices in and/or do business in and/or may be found in Blount County.

III. NATURE OF ACTION

8. Plaintiff brings this action against the Defendants, and each of them, to recover monetary damages (in addition to any other legal and equitable relief to which Plaintiff may be entitled) suffered by Plaintiff as a result of the wrongful actions, breach of fiduciary duties, breach of contract, fraud and misrepresentation by Ross and each of the other Defendants (the “Ross Entities”), each of which is or has been owned and/or controlled by Ross and has been used by him as an “alter ego” instrumentality for his own, individual purposes.

9. Plaintiff is seeking damages suffered by him, individually, in respect to his rights, title, interest, and status as a member of Tellico Landing, LLC, a Tennessee limited liability company ("Tellico").

10. LTR, solely owned by Ross, is the managing member of Tellico, and Ross is Tellico's "Chief Manager."

11. Under the cloak of their respective positions and powers as such managing member and Chief Manager, LTR and Ross have, in some instances through and in conjunction with and in conspiracy with the other Defendants, breached contractual and fiduciary duties owed to Plaintiff, and have misappropriated or otherwise misused properties, funds, and other assets of Tellico for their own personal gain, directly damaging the value of Plaintiff's investment in and ownership interest in Tellico.

12. Plaintiff filed in this Court on March 26, 2009 a "Complaint for Judicial Dissolution of Tellico Landing, LLC and for Equitable Relief and Damages," in Civil Action 09-050 (the "Complaint for Dissolution").

13. The Complaint for Dissolution was filed pursuant to the "Tennessee Limited Liability Company, Act." (the "Act"), specifically T.C.A. § § 48-245-901 et seq., for the dissolution of Tellico, and also named LTR as a Defendant.

14. Plaintiff alleges that the matters set forth in the Complaint for Dissolution are the same matters which give rise to Plaintiff's causes of action stated herein.

15. Plaintiff alleges that the Act does not contemplate, nor does it allow, Plaintiff's naming the Defendants named in this Complaint as parties to the dissolution action, other than LTR, which is a member of Tellico.

16. Plaintiff is filing this civil action against the Defendants, as a separate civil action in this Court, noting that the two actions involve common questions of law and fact, such that consolidation of the actions for trial and/or other purposes under T.R.C.P. 42.01 may be or may become appropriate.

IV. FACTS

Sections 17 through 85 of this Complaint, which follow, contain essentially the same factual allegations as set forth in Sections 17 through 85 of the Complaint for Dissolution.

17. Plaintiff and Ward Whelchel, a citizen and resident of Knox County, Tennessee (“Whelchel”) formed Tellico in 1998 to acquire, develop, and sell certain real property located on Tellico Lake in Loudon County, Tennessee, consisting of approximately 540 acres (the “Real Property”). By October 29, 2001, Plaintiff and Whelchel also owned Tellico Players Club, LLC (“Players Club”), which had certain rights in the Real Property. Pursuant to the “Second Amended and Restated Operating Agreement of Tellico Landing, LLC (the “Operating Agreement”), a copy of which is attached hereto as Exhibit A, dated May 29, 2002, and which is still in effect as Tellico’s operating agreement, Plaintiff, LTR, and Whelchel are the sole members of Tellico, and are sometimes referred to herein as the “Members.”

18. On October 29, 2001, Plaintiff, Whelchel, Tellico, and Players Club entered into a “Memorandum of Understanding” (the “MOU”) with Ross. A copy of the MOU is attached hereto as Exhibit B. Plaintiff does not have copies of any of the exhibits referenced in the MOU, and to the extent that they were in existence and attached to the MOU at the date of its execution, Plaintiff alleges that LTR and Ross have or should have copies in their possession.

19. By the terms of the MOU, Ross was to become a member of Tellico, holding a 50% membership interest, with Plaintiff and Whelchel each to retain a 25% membership interest.

20. Paragraph 1 of the MOU provided for the Real Property to “be developed in a single development owned by Tellico,” called the “Project,” which was to consist of residential and commercial property, including what Paragraph 2 of the MOU referred to as a “golf course/golf club, lodge component.”

21. Paragraph 6 of the MOU provided that Ross or his designee would develop the golf course/golf club/lodge component of the Project at Ross’ sole expense.

22. Paragraph 6 of the MOU provided that Tellico would “deed the golf course/golf club component to Ross or his designee” at such time as it was “completed.”

23. Paragraph 6 of the MOU provided that Tellico would sell to Ross approximately 15 acres at Tellico’s average cost of “approximately \$14,000 per acre,” to be used by Ross to construct a lodge and related amenities, with Ross to bear all costs associated with such construction.

24. Paragraph 6 of the MOU provided that Ross would receive “all profits and losses” from the golf course/golf club/lodge component.

25. Paragraph 9 of the MOU provided that the operating agreement of Tellico would be amended to include the terms of the MOU, including provisions granting Ross certain management rights, and a “12% development fee” as stated in Paragraph 5 of the MOU.

26. Pursuant to Paragraph 7 of the MOU, Ross’ right to manage Tellico would be subject to a requirement of “a vote of at least 75% of the members” for decisions that would “materially affect the structure, ownership, financing, etc. of the Project...”

27. By “Certificate of Merger” dated May 22, 2002, on record with the Tennessee Secretary of State, Players Club was merged into Tellico, which thereby acquired all rights in the Real Property previously held by Players Club.

28. On May 29, 2002, Plaintiff, Whelchel, and LTR (as Ross' designee) executed the Operating Agreement referred to in Paragraph 17 above, as "Members," and Ross executed such Operating Agreement as "Chief Manager" of Tellico.

29. Pursuant to Section 4.1 of the Operating Agreement, LTR owns and holds a 50% Membership Interest in Tellico; Plaintiff owns and holds a 25% Membership Interest in Tellico; and Whelchel owns and holds a 25% Membership Interest in Tellico.

30. Pursuant to Section 4.1 of the Operating Agreement, each of the Members was to share in voting rights, profits, and losses, in accord with his "Relative Membership Interest."

31. The name chosen for the development of the Real Property by Tellico was Rarity Pointe Subdivision (referred to herein as "Rarity Pointe").

32. As stated in Section 2 of the Operating Agreement, the Members intended for Tellico to develop Rarity Pointe as a "residential, commercial and resort development, including waterfront amenities, guest lodge and a golf course."

33. Pursuant to Section 8.1(a) of the Operating Agreement, Tellico is a "member managed LLC," and LTR was appointed as the "Managing Member."

34. Pursuant to Section 8.3 of the Operating Agreement, LTR was granted the right to "appoint the Chief Manager" for "so long as LTR is the Managing Member..." LTR appointed Ross (LTR's sole owner), and Ross has continued to serve as Chief Manager of Tellico since.

35. Pursuant to Section 9.2 of the Operating Agreement, Ross may be removed as Chief Manager "only for cause," and only then by a vote of the Members. LTR, as Managing Member, may be removed only by a vote of the Members. As a practical matter, neither LTR nor Ross may ever be removed by a vote of the Members, because LTR holds a 50% Membership Interest in Tellico.

36. Pursuant to Section 8.5(a) of the Operating Agreement, LTR as Managing Member is to receive from Tellico a “development fee in an amount equal to 12% of the net sales price (gross sales price net of real estate commissions) received from the sale of all residential and commercial lots, or other real property, in [Rarity Pointe],” to be paid at the “closing for any lot sale.”

37. Pursuant to Section 8.5(b) of the Operating Agreement, LTR is to pay all “management expenses” incurred in “connection with the performance of its management and administrative responsibilities under” the Operating Agreement, with the exception of certain “marketing” and “third party” expenses incurred by LTR or Ross, as Chief Manager, “in connection with the performance of their duties” under the Operating Agreement.

38. Pursuant to Section 8.5(c) of the Operating Agreement, Tellico is to pay all costs incurred by LTR or Ross “in connection with marketing of the Project [Rarity Pointe] on behalf of ” Tellico. Tellico is to share marketing costs and expenses of Rarity Pointe with another development owned or controlled by Ross on Lake Tellico (“Rarity Bay”), with Tellico’s share of such costs and expenses not to exceed “4% of gross sales from the sale of lots at Rarity Pointe...”

39. Pursuant to Section 8.5(c) of the Operating Agreement, Tellico is to pay all costs and expenses of any “third party contracts for goods and services...acquired by on behalf of the LLC.”

40. Pursuant to Section 8.5(d) of the Operating Agreement, disputes between Tellico and LTR regarding “whether a particular cost or expense is the obligation of [Tellico] or of LTR” is to be decided by “a majority of all the Members,” with “binding arbitration pursuant to the Rules of Commercial Arbitration of the American Arbitration Association...” in the event of

failure by the Members to resolve any disputed expenses of \$5,000.00 or more, meaning, as a practical matter, that no such dispute could ever be resolved in such manner, because LTR owns a 50% Membership Interest in Tellico.

41. Pursuant to Section 8.1(a) of the Operating Agreement, the Members delegated to LTR as Managing Member “the authority to conduct and manage the business and affairs of [Tellico]...”, except for certain matters “specifically reserved to all of the Members as provided...in Section 8.6...”

42. Among other restrictions on the authority of LTR as Managing Member, Section 8.6(c) of the Operating Agreement prohibits LTR, except with approval “by a vote of not less than 75% of the Membership Interests,” from any action to accomplish any “refinancing of the existing debt of [Tellico], or any plan of financing that would require the grant of security interest in the assets of the Company, whether in the form of a mortgage or otherwise...”

43. Among other restrictions on the authority of LTR as Managing Member, Section 8.6(f) of the Operating Agreement prohibits LTR, except with approval “by a vote of not less than 75% of the Membership Interests,” from any action to accomplish “the employment, whether as an agent, independent contractor, employee or otherwise, of any individual who is a family member or relative of a Member, or that is an entity that is a related party or affiliate of a Member.”

44. Pursuant to Section 8.1(a) of the Operating Agreement, LTR as Manager Member has a duty to “keep the other Members reasonably informed of management decisions from time to time and seek their input...”

45. Pursuant to Section 8.7 of the Operating Agreement, which incorporated a certain “Contract for the Sale of Real Property” (the “Contract,” a copy of which is attached to and

incorporated as a part of the Operating Agreement, Exhibit A hereto), and consistent with the terms of the MOU, Tellico agreed to transfer to LTR an undetermined portion of the Real Property, estimated to be “approximately 175 acres,” with the sole consideration from LTR to be the construction, at “LTR’s sole cost and expense” of a golf course on such property.

46. LTR was to construct the golf course pursuant to certain specifications set forth in Section 9a of the Contract, with title to pass upon the completion date, being the date “on which LTR receives a written certification from either the golf course designer, or from an independent engineer, that the course has been substantially completed in accordance with the plans and specifications described in Subsection 9(a), above.” Title to the golf course is still in Tellico, because LTR has failed to complete the construction as required. Further, LTR has failed to provide Tellico with a survey map for the golf course property.

47. The Members acknowledged, in Section 8.7 of the Operating Agreement, that Tellico was to sell LTR 15 acres of the Real Property in accord with Section 6 of the MOU (which provided that Ross or his designee was to “construct a lodge and related amenities” on such property at his or its sole expense). Section 8.7 specifically states that the Operating Agreement was not intended “to terminate or abrogate” the provisions of the MOU regarding the terms for development of the golf course/golf club/lodge component of the Project.

48. LTR, as Managing Member of Tellico, began the development of Rarity Pointe on the Real Property shortly after the execution of the Operating Agreement on May 29, 2002. On or about August 28, 2002, LTR filed an initial report as required by the Interstate Land Sales Act with the U.S. Department of Housing and Urban Development. LTR has executed and filed a series of annual reports dated August 28 of each succeeding year through 2008 (the “HUD Reports”). All the HUD Reports are public records and LTR has copies.

49. Rarity Pointe has been partially developed, in five separate “Phases” (Phase 1, Phase 2, Phase 3, Phase 4, and Phase 5).

50. The 2008 annual HUD Report states that Phases 1, 2, and 5 of Rarity Pointe are owned by Tellico, but that Phase 3 is now owned by RPL Properties, LLC (“RPL”), a Tennessee limited liability company of which Ross is the sole owner; that Phase 4 is now owned by LC Development Company, LLC (“LC”), a Tennessee limited liability company of which Ross is the sole owner; and that LC has the right, under a contract with Tellico, to acquire and develop Phase 5 of Rarity Pointe. The HUD Report identifies Tellico as the “developer” of Phase 1 and Phase 2, RPL as the “developer” of Phase 3, and LC as the “developer” of Phases 4 and 5.

51. By the “Real Estate Purchase and Sale Agreement,” dated May 28, 2004, executed by Tellico, LTR, and RPL, Tellico agreed to sell to RPL a portion of the Real Property identified therein as “Phase 3,” and further agreed to sell to RPL certain property identified therein as the “Lodge Property.” Such Agreement was amended by an “Amendment to Real Estate Purchase and Sale Agreement” between the same parties, effective as of December 31, 2004. Copies of such agreements are attached hereto as Exhibits C and D, respectively, and are referred to herein, collectively, as the “Lodge and Phase 3 Sale Agreement.” Plaintiff’s copy of Exhibit C does not reflect execution of the document by Plaintiff or Whelchel, and Plaintiff does not recall whether he and/or Whelchel ever executed such document. To the extent that there is an executed original, Plaintiff alleges that LTR and Ross have or should have such original.

52. Prior to execution of the Lodge and Phase 3 Sale Agreement, LTR, which had the right pursuant to the MOU, as noted above, to construct at its own expense the “lodge component” on the Real Property, expanded upon the original plan for a small lodge as an amenity at Rarity Pointe, and instead made plans to develop a condominium project consisting of

approximately 120 units, together with a spa and restaurant, to be known as “Rarity Pointe Lodge & Spa” (the “Lodge Project”). LTR entered into a “Project Management Agreement” with Lawler Wood, LLC, dated January 16, 2004, for the development of the Lodge Project (the “PMA”). A copy of the PMA is attached hereto as Exhibit E.

53. In recognition that such expanded scope of the Lodge would result in direct competition with sales of lots by Tellico, LTR and Ross, acting in conjunction with RPL, agreed to acquire the Lodge Property in consideration for a \$10,000,000.00 negotiable promissory note, rather than at Tellico’s average cost of approximately \$14,000 per acre as provided in the MOU (see Paragraph 23 above). It was understood, acknowledged, and agreed at all times between the Members of Tellico that the entire cost of development of the Lodge Project was the sole responsibility of LTR and/or Ross.

54. Pursuant to the Lodge and Phase 3 Sale Agreement, RPL was to acquire the Phase 3 Property in consideration for a \$19,000,000.00 negotiable promissory note.

55. The purchase and sale of Phase 3 was consummated, and LTR executed and delivered to Tellico a “Secured Promissory Note” dated August 17, 2005, due and payable in full on August 17, 2009, a copy of which is attached hereto as Exhibit F, secured by a second mortgage deed of trust on Phase 3 recorded in the Office of Register of Deeds for Loudon County, Tennessee.

56. RPL, LTR, Ross, Whelchel, and Plaintiff also executed on December 31, 2004, a “Profits and Losses Agreement,” a copy of which is attached hereto as Exhibit G, the terms of which were intended to apply to the Phase 3 development only if and after RPL acquired the Phase 3 property and completed its development and to the Lodge Property only if and after RPL should acquire the Lodge Property and complete its development.

57. In accord with Exhibit C to the “Amendment to Real Estate Purchase and Sale Agreement,” referenced in Paragraph 51 above, it was specifically agreed that “to the extent that condominium units are not constructed and established on the Lodge Property, the original agreements between Tellico, LTR, Ward S. Whelchel and Robert T. Stooksbury, Jr. relative to the Lodge Property shall control.”

58. RPL never acquired the Lodge Property, and never constructed or established condominium units on such Property, and therefore the terms of the MOU apply to the Lodge Property.

59. By the “Real Estate Purchase and Sale Agreement” dated June 19, 2006, executed by Tellico, LTR, and LC Development Company, LLC, a Tennessee limited liability company of which Ross is the sole member and Chief Manager (“LC”), Tellico agreed to sell LC a portion of the Real Property identified therein as “Phase 4.” A copy of such Real Estate Purchase and Sale Agreement (the “Phase 4 Sale Agreement”) is attached hereto as Exhibit H. Exhibit H as attached is an unsigned version of the Phase 4 Sale Agreement. Plaintiff alleges that LTR has or should have an executed version, if such document was ever executed. Plaintiff does not recall executing the document.

60. Pursuant to the Phase 4 Sale Agreement, LC was to acquire the Phase 4 property in consideration for a \$25,000,000.00 negotiable promissory note. The purchase and sale of Phase 4 was consummated, and according to the 2008 annual HUD Report, LC executed and delivered such note to Tellico. Plaintiff does not have a copy of such note, but alleges that if it was executed, LTR and Ross have or should have a copy. Tellico and LC also may have executed a “Profits and Losses Agreement,” a copy of which is attached hereto as Exhibit I. To the extent that Exhibit I was executed, Plaintiff alleges that LTR and Ross have or should have a

copy as executed. According to the HUD Reports executed and filed by LTR, RPL, and LC, Tellico has the right to require LC to execute and record in the Register's Office for Loudon County, Tennessee a second mortgage deed of trust on the Phase 4 property. Despite repeated requests from Plaintiff to LTR and Ross to obtain and record such second mortgage, they have failed and refused to do so.

61. Tellico has financed, in part, the acquisition of the Real Property and the development of Rarity Pointe through a series of loans with SunTrust Bank, with offices in Knoxville, Tennessee ("SunTrust"). The Defendants have or should have copies of all documents relating to Tellico's loans with SunTrust. The loans, loan balances, and terms and provisions are described to some extent in the HUD Reports. Currently, there are two SunTrust loans outstanding. One of the loans was formerly a revolving line of credit loan used to provide funds for the continued development of Rarity Pointe. At the date of the 2008 annual HUD Report referred to above, it was reported that the loan was no longer a revolving line of credit loan, and had a principal balance of \$4,884,000.00. Such loan is referred to herein as the "Line of Credit Loan."

62. Such Line of Credit Loan is secured by a first mortgage deed of trust on all the Real Property in Phases 1, 2, 3, 4 and 5 of Rarity Pointe, with the exception of lots in the first four phases which have been sold and released, and (according to the 2008 annual HUD Report) with the exception of 5.591 acres conveyed by Tellico to LTR, on which marina facilities have been or will be developed. The Line of Credit Loan matured on December 1, 2008, and SunTrust has given Tellico and its Members (each of whom have individually signed guaranty agreements in regard to such loan, on a joint and several basis), notice of default.

63. The other outstanding loan from SunTrust to Tellico was to finance improvements known as "The Discovery Center" constructed at the entrance of Rarity Pointe, and is a term loan which, to the best of Plaintiff's knowledge and belief, is current.

64. Until sometime in late Fall of 2005, the provisions of the Line of Credit Loan always included a requirement for the application of proceeds received from Rarity Pointe lot sales to a principal reduction on such loan.

65. On or about October 28, 2005, as a result of agreements between officers of SunTrust and Ross, acting on behalf of LTR, the Line of Credit Loan was changed to provide for "interest only" payments, and the required principal reduction provisions were deleted. Ross, as Chief Manager of Tellico, and LTR, as Managing Member of Tellico, lacked the authority to make such change in the financing, which required an affirmative vote of 75% of the Membership Interests of Tellico pursuant to the MOU and the Operating Agreement (see Paragraphs 26 and 42 above).

66. Neither Ross, LTR, nor SunTrust notified Plaintiff of the change in financing terms. Had such change not occurred, lot sales at Rarity Pointe from and after the date of such change would have been more than sufficient to pay the Line of Credit Loan in full.

67. According to the 2008 annual HUD Report executed and filed by LTR, RPL, and LC as "developers," the total number of developed lots in Phases 1 through 4 of Rarity Pointe at such time was 390, consisting of 247 lots already sold, and 143 unsold lots. According to such report, LTR planned to develop 59 lots in Phase 5, but had not begun such development, and to Plaintiff's knowledge and belief, has not yet recorded the required plat for Phase 5 which would allow the sale of lots.

68. Plaintiff alleges that LTR, acting by and through Ross, and in concert with the other Defendants, has engaged in multiple violations under the Act, numerous breaches of contractual and fiduciary duties owed to Tellico and its Members, and other violations of law and wrongful actions, including those specifically set forth herein.

69. As noted in Paragraph 65 above, LTR, acting through Ross, changed the terms of financing with regard to the Line of Credit Loan without the required consent of 75% of the Membership Interests in Tellico, in violation of the MOU and Section 8.6(c) of the Operating Agreement.

70. LTR, acting through Ross, improperly co-mingled funds of Tellico (both SunTrust Loan proceeds and proceeds from Rarity Pointe lot sales) in accounts owned and controlled by LTR and the other Defendants and failed to properly account for such funds.

71. LTR, acting by and through Ross, and in conjunction with the other Defendants, produced or caused to be produced HUD settlement statements showing application of proceeds of sale of lots in Rarity Pointe of at least \$550,000.00 being applied to the SunTrust loans, when in fact such funds were neither applied to the loans nor deposited into any Tellico account; an appropriate accounting has yet to be made for such funds.

72. The other Defendants were aware of, maintained file copies of, and failed to disclose to Plaintiff various HUD settlement statements prepared by Assurance Title for closings of sales of lots in Rarity Pointe which were false and misleading to purchasers. Assurance Title routinely prepared two sets of settlement statements, with differing entries under the heading "Summary of Seller's Transaction," one set which showed actual, true figures, to be given to the Seller and one with false and misleading figures, to be given to the purchasers.

73. SunTrust had acquired (by foreclosure or other means unknown to Plaintiff) Lot 102 in Rarity Pointe and contacted Ross as Chief Manager of Tellico with an offer to sell such lot. LTR and Ross, instead of accepting the offer on behalf of Tellico, arranged for Rarity Management Company, LLC (upon information and belief owned by Ross and Fred McArthur, the Rarity Communities Sales Manager) to purchase the lot for \$420,000.00, after which Rarity Management Company, LLC sold the lot to a third party for \$565,000.00. No notice was given to Plaintiff and no approval for such transaction was sought. LTR and Ross misappropriated an asset belonging to Tellico.

74. LTR, acting by, through or in conjunction with Ross, RPL and LC, sold lots in Rarity Pointe to their employees and sales agents at substantial discounts below fair market value with the intention and knowledge that such individuals would and did re-sell such lots at a significant gain. Tellico was thereby deprived of approximately \$2,000,000.00 in sales proceeds.

75. LTR, acting in conjunction with Ross and/or RPL and/or LC, improperly charged Tellico with development costs and expenses incurred by them in connection with the failed Lodge Project, contrary to the applicable provisions of the agreements by which LTR and Ross were to be solely responsible for such costs. The total of such costs improperly allocated to Tellico is in excess of \$7,000,000.00.

76. LTR improperly charged Tellico with costs and expenses resulting from violations of regulations of the Tennessee Department of Environment and Conservation ("TDEC"). Such costs should have been allocated solely to LTR, because they were incurred in connection with actions taken by LTR in the development of the golf course property.

77. LTR violated its fiduciary duty to Tellico and its other Members by requiring purchasers of lots in Rarity Pointe to purchase “memberships” from LTR at excessive prices, thereby directly and adversely affecting the market price of the lots themselves.

78. LTR violated the terms of Section 8.5(c) of the Operating Agreement and its fiduciary duties to Tellico and its other Members by charging Tellico with marketing expenses in excess of 4% of gross sales from the sale of lots at Rarity Pointe.

79. LTR has violated its fiduciary duty to Tellico and the terms of Section 8.5(a) of the Operating Agreement by charging Tellico amounts for LTR’s development fee in excess of 12% of the net sales price on the sales at Rarity Pointe.

80. LTR, acting in conjunction with Ross, RPL, and LC, has improperly allocated to Tellico amounts of “management expenses” which, pursuant to 8.5(b) of the Operating Agreement, are to be the sole responsibility of LTR.

81. LTR, acting in conjunction with Ross, RPL, and LC, has subjected Tellico to potential liabilities to purchasers of lots by directing their sales staff to make definite promises regarding the availability and completion dates for various Rarity Pointe facilities and amenities, knowing that such promises would not and could not be kept.

82. LTR, acting in conjunction with Ross, RPL, and LC, has violated its duty to Tellico and its other Members by a consistent pattern of deliberate failure to account for its use of Tellico funds and by a deliberate failure to keep the other Members reasonably informed of management decisions from time to time and seek their input, as required by Section 8.1(a) of the Operating Agreement.

83. LTR has violated its fiduciary duty to Tellico and its other Members and breached its contractual agreements to them by failing to develop the golf course within the time and

within the specifications required and by improperly charging Tellico with costs incurred in connection with the development of the golf course, which costs are to be the sole responsibility of LTR.

84. LTR has violated its fiduciary duty to Tellico and its other Members by making the golf course and the marina open to the public, contrary to the agreement of the Members that the golf course and marina were to be used exclusively by the owners of lots in Rarity Pointe who purchased memberships.

85. LTR, acting in conjunction with Ross, RPL, and LC, violated its fiduciary duty to Tellico and its other Members by giving the other Members false, incomplete, or misleading lists of lot prices.

V. GROUNDS AND RELIEF SOUGHT

86. By engaging in the wrongful actions set forth in Sections 17 through 85 above, each of the Defendants has damaged the Plaintiff, by depriving him of the full benefits of his investment and ownership of Tellico.

87. LTR and Ross are liable to Plaintiff for breach of contractual duties, breach of fiduciary duties under the Act, and fraud and misrepresentation, in the particulars set forth herein.

88. The Ross Entities (the Defendants other than Ross) have conspired with and aided Ross, and have acted as “alter ego” instrumentalities, for the purposes of assisting Ross in the wrongful actions identified herein. In addition, each of them is liable, in its own respect, for its wrongful actions in the particulars stated herein.


WHEREFORE, Premises considered, Plaintiff requests the following relief:

1. That this Complaint be served on the Defendants, and that each Defendant be required to answer within the time and manner required by law;

2. That upon hearing of this action on the merits, the Court enter a judgment awarding Plaintiff damages against the Defendants, and each of them, jointly and severally, in an amount to be shown at trial, including an award of punitive damages and attorney fees;


3. That the Court grant Plaintiff such other, further, and general relief as to which he may be entitled.

This _____ day of April, 2009.

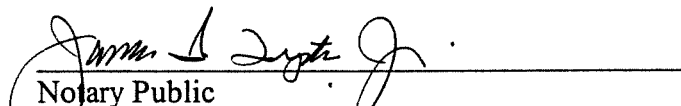

Robert T. Stooksbury, Jr., Plaintiff

OATH

I, ROBERT T. STOOKSBURY, Jr., being first duly sworn in accordance with law, make oath that I am the Plaintiff named in this Complaint, that I have read the Complaint, and that the facts herein stated are true to the best of my knowledge, information and belief.


Robert T. Stooksbury, Jr.

Sworn to and subscribed before me this
2nd day of April, 2009.


Notary Public

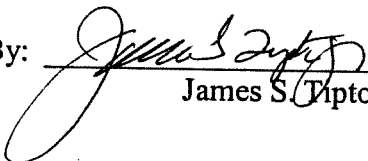
My Commission Expires: 8-11-09

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By: 
James S. Tipton, Jr.

COST BOND

We do hereby acknowledge ourselves as surety for the costs in this cause in accordance with T.C.A. § 22-12-120.

GENTRY, TIPTON & McLEMORE, P.C.


James S. Tipton, Jr.

JST:mlw/P-6337 Complaint(Stooksbury v Michael Ross et al(B)

SECOND AMENDED AND RESTATED OPERATING AGREEMENT
OF
TELLICO LANDING, L.L.C.

This Second Amended and Restated Operating Agreement (the "Agreement") is made and entered into on the date last recorded below, by and between Tellico Landing, L.L.C., a Tennessee Limited Liability Company (the "Company"), and its Members, Ward S. Welchel ("Welchel"), Robert T. Stooksbury, Jr. ("Stooksbury") and LTR Properties, Inc. ("LTR") (Welchel, Stooksbury and LTR collectively referred to as the "Members", or individually as a "Member").

WHEREAS, the Company has been duly organized as a limited liability company pursuant to the provisions of the Tennessee Limited Liability Company Act (the "Act") and Articles of Organization ("Articles") for the Company have been filed with the Tennessee Secretary of State; and

WHEREAS, the parties hereto desire to adopt this Second Restated and Amended Operating Agreement (the "Agreement") to provide for the management of the business and affairs of the Company, and the rights and privileges of its members (the "Members").

NOW THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, the parties agree as follows:

SECTION 1. NAME AND PRINCIPAL EXECUTIVE OFFICE.

1.1 Name. The name of the Company is Tellico Landing, L.L.C.

1.2 Principal Executive Office. The principal executive office of the Company shall be located at such place in the State of Tennessee, as the Members of the Company may determine from time to time.

SECTION 2. PURPOSE OF COMPANY AND DEFINITION OF THE "PROJECT".

The purpose of the Company shall be to acquire, own, develop and manage certain real property located in Loudon County, Tennessee, and more particularly described in Exhibit "A", which is attached and incorporated herein by reference. As of the date of this Agreement, said real property consists of approximately 540 acres. The acquisition, development and management of said real property is referred to herein as the "Project." It is the purpose and intent of the Members to engage in all business activities reasonably necessary to develop the Project as a residential, commercial and resort development, including waterfront amenities, guest lodge and a golf course, subject to the terms and conditions of this Agreement.

SECTION 3. DATE OF FORMATION AND TERM.

EXHIBIT A

3.1 Date of Formation. The date of formation and existence of the Company is April 1, 1998, the date on which Articles of Organization were filed and effective with the Tennessee Secretary of State.

3.2 Term. The term of the Company shall commence on the date of formation and shall terminate as provided in this Agreement or pursuant to the Tennessee Limited Liability Company Act.

SECTION 4. MEMBERSHIP INTERESTS, RIGHTS, AND RESTRICTIONS.

4.1 Membership Interests.

(a) Membership Interests and Relative Membership Interest. The ownership of the Company shall be divided into Membership Interests. A Member's "Relative Membership Interest" shall mean the percentage that a Member's Membership Interest bears in relation to all outstanding Membership Interests.

(b) Description of Membership Interests. The holders of Membership Interests shall be entitled to the right to vote and to share in all profits, losses and distributions based on each Member's Relative Membership Interest, and subject to the terms and conditions of this Agreement and the Articles of Organization.

(c) List of Members. The identity of all of the Members and the Membership Interests held by each are reflected on Exhibit "B" attached hereto and incorporated herein by this reference, which shall be promptly amended as necessary to reflect any changes in such information.

4.2 Admission to Membership.

(a) Rights of Assignees. The assignee of all or any portion of a Membership Interest has no right to participate in the management of the business and affairs of the Company or to become a Member without the approval of all of the Members, in their sole and absolute discretion. The assignee is only entitled to receive the distributions and return of capital, and to be allocated the net profits and net losses attributable to the Membership Interest, to the extent assigned.

(b) Admission of Substitute Members. An assignee of a Membership Interest shall be admitted as a new Member and admitted to all the rights of the Member who initially assigned the Membership Interest only upon the approval of all of the Members. The Members may grant or withhold approval of such admission for any assignee in their sole and absolute discretion. If so admitted, the substituted Member has all the rights and powers and is subject to all the restrictions and liabilities of the Member originally assigning the Membership Interest. The admission of a substituted Member, without more, shall not release the Member originally assigning the Membership Interest from any liability to the Company that may have existed prior to the approval.

(c) Admission of Additional Members. A person may only be admitted to membership if such admission is approved by all of the Members and upon payment to the Company of a capital contribution in such amount as is determined by the Members.

4.3 Withdrawal from Membership.

(a) In General. A Member shall not have the right to withdraw from, or otherwise terminate membership in the Company, except as specifically provided in this Agreement.

(b) Right of LTR to Withdraw. The parties acknowledge and agree that in order for the Project to be developed in accordance with the intent of the parties as stated in Section 2, above, certain zoning and other governmental approvals will be necessary; that LTR and Ross would not have made financial commitments to the Company, as set forth in this Agreement, if such approvals were not reasonably expected to be forthcoming; and that Welchel and Stooksbury have made financial commitments to the Company prior to reaching agreement with LTR and Ross to participate in the Project. Therefore, the Company, Welchel and Stooksbury agree that LTR shall have the right to withdraw as follows: If all necessary zoning and development approvals cannot be obtained to develop the Project substantially as intended on or before April 29, 2003, then LTR shall have the right to withdraw from Membership in the Company. The term: "all necessary zoning and development approvals" shall mean approvals from all relevant governmental bodies, including, without limitation, TRDA, TVA, Loudon County and/or (in the case of annexation) Lenoir City. If LTR elects to withdraw pursuant to this Section 4.3(b), then the sole obligation of the Company shall be to repay the total amounts of any loans and advances, including both principal and interest, that have been made by LTR to the Company pursuant to Section 5.4, below. The terms of such repayment shall be as mutually agreed by the parties at the time of such withdrawal; provided, that if the parties cannot mutually agree on acceptable repayment terms within 60 days of the date of written notice of intent to withdraw, then LTR shall be entitled to a security interest in the real property of the Company to secure repayment of said debt, and the Company hereby agrees to grant such security interest in its real property for the benefit of LTR in the event of LTR's withdrawal. In the event of LTR's withdrawal, the Company shall have the right to terminate Ross as Chief Manager and terminate LTR's management agreement and fee pursuant to Section 8, below.

4.4 Expulsion from Membership. A Member may not be expelled from Membership.

4.5 Restrictions on Sale or Transfer of Membership Interests.

(a) In General. No Member or holder of an interest in the Company, whether legal or equitable, shall, directly or indirectly, sell or transfer (as defined herein) all or any portion of said Member's Membership Interest (or any interest therein) to any person, firm or entity except in accordance with the provisions of this Agreement. The restrictions set forth herein apply to both governance and financial rights as defined by

the Act. Any sale or transfer, or attempted sale or transfer, in violation of this Agreement shall be null and void and not binding against the Company. The restrictions contained in this paragraph shall be a continuing restriction applicable at all times to the outstanding interests of the Company, and no action by the Company shall be deemed to have freed any interests of the Company, or interest therein, from such restriction.

(b) Sale or Transfer Defined. As used in this Agreement, "sale or transfer" of a Member's Membership Interest in the Company shall include, without limitation, any sale, transfer, gift, bequeath, exchange, pledge, assignment, encumbrance, transfer in trust, or any other attempt to dispose of all or any portion of a Member's Membership Interest (or any interest therein), directly or indirectly, whether voluntarily or involuntarily, with or without consideration, by operation of law or otherwise, and any contract or option to sell or transfer.

(c) Limitations on Rights of Transferees. In the event of any sale or transfer permitted or required under this Agreement, each transferee shall receive and hold such Membership Interest subject to all the terms, conditions and restrictions of this Agreement, including this Section 4.5. The transferee of any interest in the Company shall execute a copy of this Agreement (or any other documents as reasonably requested by the Members) evidencing such transferee's agreement to be bound by the same.

(d) Involuntary Transfers, Death, Disability or Breach of Agreement. In the event of an involuntary transfer of a Membership Interest, or the death or disability of a Member, or the breach by a Member of the Member's obligations under this Agreement, all as further described in Section 4.7 of this Agreement, the provisions of Section 4.7 herein shall apply and shall take precedence over the provisions of Section 4.6.

(e) Transfer by Gift or Bequest. Except as specifically provided below in this subsection 4.5(e), no Member shall transfer or attempt to transfer, or otherwise dispose of any Membership Interest by gift or bequest without the prior written approval of all of the Members, which approval shall not be unreasonably withheld. Any such transfer or attempted transfer in violation of this provision shall be void. Provided, however, that nothing in this subsection 4.5(e) shall prohibit or prevent a member from transferring all or a portion of his Membership Interest to a Family Limited Partnership, Trust, or other recognized entity organized to accommodate the Member's estate planning, if all of the following conditions are satisfied: (i) the general partner of any such partnership, or the trustee of any such trust shall be subject to approval by a majority of the other Members of this LLC, provided that the Members agree that Ward S. Welchel, Robert T. Stooksbury, Jr. and Michael L. Ross are hereby approved to serve in such capacity; and (ii) any Membership Interests transferred to any such entity shall be and remain specifically subject to all the terms and conditions of this Operating Agreement; and (iii) all of the limited partners, or beneficiaries of any such entity shall be immediate family members of the transferring Member of this LLC.

(f) Pledge of Membership Interest. A Member shall only be allowed to pledge his Membership Interest upon the approval of all of the Members, which

approval shall not be unreasonably withheld.

4.6 Sales or Transfers to Third Parties.

Except as permitted in Sections 4.5(d), 4.5(e), or 4.5(f) above, no Member, or the heir, successor, assignee or legal representative of a Member (hereinafter collectively the "Selling Member") may sell or transfer any of his Membership Interest in the Company to any third party, without the prior approval of all of the Members in their absolute and sole discretion.

4.7 Involuntary Transfers, Death, Disability or Breach of Agreement.

(a) Repurchase Rights. Upon the occurrence of any event described in Section 4.7(b), below, the remaining Members of the Company shall have the right, but not the obligation, to purchase all, but not less than all, of the Membership Interest owned by the applicable Member, and if the remaining Members choose to purchase such Member's Interest, the applicable Member, or the transferee or legal representative of such Member, shall sell such Member's Membership Interest to the remaining Members.

(b) Triggering Events. The remaining Members' option to purchase under this Section 4.7 shall trigger upon the occurrence of any of the following events:

- (i) an involuntary transfer of a Member's Membership Interest, including without limitation, any transfer ordered in connection with a foreclosure on a pledge of the Membership Interest, bankruptcy of a Member, or any other transfer by operation of law; or
- (ii) the death or dissolution of a Member, or, in the case of LTR, the death of Michael L. Ross; or
- (iii) the total disability of a Member, or, in the case of LTR, the total disability of Michael L. Ross. For purposes of this provision, total disability shall mean such physical or mental disability or impairment such that the Member is unable to fulfill his obligations under this Agreement for an aggregate period of 120 days during any 12 month period; or
- (iv) the breach by a Member of his obligations to the Company and/or the other Members under this Agreement.

(c) Right to Purchase and Purchase Price. A Member's right to purchase hereunder will be on a pro rata basis, which shall be the percentage that a Member's Membership Interest bears to the total of all other Membership Interests of those Members who desire to purchase hereunder, unless such purchasing Members mutually agree otherwise. The purchase price to be paid for any Membership Interest

purchased under this section shall be determined pursuant to the provisions of Section 4.8 below.

(d) Consent to Assignment, Transfer, and Continuation of Business. Any purchase pursuant to this Section 4.7, shall be deemed to be (i) a consent by the remaining Members to the transfer of the applicable Membership Interest, and (ii) a consent to continue the Company and avoid dissolution pursuant to Section 11 herein.

4.8 Calculation of Purchase Price. The purchase price to be paid for a Member's Membership Interest pursuant to Section 4.7 shall be determined as follows:

Unless the Members, including the selling Member (or his legal representative), mutually agree on a purchase price for any Membership Interest to be purchased pursuant to Section 4.7, the fair market value of the assets of the Company shall be determined by a qualified M.A.I. appraiser selected by majority vote of the Members, including the selling Member. Said appraised value shall be reduced by the amount of any outstanding liabilities of the Company (the "net appraised value"). The Purchase Price shall be the percentage of said net appraised value of the Company that equals the selling Member's Relative Membership Interest.

The purchase price as established hereunder shall be conclusive on all parties; and shall be paid in accordance with Sections 4.9 and 4.10 below.

4.9 Payment of Purchase Price.

(a) In General. The purchasing Member(s) shall have the option, at their sole discretion, to pay the purchase price determined pursuant to Section 4.8 by issuing to the applicable Member, or such Member's estate, personal representative, heirs, or transferee, as the case may be, a promissory note, the term of which shall not exceed five (5) years, and which shall be secured by a pledge of the Selling Member's Membership Interest. Payments of principal and interest shall be amortized over the term of the note with level payments not less frequently than semi-annually. Said note shall bear an initial rate of interest equal to the prime rate as established by the First Tennessee Bank, Knoxville, Tennessee (or its successor) as of the date of the event giving rise to the right to purchase such interest, with such interest to be adjusted annually on the anniversary date of the note to the prime rate as of such anniversary date. Nothing herein shall prohibit the purchasing Member(s) from paying the entire purchase price in cash at closing or from prepaying any portion or all of the balance of the purchase price remaining on the secured promissory note, if any, at any time without penalty.

4.10 Closing. Closing of a purchase of a Member's Membership Interest pursuant to Section 4.7 shall occur within sixty (60) days of the date of the event giving rise to the right to purchase. The selling Member, or the executor, administrator or

personal representative of a deceased Member, shall execute and deliver any and all documents or legal instruments reasonably necessary or desirable to carry out the provisions of this Agreement.

4.11 Company as Purchaser. Nothing in this Section 4 is intended to prevent or prohibit the purchasing Members, in their sole and absolute discretion, from causing the Company to be the actual purchaser of the selling Member's Membership Interest.

4.12 Future Ownership. The Members hereby agree that this Agreement shall apply to any Membership Interest in the Company hereafter acquired by gift, purchase, devise, by the laws of descent and distribution, or acquired as a result of distributions, recapitalization, reissue, or in any other manner. This Agreement shall also apply to any rights that the Members might have to purchase additional Membership Interests, whether by preemptive rights or otherwise. It is the intent of the parties hereto that this Agreement shall be binding upon the respective heirs, successors, assigns, transferees, representatives, executors, administrators, guardians, guardians ad litem, trustees or trusts for any of the Members, or any trust, family limited partnership or similar entity established by a Member pursuant to Section 4.5(e), above. Members hereto agree that the terms, conditions, provisions and agreements hereof shall be binding upon any receiver, trustee, debtor-in-possession or similar manager or agent in a bankruptcy or receivership proceeding. Notwithstanding any other provision of this Agreement, no purchaser of the Membership Interest of a Member may acquire such Membership Interest, and the purported transfer of the Membership Interest shall not be valid, unless the purchaser executes an amendment to this Agreement agreeing to be fully bound to this Agreement with respect to such purchased Membership Interest.

SECTION 5. CAPITAL CONTRIBUTIONS, MEMBER LOANS AND GUARANTEES.

5.1 Permissible Forms. The capital contributions of a Member to the Company may be in cash, property, services rendered, or a Promissory Note, as determined by the Members.

5.2 Determination by Members. The Members shall determine the amount of capital contribution to be made by any Member, and where the form of the consideration is other than cash, the Members shall, in good faith, determine the value of said consideration.

5.3 No Interest on or Demand for Return of Contributions. No Member shall be entitled to receive any interest on his, her, or its capital contributions or capital account balance, or to have the right to demand the return of his, her or its contribution to the capital of the Company. No Member shall have the right to demand receipt of property other than cash in return for such Member's capital contribution.

5.4 Member Loans. Each Member agrees to make interest free cash loans to the Company from time to time to satisfy the then current cash operating requirements of the Company as follows:

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(a) Determination of Cash Operating Requirements. Subject to any limitations on his authority as provided in Section 8, below, the Chief Manager shall determine, from time to time, and after consultation with the Members, the amount of any current cash operating requirements that may be incurred by the Company after October 29, 2001 ("cash requirements") and that cannot be satisfied from the Company's current cash flow, and shall notify each member in writing of the amount of said cash requirements and the date on which a loan from the Member must be received by the Company, which shall be a date not earlier than ten days from the date of such notice. On the last day of each calendar quarter, the Chief Manager shall issue to each Member a promissory note from the Company in the total amount of all loans, if any, that were made by such Member during the calendar quarter just ended. The obligation of the Company to repay any such loan shall be subject to the prior claim for payment of Welchel and Stooksbury described in subsection 5.4(e), below. It is intended that the cash requirements covered by this Section 5.4 shall include: (i) current debt service on any outstanding Company debt, other than the Member loans made pursuant to this Section; and (b) all current costs and expenses of the Project.

(b) Welchel and Stooksbury. Welchel and Stooksbury each agrees to loan to the Company an amount equal to 25% of the total amount of any cash requirement incurred after October 29, 2001, promptly upon receipt of the written notice provided in subsection 5.4(a), above.

(c) LTR. LTR agrees to loan to the Company an amount equal to 50% of the total amount of any cash requirement incurred after October 29, 2001, promptly upon receipt of the written notice provided in subsection 5.4(a), above.

(d) Default. If a Member shall fail to make any loan required by this Section 5.4 in a timely manner, he shall be in default and the Company and/or the other Members, in their sole discretion, may exercise the repurchase rights granted in Section 4.7 - 4.11, above. In the alternative, the non-defaulting members may pay to the Company on behalf of the defaulting Member the amount in default and such amount shall be deemed a loan to the defaulting Member by the non-defaulting Members, bearing interest per annum at five percent plus prime as established from time to time by First Tennessee Bank, Knoxville, Tennessee, to be repaid as follows: until the time that such loan(s) and all accrued interest is paid in full, the total amount of any future distributions declared by the Company for the benefit of the defaulting Member shall be paid directly to the non-defaulting Members. Provided, that to the extent that any such future distributions are inadequate to repay said loan(s), the defaulting Member shall remain personally liable to the non-defaulting Members for repayment of said loan(s) and all accrued interest.

(e) Prior Loans. The parties acknowledge and agree that Welchel and Stooksbury loaned the Company \$1,446,013.78 prior to October 29, 2001 (the "Prior Loans"). The parties further agree that said Prior Loans shall be repaid pursuant to the priority repayment schedule adopted by the parties in Sections 4 and 5 of that certain Memorandum of Understanding dated October 29, 2001, a copy of which is attached and incorporated by reference. Specifically, it is agreed that said Prior Loans shall be repaid

from the proceeds of the sale of residential or commercial lots in the Project at the time of closing on any such sales as follows: from the total sales proceeds of a lot, the following payments shall be made: (a) 4% real estate commission, plus outside realty fees, if necessary; (b) 12% management fee to LTR based on the amount remaining after deduction of the real estate commission (as provided in Section 8.5, below); (c) partial release payment to be applied to the repayment of commercial loans secured by the property in such amount as the lender(s) shall require; (d) 40% to repayment of the Prior Loans by Whelchel and Stooksbury, after deduction of the amounts stated in (a) through (c), above; and the balance to the Company. Further, in the event of a sale to Ross of 15 acres of real property located at the Project pursuant to Section 8.7, below, the net proceeds of such sale shall be applied by the Company to repayment of any amount owed to Whelchel and Stooksbury under the Prior Loans. The parties acknowledge that the priority repayment schedule outlined above is at all times subject to the approval of any commercial lender secured by the property.

5.5 Member Guarantees. Each Member agrees to guarantee financial obligations of the Company as follows:

(a) Whelchel and Stooksbury. Whelchel and Stooksbury each agrees to: (i) remain personal guarantors, both as to principal and interest, on all loans made to the Company by third party lenders prior to October 29, 2001; and (ii) personally guarantee, both as to principal and interest, if requested by a third party lender, any loans made to the Company by such third party lender subsequent to October 29, 2001.

(b) LTR and Ross. LTR and Ross each agrees to guarantee, both as to principal and interest, if requested by a third party lender, any loans made to the Company by such third party lender subsequent to October 29, 2001.

SECTION 6. ALLOCATION OF PROFITS, LOSSES AND DISTRIBUTIONS.

6.1 Capital Accounts. Separate capital accounts shall be maintained for each Member and shall consist of the sum of the Member's contributions of cash to the Company, plus the agreed value of any property contributed by the Member to the Company, plus the Member's share of the net profits and gains of the Company allocated to the Member for financial accounting purposes, less the Member's share of the net losses of the Company allocated to the Member for financial accounting purposes, and less the sum of all distributions of cash and the agreed net fair market value of all distributions of property made to the Member by the Company. Notwithstanding the above, the Members hereby agree that all capital accounts shall be restated so that, as of the date of this Agreement, the capital accounts shall be as follows: (1) LTR: \$2.00; (2) Stooksbury: \$1.00 and (3) Whelchel: \$1.00.

6.2 Allocation of Profits and Losses. All profits and losses of the Company shall be allocated to Members pro-rata based on their Relative Membership Interest. For purposes of this Agreement, profits and losses shall be determined in accordance with the accounting method followed by the Company for Federal Income Tax purposes, and every item of income, gain, loss, deduction, credit or tax preference entered into the

computation of such profit or loss, or applicable to the period during which such profit or loss was realized, shall be considered allocated to each Member in the same proportion as profits and losses are allocated to such Member. Each Member's capital account and allocations shall be maintained and adjusted in accordance with the Internal Revenue code and the rules and regulations promulgated thereunder.

6.3 Distributions.

(a) Discretionary Distributions. Cash distributions, if any, of the annual cash flow shall be declared by the Chief Manager, after consultation with the Members, and payable to the Members pro rata based on their Relative Membership Interest. In exercising his discretion whether, when, and in what amount, if any, to make cash distributions to the Members, the Chief Manager shall consult with the Company's Certified Public Accountant and, in any event, shall take into consideration the Company's existing and foreseeable needs, purposes and financial obligations.

For purposes of this Section 6.3, the term "annual cash flow" shall be defined as the taxable income of the Company, determined by taking into account all items of income and deduction appearing on Schedule K of the Company's annual federal income tax income:

- (i) Increased by (1) any depreciation or other noncash expense claimed during the taxable period, and (2) any cash collected on income recognized for tax purposes in prior years; and
- (ii) Reduced by (1) any payments on obligations of indebtedness paid during the period, (2) any funds set aside in any reserve or contingency reserve established by the Managers and/or approved by the Members during the period, and (3) any items of taxable income not collected in cash during the period.

(b) Restrictions on Distributions. Notwithstanding anything to the contrary above, no cash distributions shall be made at any time when: (i) the Company is in arrears on any third party debt, either principal or interest; or (ii) the Company has not fully repaid all Member Loans described in Section 5.4(b) and (c), above [other than the Prior Loans described in Section 5.4(e), above, which shall be repaid pursuant to the priority repayment schedule described in Section 5.4(e)]. Provided, however, that notwithstanding subsections (b)(i) and (ii), immediately above, but only to the extent that cash flow is adequate, the Chief Manager shall declare an annual cash distribution in an amount equal to 40% of any taxable income allocated to a Member.

SECTION 7. MEETINGS OF MEMBERS.

7.1 Annual Meeting. The annual meeting of the Members shall be held at such time and place, either within or without the State of Tennessee, as may be

designated from time to time by the Members.

7.2 Special Meetings. Special meetings of the Members may be called by the Chief Manager, or by Members owning not less than twenty-five percent (25%) of the Membership Interests. The place of said meeting shall be designated by the person or persons calling said meeting, provided, that a meeting called by a Member or Members pursuant to this section must be held in the county where the Company's principal executive office is located, or if there is no principal executive office, in the county where the registered office is located.

7.3 Notice of Meetings. Written notice stating the date, place, time, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered either personally or by mail, by or at the direction of the secretary, to each Member of record. Such notice shall be delivered not less than ten (10) days nor more than two (2) months before the date of the meeting, and shall be deemed to be delivered when deposited in the United States mail, postage prepaid and correctly addressed, or upon actual receipt (if hand-delivered). The person giving such notice shall certify that the notice required by this paragraph has been given.

7.4 Quorum Requirements. A majority in interest of the Members shall constitute a quorum for the transaction of business. Once a Member is represented for any purpose at a meeting, such Member shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is or must be set for that adjourned meeting.

7.5 Voting and Proxies. Each Member shall be entitled to one vote for each percent Membership Interest such Member holds of the total Membership Interests. Unless a greater vote is required by other provisions of this Agreement, if a quorum exists, the vote of a majority in interest of the Members shall be the act of the Members. A Member may vote his Membership Interest either in person or by written proxy, which proxy is effective when received by the secretary or other person authorized to tabulate votes. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

7.6 Waiver of Notice of Meeting. Whenever any notice to a Member is required pursuant to this Section 7, each Member may waive such notice in writing at any time before or after the time for the delivery of such notice, and such written waiver of notice shall be equivalent to the giving of such notice. Attendance at any meeting by a Member to whom notice of such meeting must be given pursuant to this Section 7 shall constitute waiver of notice of such meeting by such Member, except when the Member attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

SECTION 8. MANAGEMENT

8.1 Delegation of Management Authority - Appointment of Managing

Member.

(a) Appointment of Managing Member. The Company is a member managed LLC. Except for such matters as may be specifically reserved to all of the Members as provided below in Section 8.6, or elsewhere in this Agreement, the Members hereby appoint LTR as the Managing Member and expressly delegate to the Managing Member the authority to conduct and manage the business and affairs of the Company and authorize it to take all actions, and enter into all transactions which it deems reasonably necessary, advisable or convenient to the development of the Project and the fulfillment of the business interests of the Company. Without limiting the generality of the foregoing, the Managing Member's authority shall extend to all matters pertaining to the Company's ownership, management, operation and development of the Project, including zoning, government compliance, engineering, marketing, sales, finance, employment, and all related matters. Notwithstanding the express grant of authority to the Managing Member set forth above, it is the intent of the parties that the Managing Member will keep the other Members reasonably informed of management decisions from time to time and seek their input, provided, however, that all final decisions within the authority granted above shall be within the discretion of Managing Member.

(b) Conditions to Appointment. The right of LTR to be the Managing Member is specifically conditioned on the following: (1) that LTR continue to be a Member of the Company; and (2) that Michael L. Ross continue to own and control LTR and direct its business and affairs, including the performance of LTR's duties as Managing Member hereunder.

8.2 Chief Manager and Other Managers. The Company shall have a Chief Manager, a Secretary, and such other managers as the Members shall from time to time deem necessary. Any two or more offices may be held by the same person, except the offices of Chief Manager and Secretary.

8.3 Election and Term. The Managers shall be elected by the Members. Except for the Chief Manager, each Manager shall serve at the pleasure of the Members until such Manager's resignation or removal. In the case of the Chief Manager, the Members agree that, for so long as LTR is the Managing Member as provided above in Section 8.1, it shall have the right to appoint the Chief Manager.

8.4 Duties and Authority of Managers - Authority of Chief Manager to Execute Documents. Each Manager shall have such authority and perform such duties in the management of the Company as are normally incident to his office, or as the Members may from time to time provide. Provided, however, that the Chief Manager is hereby expressly authorized to execute and deliver on behalf of the Company any and all documents including, without limitation, any and all deeds, warranty deeds, trust deeds, loan agreements, security agreements, and other contracts, agreements and instruments reasonably necessary to the conduct of the business and affairs of the Company, and which have been approved by the Managing Member, or all the Members, as the case may be.

8.5 Development Fee - Costs and Expenses.

(a) Development Fee. For all services provided by LTR as Managing Member, the Company shall pay LTR a development fee in an amount equal to 12% of the net sales price (gross sales price net of real estate commissions) received from the sale of all residential and commercial lots, or other real property, in the Project. Said development fee shall be paid at closing for any lot sale.

(b) Expenses To Be Paid By LTR. It is the intention of the parties that, except as provided below, all costs and expenses that may be incurred by LTR in connection with the performance of its management and administrative responsibilities under this Agreement (the "management expenses") shall be the responsibility of LTR, and that the LLC shall have no financial obligation to LTR for such expenses other than payment of the 12% development fee. Such management expenses for which LTR shall be responsible shall include, wages for LTR employees, rent, equipment, supplies and all other goods and services purchased directly by LTR for its own use in performing its duties hereunder.

(c) Marketing and Third Party Expenses. Notwithstanding subsection 8.5(b), above, the LLC hereby agrees to pay, in addition to the 12% development fee, certain "marketing " and "third party" expenses incurred by LTR or the Chief Manager, in connection with the performance of their duties hereunder as follows:

(i) Marketing Expenses: any and all costs, expenses, fees, or charges that are reasonably incurred by the Chief Manager or LTR in connection with marketing the Project on behalf of the Company (including reasonable travel and entertainment expenses). Provided, that until such time as the Members may agree otherwise, the Members agree that all marketing costs and expenses shall be paid as follows: In order to efficiently conduct the marketing efforts of the LLC for Rarity Pointe, the Members hereby agree that the LLC shall utilize the existing marketing facilities, equipment and personnel of Tellico Lake Properties, L.P., a Tennessee limited partnership, d/b/a Rarity Bay on Lake Tellico ("Rarity Bay"), and to share marketing costs and expenses with Rarity Bay on a pro rata basis as follows: the LLC shall pay Rarity Bay the lesser of: (a) 4% of gross sales from the sale of lots at Rarity Pointe, or (b) a percentage of the total costs and expenses incurred by Rarity Bay in the conduct of its marketing efforts for both Rarity Bay and Rarity Pointe that represents the percentage of the aggregate sales price for all lots sold at Rarity Pointe in proportion to the total sales price of all lots sold at Rarity Bay. Said pro rata sharing of costs and expenses shall be determined at the conclusion of each calendar quarter, or at such other times as the Members and Rarity Bay shall mutually agree.

(ii) Third Party Expenses: any and all costs and expenses of any third party contracts for goods or services (whether or not provided in connection with marketing efforts) acquired by or on behalf of the LLC, including, without limitation, fees for permits and licenses, fees and expenses of engineers, lawyers, accountants, consultants, and other agents and independent contractors, as well as wages or salaries for any employees hired directly by the LLC, and all equipment (including office equipment),

furniture, supplies and other items acquired by or on behalf of the LLC, whether by purchase or by lease.

(d) In the event of any disagreement regarding whether a particular cost or expense is the obligation of the LLC or of LTR, a majority of all the Members shall decide. If there is a deadlock, and the amount in question is less than \$5,000.00, then the cost or expense shall be paid by the LLC. If there is deadlock, and the amount in question is \$5,000.00 or more, and the Members cannot break such deadlock after a period of thirty (30) days, then the question shall be submitted to binding arbitration pursuant to the Rules of Commercial Arbitration of the American Arbitration Association, with all costs and expenses of the arbitration, including reasonable attorney's fees, to be paid by the non-prevailing party or parties.

8.6 Restrictions on Authority of the Managing Member. Notwithstanding the express grant of authority to the Managing Member in Section 8.1, above, the following matters shall require approval by a vote of not less than 75% of the Membership Interests, unless a different voting requirement is provided for elsewhere in this Agreement:

(a) Any sale or other disposition of the Company or its assets (other than a sale of assets in the normal course of business), whether by way of sale of membership interests, sale of all or substantially all of the assets of the Company, merger or otherwise;

(b) The dissolution of the Company;

(c) Any refinancing of the existing debt of the Company, or any plan of financing that would require the grant of a security interest in the assets of the Company, whether in the form of a mortgage or otherwise;

(d) Any amendment of this Agreement or of the Articles of Organization of the Company;

(e) The admission of a new Member;

(f) The employment, whether as an agent, independent contractor, employee or otherwise, of any individual who is a family member or relative of a Member, or that is an entity that is a related party or affiliate of a Member.

8.7 Development of Golf Course: Prior Agreements Binding. The Members acknowledge and agree that they have previously entered into a certain Memorandum of Understanding dated October 29, 2001, pursuant to the terms of which, among other things, Welchel and Stooksbury agreed: (a) that the development of the golf course shall be subject to the sole management discretion of LTR (Memorandum of Understanding, at Sections 6 and 8); and (b) that Company shall deed the golf course to LTR pursuant to the terms and conditions set forth in the Memorandum of Understanding, at Section 6; and (c) that the Company shall sell to LTR, 15 acres of land within the Project pursuant to the terms and conditions set forth in the Memorandum of Understanding, at Section 6. Nothing in this Agreement is intended to terminate or abrogate either of said provisions, except that the parties have, simultaneously with the execution of this Agreement, entered into a certain Contract for the Sale of Real Property (the "Contract"), pursuant to the terms and conditions of which LTR has agreed to purchase, and the LLC has agreed to sell, the golf course property. A copy of said Contract is hereby incorporated by this reference.

8.8 Books and Records, Indemnification of LTR and Ross.

(a) Books and Records. The Chief Manager shall be responsible for maintaining books of account and other records of the Company that are either required by the Tennessee Limited Liability Act (the "Act"), or normally maintained by a business engaged in the same or similar business as that carried on by the Company. Such books and records shall be available for inspection by the Members during normal business hours as provided by the Act.

(b) Indemnity of Ross and LTR. Whelchel and Stooksbury acknowledge and agree that, prior to the date of this Agreement, they, or agents employed by them, maintained the books and records of the Company. Whelchel and Stooksbury represent to Ross and LTR that, to the best of their knowledge, the books and records of the Company as they existed on October 29, 2001, were accurate and complete and fairly portray the business and financial condition of the Company and its affairs as of that date. Therefore, in addition to any indemnification to which Ross or LTR may be entitled pursuant to Section 12, below, Whelchel and Stooksbury agree to indemnify and hold Ross and LTR harmless against any and all claims, causes or action, proceedings, loss, damage, costs, expenses (including reasonable attorneys' fees) of any nature that, directly or indirectly, may arise out of, or in connection with, the performance by Ross or LTR of their management responsibilities pursuant to this Agreement, or as a result of LTR becoming a Member of the Company, and which are based upon any inaccuracy of the representations made by Whelchel and Stooksbury above.

8.9 Tax Matters Member: The Chief Manager shall serve as the Tax Matters Member ("TMM") responsible for all administrative and judicial proceedings for the assessment and collection of tax deficiencies or the refund of tax overpayments arising out of a Member's distributive share of items of income, deduction, credit and/or of any other Company item (as that term is defined in the Internal Revenue Code (the "Code") or in regulations issued by the Internal Revenue Service) allocated to the Members affecting any Member's tax liability.

The TMM shall promptly give notice to all Members of any administrative or judicial proceeding pending before the Internal Revenue Service involving any Company item and the progress of any such proceeding. Such notice shall be in compliance with such regulations as are issued by the Internal Revenue Service.

The TMM shall have all the powers provided to a tax matters partner in Sections 6221 through 6233 of the Code, including the specific power to extend the statute of limitations with respect to any matter which is attributable to any Company item or affecting any item pending before the Internal Revenue Service and to select the forum to litigate any tax issue or liability arising from Company items. The TMM shall be entitled to reimbursement for any and all reasonable expenses incurred with respect to any administrative and/or judicial proceedings affecting the Company.

The Chief Manager shall have income tax returns prepared and timely filed for the

Company, together with a report indicating each Member's share of the net profits and losses and capital gains and losses and other items required by federal tax law to be separately allocated to each Member, all as defined and reflected on the Company's income tax return. Such information shall be distributed to the Members as soon as practicable after the close of the taxable year.

SECTION 9. RESIGNATIONS, REMOVALS AND VACANCIES.

9.1 Resignations. Any Manager may resign at any time by giving notice to the Chief Manager or Secretary. Any such resignation shall take effect at the time specified herein, or, if no time is specified, upon its delivery.

9.2 Removal of Managers. Any Manager, other than the Chief Manager, may be removed by the Members at any time, with or without cause. The Chief Manager may be removed only for cause. For purposes of this section, the term "cause" shall mean only: (a) the conviction of a felony involving moral turpitude; or (b) the failure or refusal of a Manager to carry out his management responsibilities under this Agreement. Before a Manager may be removed for cause, he shall first be presented with a written statement specifying the basis for his removal and describing with particularity the facts upon which his removal is sought and he shall be afforded a reasonable opportunity to be heard in his own defense, represented by counsel. Following any final decision to remove for cause after hearing, the Manager shall have the right to submit the matter to binding arbitration pursuant to the commercial rules of the American Arbitration Association by providing written notice of such intent to the other Members and the Company within 30 days following written notice of such removal decision.

SECTION 10. ACTION BY WRITTEN CONSENT.

Whenever the Members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent. If a majority in interest of the Members agree to act without a meeting, then the affirmative vote of the percent of Membership Interests that would be necessary to take such action at a meeting shall be the act of the Members.

SECTION 11. DISSOLUTION.

11. Dissolution Events. In addition to any other event of dissolution as provided by the Act, the following events shall cause the dissolution of the Company:

- (a) Death of any Member;
- (b) Withdrawal of any Member;
- (c) Transfer of a Member's Membership Interest in the Company;
- (d) Acquisition of a Member's complete Membership Interest in the Company;

- (e) Bankruptcy of any Member;
- (f) Dissolution of any Member in the event that a Member is a corporation, partnership or limited liability company; or
- (g) The occurrence of any event other event that terminates the continued membership of a Member in the Company.

11.2 Dissolution Avoidance Consent. Notwithstanding the provisions of Section 11.1 herein, or any event of dissolution provided by the Act, the Company shall not be dissolved and shall not be required to be wound up and terminated following an event of dissolution, provided that a majority in interest of the remaining Members consent to the continuation of the Company.

11.3 Winding Up and Termination After an Event of Dissolution. If a majority in interest of the remaining Members do not consent to the continuation of the Company after an event of dissolution as provided by Section 11.2 herein, then the affairs of the Company shall be wound up and the existence of the Company shall be terminated as provided by the Act and in accordance with Sections 11.4 and 11.5 below. Provided, however, that the Members agree that, after all third party debt and loans from Members pursuant to Section 5.4, including 5.4(e), have been repaid, the balance of the assets, if any, shall be distributed to the Members based on their Relative Membership Interest in the LLC.

11.4 Winding Up - Distributions in Kind. In the event of a liquidating distribution to the Members of any of the Company's property in kind, the fair market value of such property shall be determined by the Members, and each Member shall receive an undivided interest in such property equal to the portion of the proceeds to which he, she or it would be entitled to receive if such property were sold or otherwise converted to cash.

11.5 Limited Time Period for Winding Up. When a winding up of the Company is required, a reasonable time as determined by the Members, but not to exceed eighteen (18) months unless otherwise agreed to by the Members, shall be allowed for the orderly liquidation of the assets of the Company and the discharge of all liabilities to its creditors so as to enable the Company to minimize any losses attendant upon liquidation. The Members shall be furnished with a statement which shall set forth the assets and liabilities of the Company as of the date of complete liquidation and the manner in which the assets of the company are being, or are to be, distributed.

SECTION 12. INDEMNIFICATION

Subject to any limitations set forth in the Articles, the Company shall indemnify and advance expenses to each present and future Manager of the Company, including the Managing Member (and his or her heirs, estate, executors, or administrators, as applicable) to the full extent allowed by the laws of the State of Tennessee, both as now

in effect and as hereafter adopted. The Company may indemnify and advance expenses to any employee or agent of the Company who is not a Manager (and his or her heirs, estate, executors or administrators, as applicable) to the same extent as to a Manager, if the Members determine that it is in the best interests of the Company to do so. The Company shall also have the power to contract with any individual manager, employee, or agent for whatever additional indemnification the Members shall deem appropriate. Notwithstanding the above, the indemnification provided hereunder shall not apply to intentional acts of malfeasance, gross negligence, fraud or misrepresentation.

SECTION 13. ACTIONS OF MEMBERS

13.1 Limitations on Authority of Members. Without the express written consent of at least a majority in interest of the Members of the Company, no Member acting alone and solely in his capacity as a Member shall have the authority to bind the Company or any of the other Members, except for the Managing Member when acting within the scope of its authority under Section 8.1, above.

13.2 Competitive Activities. The Members of the Company shall not be prohibited from engaging in activities on their own behalf by virtue of their membership in the Company. The Members may engage in, or hold interests in, other businesses of any kind, even if such activity would be in competition with or similar to the activities or business of the Company. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in and to such independent business ventures or the income or profits derived therefrom.

SECTION 14. MISCELLANEOUS PROVISIONS

14.1 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Tennessee.

14.2 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, successors, legal representatives and assigns.

14.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which, when fully executed and delivered, shall be deemed an original.

14.4 Notices. Any and all notices, offers or other communications provided for herein shall be given in writing and delivered in person or by registered or certified mail addressed to the individual Member at his, her or its address appear on the membership books of the Company, or to such other address as may be designated by them.

14.5 Entire Agreement. This Agreement states the entire agreement of the parties hereto regarding the subject matter herein, and is intended to be the complete and exclusive statement of such agreement.

14.6 Amendment. Any amendment to this Agreement must be in writing and approved by a vote of 75% of the Membership Interests of the Company, except that any provision requiring a greater vote for an action to occur may only be amended by such greater vote.

14.7 Violation of Agreement. Any Member may apply to a court of proper jurisdiction for the specific performance of the terms of this Agreement. In the event legal action is instituted to enforce this Agreement, or any part hereof, the prevailing party shall be entitled to reasonable attorneys' fees, in addition to actual costs and expenses incurred in connection with such action.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date last recorded below.

Tellico Landing, L.L.C.

By: [Signature] Date: 5/29/02
Chief Manager

MEMBERS:

1. [Signature] Date: 5/29/2002
Robert A. Stooksbury, Jr.

2. [Signature] Date: 5/29/02
Ward S. Wheelchel

3. LTR Properties, Inc.

By: [Signature] Date: 5/29/02
Michael L. Ross, President

EXHIBIT A
DESCRIPTION OF REAL PROPERTY
(Pursuant to Section 2)

EXHIBIT B
MEMBERSHIP INTERESTS AND CAPITAL CONTRIBUTIONS
(Tellico Landing, L.L.C.)

<u>Member</u>	<u>%Interest</u>	<u>Capital Contribution</u>
<u>Members</u>		
1. Robert T. Stooksbury, Jr.	25%	\$1.00
2. Ward S. Welchel	25%	\$1.00
3. LTR	50%	\$2.00

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constructed by LTR, will provide immediate and direct economic benefits to LLC, and subject to all the terms and conditions set forth below, LLC hereby agrees to transfer to LTR the golf course property and all improvements constructed thereon by LTR, said transfer to take place when the golf course is completed as defined below in Section 9(c). The property to be transferred is further described in Section 2, below, and shall be referred to herein as the "golf course," or the "Property", and includes all improvements thereon, and all easements, covenants, licenses and other rights appurtenant to said Property.

2. The Property to be Transferred. The property to be transferred to LTR hereunder shall be a portion of the approximately 540 acres of real property owned by LLC and located in Loudon County, Tennessee, which 540 acres is more particularly described in Exhibit "A", which is attached and incorporated herein by reference. The property to be transferred may also include a portion of a tract of undeveloped real property consisting of approximately 119 acres which LLC is currently negotiating to purchase from the Tennessee Valley Authority, and which is adjacent to the 540 acre tract, and which is more particularly described on Exhibit "A-1", which is attached and incorporated herein by reference. The two tracts (the 540 acre tract and the 119 acre tract) are sometimes referred to collectively as the "Total Development Acreage." As of the date of this Agreement, LTR and LLC have not made a final determination of the exact number of acres upon which the golf course shall be constructed, nor the exact location of the golf course within the Total Development Acreage. The parties agree that within a reasonable time after the execution of this Agreement they shall mutually agree on the exact number of acres required for the golf course and the location of the golf course within the Total Development Acreage, and shall attach a copy of such golf course description to this Agreement as Exhibit "B", which shall become a part of this Agreement. The parties agree that the number of acres and the location of the golf course shall be of a size and location reasonably adequate for the construction and operation of a golf course and related amenities as described in Section 9, below. The parties currently estimate that the total acreage required shall be approximately 175 acres.

3. Exceptions to Title. The Property is to be transferred free and clear of all liens, mortgages and encumbrances, excepting only such liens or encumbrances, if any, acceptable to LTR. The parties acknowledge that the Property is currently subject to a first mortgage in favor of LLC's lender, SunTrust Bank. If at the time of Closing hereunder said first mortgage has not been paid in full, and if SunTrust Bank, or any successor holder of a first mortgage, will not release the golf course from said first mortgage, then LTR agrees to accept transfer, provided, however, that LLC hereby agrees that it shall remain responsible for satisfying all obligations under said first mortgage until paid in full.

4. Title Documents. The Property shall be transferred to LTR at the Closing by warranty deed in proper statutory form for recording and shall be duly executed and acknowledged by LLC and shall transfer to LTR good, marketable and insurable fee simple title to the Property, free of all encumbrances, liens, encroachments, interests and adverse matters of any nature or description whatsoever

except those as may be acceptable to Purchaser, and except as provided in Section 3, above

5. Damage, Destruction or Condemnation Prior to Closing. In the event of fire or other casualty, or the taking of the Property or any part thereof by condemnation, and in the event the damage, if any, shall not have been repaired by the time of the Closing hereunder, the parties agree that LTR shall have the option to either: (a) terminate this Agreement, or (b) accept the Property in the condition in which it is left following such destruction or taking, with an assignment by LLC to LTR of all rights to the collection of any insurance proceeds or condemnation award.

6. Closing Adjustments. At the time of Closing hereunder, LLC and LTR shall mutually agree to allocate all real estate taxes due and owing on the Property for the year in which Closing takes place, and to allocate all closing costs, filing and recording fees and transfer taxes in a manner that they deem to be equitable.

7. Closing. Unless the parties mutually agree to a later date, Closing for the transfer of the Property hereunder shall be held within thirty (30) days from the date on which the construction of the golf course by LTR is complete (as that term is defined in Section 9, below), upon written notice by LTR to LLC setting forth the date, time and location of said Closing. At said Closing, LLC shall execute and deliver the warranty deed and the parties shall further execute such other documents as may be reasonably required to consummate the transaction contemplated by this Agreement.

8. Representations. The representations, warranties, covenants and agreements of LLC and LTR contained in this Agreement shall survive the Closing hereunder. In addition to any representations and warranties otherwise contained herein, LLC represents, to the best of its knowledge, that at the time of execution of this Agreement and at the time of Closing:

- a. LLC is the owner of the Property, and has the power and authority to transfer the same free of encumbrances and claims of every nature, kind and description, except such as may be acceptable to LTR.
- b. The Property, or any part thereof, is not now subject to any litigation, and LLC has no knowledge of any pending or threatened litigation.
- c. The Property, or any part thereof, is not now subject to any liens or claims of lien from any work, labor or services performed at the direction of LLC to, at, or for the Property, except such liens or encumbrances that shall be satisfied at or before Closing.
- d. The Property, or any part thereof, is not now subject to any

condemnation or similar proceeding, and LLC has no knowledge of any pending or threatened condemnation or similar proceedings.

e. LLC has complied with all applicable laws, ordinances, regulations, statutes, rules and restrictions relating to the Property or any part thereof.

f. There are no tenancies or leaseholds affecting the Property and possession of the Property shall be delivered to LTR upon the Closing hereunder.

9. Conditions. The obligation of either LTR or LLC to Close hereunder is subject to the following conditions:

a. LTR's Discretion. Subject to any restrictions set forth in this subsection 9.a, LTR shall have sole discretion in the planning, design, construction and operation of the golf course and related amenities, provided that LTR shall provide LLC with periodic reports on the design and construction progress. LTR further agrees that the golf course and amenities shall include the following: (i) an eighteen hole golf course, which shall be designed by a recognized and experienced golf course designer (for purposes of this Agreement, LLC acknowledges that Cupp Design, Inc. is such a designer); (ii) a driving range; (iii) a club house, the design of which shall be compatible with the overall design concept for Rarity Pointe; and (iv) reasonable maintenance facilities. Provided further, that prior to commencing construction of the golf course, LTR shall provide LLC with copies of all plans and specifications for the golf course which LLC shall accept unless such plans are clearly inadequate in light of the required amenities listed above.

b. Start Date. LTR agrees to commence construction of the golf course within six months of the date on which LTR has approved final design plans, provided that all necessary zoning and regulatory approvals have been obtained for the golf course and for the mixed resort/residential community being planned by LLC. Zoning and regulatory approval shall include, without limitation, zoning and regulatory approvals from TRDA, TVA, Loudon County, and any other governmental body or agency whose approval is required.

c. Completion Date. the Completion date shall be the date on which LTR receives a written certification from either the golf course designer, or from an independent engineer, that the course has been substantially completed in accordance with the plans and specifications described in subsection 9(a), above.

d. Golf Course Membership. LTR agrees that, on or before the

completion date, it will complete a written membership plan for the golf course, which plan shall specifically provide that all owners of lots at Rarity Pointe shall be eligible for golf course membership pursuant to the golf course membership plan.

10. Other Covenants.

a. Financing the Construction. LTR agrees that it will be solely responsible to pay for all costs and expenses for the planning, design and construction of the golf course, and that LLC shall have no obligation to pay, advance or reimburse any such costs and expenses incurred by LTR, or to guarantee any loans made to LTR in connection with the construction of the golf course.

b. No Pledge of Golf Course. LTR agrees that, prior to Closing hereunder, it will not permit or cause any lien, mortgage or other encumbrance to be placed on the golf course, or any of its improvements. Provided, that nothing in this subsection 10(b) is intended to preclude LTR from pledging this Agreement as security to finance construction of the golf course.

c. Title to Improvements. LTR agrees that, prior to Closing, title to all improvements constructed on the golf course property shall be in the LLC. If LTR shall fail to complete the golf course for any reason, or shall abandon work on the golf course, or discontinue work on the golf course, then LTR's sole interest in the improvements shall be his indirect interest as a fifty percent owner of LLC.

d. Withdrawal as Member. If LTR elects to withdraw as a Member of Tellico Landing, LLC, pursuant to Section 4.3(b) of LLC's Second Amended and Restated Operating Agreement, then the rights and obligations of LLC and LTR relating to such withdrawal shall be governed by the provisions of said Section 4.3(b).

11. General Provisions.

a. All notices or demands hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified United States mail, return receipt requested, or forwarded by a nationally recognized overnight courier service, to any party hereto at the address set forth below or at such other address as any party shall subsequently designate in writing:

If to LTR:

LTR Properties, Inc.
Attn. Michael L. Ross

P.O. Box 5958
Maryville, TN 37802

If to LLC:

Tellico Landing, LLC
Attn. Ward S. Whelchel
4700 Papermill Road
Knoxville, TN 37909

b. This Contract shall be construed and enforced in accordance with the laws of the State of Tennessee.

d. The captions of this Contract are inserted only for the purpose of convenient reference and in no way define, limit, or prescribe the scope of intent of this Contract or any part thereof.

e. LLC covenants that it will execute and deliver, from time to time, whether on or after the Closing date, on the request of LTR, all consummatory deeds, bills of sale, assignments and other documents which may reasonably be required to assure LTR of LTR's title in and to the Property transferred hereunder.

f. This Contract constitutes the entire contract between the parties relating to the subject matter hereof, and may not be changed or terminated orally but may only be modified by an instrument in writing signed by the parties hereto.

g. The provisions hereof shall apply to and inure to the benefit of the successors, assigns and representatives of the respective parties hereto.

h. This Agreement and the provisions hereof shall survive the Closing of the transfer of the Property by LLC to LTR.

EXECUTED as of the day, year and month last recorded below.

LTR PROPERTIES, INC.

By: MR Ross Date: 5/29/02
Michael L. Ross, President

TELLICO LANDING, LLC

By: MR Ross Date: 5/29/02
Its: Chief Manager

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into by and among Tellico Landing, LLC and Tellico Players Club, LLC ("Tellico"), Ward S. Whelchel ("Whelchel"), Robert T. Stooksbury, Jr. ("Stooksbury") and Michael L. Ross ("Ross") relating to the agreement whereby Whelchel and Stooksbury will cause the transfer of 50% membership interest in Tellico to Ross and Ross will acquire said membership interest in Tellico pursuant to the terms hereof, and subject to the restrictions set forth herein. However, should it be deemed more advantageous by the parties after consultations with legal counsel and accountants to create a new legal entity, same shall be done with the final ownership being 25% each to Whelchel and Stooksbury and 50% to Ross, with the exception of the golf course/golf club/lodge in which Ross will own 100%, as set forth below.

The parties agree as follows:

1. Transfers. For and in consideration of One Thousand Dollars (\$1000) and the mutual covenants set forth herein, Whelchel and Stooksbury, the current members of Tellico, will cause a transfer of 50% membership interest in Tellico to Ross. Prior to such transaction, Whelchel and Stooksbury will cause the conveyance of all properties currently owned by Tellico Players Club, LLC and its option rights in the Kerr property to Tellico in order that 550 acres of property described on Exhibit A located in Loudon County, Tennessee can be developed in a single development owned by Tellico (the "Project"). Tellico shall also make available to the joint venture any other rights, options or business opportunities that it may have, or that it may be pursuing with TRDA, TVA or other third parties and that would be of value to the Project.
2. Contributions by Whelchel and Stooksbury. Whelchel and Stooksbury will remain liable on the existing mortgage debt encumbering the Project property and described on Exhibit B (the "Loans"). As stated above, Whelchel and Stooksbury agree to cause the transfer of membership interests to Ross. Whelchel and Stooksbury agree to sign guaranties, if necessary, on any new properties acquired by Tellico currently under contract with respect to the Project or to be entered into hereinafter with respect to the Project (including the Kerr property). Whelchel and Stooksbury each agree to loan funds sufficient to satisfy 25% of any debt service payments required under the Loans and under any future loans used to acquire additional properties (both principal and interest). Whelchel and Stooksbury each agree to loan funds sufficient to satisfy 25% of all "soft" cost as needed, not otherwise covered by cashflow, associated with rezoning, engineering, attorneys fees, accountants fees, bank fees, etc. relating to the administration of Tellico and development by Tellico of the Project, exclusive of the golf course/golf club/lodge costs as per Paragraph 6, with said loans to be repaid pursuant to Paragraphs 4 and 5.
3. Contributions by Ross. Ross will not assume any existing mortgage debt of the Project, but agrees to sign guaranties, if necessary, on any new properties acquired by Tellico currently under contract with respect to the Project or to be entered into hereinafter with respect to the Project (including the Kerr Property). Ross agrees to loan funds sufficient to satisfy 50% of any debt service payments required under the Loans and under any future loans used to acquire additional properties (both principal and interest). Ross further agrees to loan funds sufficient to satisfy 50% of all "soft" costs as needed, not otherwise covered by cashflow, associated with rezoning, engineering, attorneys fees, accountants fees, banks fees, etc. relating to the administration of Tellico

EXHIBIT B

and development by Tellico of the Project, exclusive of the golf course/ golf club/lodge costs as per Paragraph 6, with said loans to be repaid pursuant to Paragraphs 4 and 5.

4. Repayment of Pre-signing and Post-signing Loans. The parties acknowledge that prior to the signing of this document, Whelchel and Stooksbury have made individual loans to the Project ("Pre-signing loans"). As of the date of this document, Whelchel and Stooksbury have loaned approximately \$1,400,000; the exact amount to be determined and verified within 14 days of the date of this Agreement. The repayment schedule set forth in paragraph 5 below shall be the repayment of pre-signing loans of Whelchel and Stooksbury and, upon final repayment of pre-signing loans to Whelchel and Stooksbury, said category shall cease. The repayment of post signing loans by Ross, Whelchel, and Stooksbury shall occur when funds are available and deemed most advantageous by Tellico.

5. Residential and Commercial Property. The parties intend for Tellico to develop the project property and to market the sales of such commercial and residential lots. Upon the sale of any such lots, the following allocation shall apply:

- a. 4% real estate commission, plus outside realty fees, if necessary
- b. 12% development fee to Ross based upon the amount remaining after deduction of the real estate commission,
- c. 40% partial release price to be applied to Loans,
- d. 40% repayment of pre-signing loans, after deductions of items (a) through (c), and
- e. Balance to Tellico.

If, and when, there are sufficient funds for a distribution to the members, then, in that event, said funds shall be distributed as follows:

- e. 50% to Ross,
- f. 25% to Stooksbury,
- g. 25% to Whelchel

6. Golf Course/Golf Club Property/Lodge. The parties agree that Ross, individually, or his designee, will develop the golf course/golf club/lodge component of the Project. This development component will not utilize Tellico monies, the pledging of Project land to secure a golf course loan, nor the requirement of Whelchel and Stooksbury to guarantee any loans. This development component will consist of the golf course, clubhouse, golf cottages, driving range, maintenance facilities, golf infrastructure (if any), and other golf related items and a lodge. At such time as the golf course/golf club component is completed, Tellico will deed the golf course/golf club component to Ross or his designee. Tellico shall sell to Ross, after rezoning, approximately 15 acres adjoining the marina site with no lake frontage to be used by Ross to construct a lodge and related amenities. The purchase price to be paid to Tellico shall be Tellico's cost, or where applicable average cost, for the property conveyed, which is estimated to be

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approximately \$14,000 per acre. The sale proceeds of the 15 acre tract, after bank releases, shall be applied as an additional payment of pre-signing loans set forth in paragraph 5 and disbursed to Whelchel and Stooksbury. No real estate commission nor development fee shall be paid on this transaction. Ross agrees to fund all aspects of the development, construction and operation of the golf course/golf club/lodge, and will enter into agreements with Tellico and owners of lots of the Project to provide them with memberships to the golf course/golf club pursuant to the terms of the Golf Course Membership Plan to be developed by Ross. Ross will receive all profits and losses (if any) from said components. Ross agrees to commence construction of the golf course/golf component within 6 months of the date of completion of the design of the course providing that all necessary zoning and development approvals have been received by the Project.

7. Management Obligations and Duties. The parties agree to seek input from each other on management and operational decisions; however, the final decision will rest with Ross. The parties agree that, within a reasonable time after signing the Memorandum of Understanding, not to exceed thirty days, the parties will in good faith negotiate the terms of a management agreement for Ross relating to his duties in connection with the development of the Project, which agreement shall provide for a development fee of 12% as set forth in Paragraph No.5 (b). The parties further agree that decisions of a "Partnership Administration" nature; i.e., those that materially affect the structure, ownership, financing, etc. of the Project, shall require a vote of at least 75% of the members. Such decisions would include, but not be limited to, refinancing of the Project, sale of all or a material portion of the Project, new joint venture partners, etc.

8. Approval Rights. The parties agree to seek input from each other on the golf course/golf club/lodge, residential, and commercial development of the project; however, the final approvals shall be those of Ross.

9. Amendment of Operating Agreement. The parties agree to amend the Operating Agreement to reflect the above items. In addition, the parties agree to give Ross the right to withdraw from the LLC if all necessary zoning and development approvals cannot be obtained for the Project from all relevant governmental bodies including, without limitation, TRDA, TVA, Loudon County and/or (in the case of annexation) Lenoir City within a reasonable time, not to exceed eighteen months from the date of the Memorandum of Understanding. Upon such withdrawal, if a management agreement has been signed by Ross, same will be terminated. Upon such withdrawal, the LLC shall repay to Ross the loans to the LLC by Ross pursuant to Paragraph No. 3 above (other than from development of the golf course/ golf club/ lodge). The terms of the repayment shall be reflected in a separate agreement to be negotiated at the time of the withdrawal.

IN WITNESS WHEREOF, the undersigned have entered into this Memorandum of Understanding this 19th day of October, 2001.

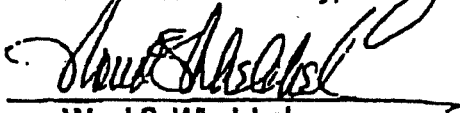
TELLICO PLAYERS CLUB, LLC
TELLICO LANDING, LLC

By


Ward S. Wheelchel
Chief Manager


Michael L. Ross


Robert T. Stooksbury, Jr.


Ward S. Wheelchel

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT is entered into to be effective as of the 28th day of May, 2004, by and among Tellico Landing, LLC, a Tennessee limited liability company ("Tellico"), LTR Properties, Inc., a Tennessee corporation ("LTR") and RPL Properties, LLC, a Tennessee limited liability company ("RPL"), relating to the acquisition by RPL of certain properties currently owned by Tellico and being developed by LTR in connection with the Rarity Pointe development in Loudon County, Tennessee.

For the consideration identified on Exhibit C attached hereto and for other good and valuable consideration, the parties agree as follows:

1. Tellico hereby agrees to sell and RPL hereby agrees to purchase that property identified on Exhibit A attached hereto (the "Lodge Property") and that property identified on Exhibit B attached hereto ("Phase 3") for the price and consideration set forth on the term sheet attached hereto as Exhibit C (the "Purchase Price"). It is contemplated that a portion of the Purchase Price will be evidenced by a promissory note(s) described on Exhibit C.

2. LTR, which has development rights with respect to the Rarity Pointe development, hereby consents to such transaction and also agrees to convey and transfer any interest it might have in and to the Lodge Property and Phase 3, in its capacity as developer, to RPL at the closing(s) hereunder.

3. At closing(s) hereunder, RPL must acquire both the Lodge Property and Phase 3, and not just one of such tracts; provided, however, that the closing of the Lodge Tract and the closing of Phase 3 can occur, with Tellico's consent, at different times provided both closings occur on or before December 31, 2004.

4. Closing(s) hereunder must occur on or before December 31, 2004.

5. There will be no real estate commissions on the transaction described herein.

6. RPL understands and acknowledges that the Lodge Property and Phase 3 will be conveyed subject to certain liens and encumbrances more particularly identified on Exhibit D attached hereto. In addition, RPL agrees to subject the Lodge Property and Phase 3 with a supplemental declaration imposing those conditions, restrictions, and easements identified in that Declaration of Covenants and Restrictions of record in Trust Book 590, Page 1, as

amended, in the Loudon County Register's Office, and to comply, at RPL's expense, with all aspects and reasonable requirements of Tellico and RPL with respect to supplementing the Interstate Land Sales Act filing which Tellico and RPL have made in conjunction with existing phases of Rarity Pointe.

7. In the event closing does not occur hereunder on or before December 31, 2004, this Contract shall be deemed null and void and, as liquidated damages, RPL agrees to provide to Tellico all drawings, surveys, environmental reports, plans and specifications and other data obtained and/or prepared by PRL in connection with its contemplated development of the Lodge Property and Phase 3.

8. The only conditions precedent for RPL's closing hereunder are (a) finding suitable financing for the anticipated Lodge development and for the infrastructure cost associated with developing Phase 3, and (b) Tellico being able to convey good and marketable title to RPL free and clear of all encumbrances other than those matters set forth on Exhibit D.

IN WITNESS WHEREOF, the parties have entered into this Real Estate Purchase and Sale Agreement as of the day and year first above written.

TELLICO LANDING, LLC

LTR PROPERTIES, INC.

By: Michael L. Ross
Michael L. Ross,
Chief Manager

By: Michael L. Ross
Michael L. Ross,
President

ATTEST:

RPL PROPERTIES, LLC

Ward S. Whelchel
Secretary

By: Michael L. Ross
Michael L. Ross,
Chief Manager

Robert T. Stooksbury, Jr.
Vice Manager

EXHIBIT A
(Description of "Lodge Property")

EXHIBIT A
(Description of "Lodge Property")

Preliminary subdivision plat for Rarity Pointe Lodge Tract prepared by Christopher M. Rosser, dated May 13, 2004, bearing Drawing No. 4839BLODGE-PS. This depicted property is currently owned by Tellico Landing, LLC, and we understand is under contract to be sold to RPL Properties, LLC, prior to the development of such property.

Exhibit B
(Description of "Phase 3")

Exhibit B
(Description of "Phase 3")

SITUATED in District 3, Loudon County, Tennessee, and being a portion of the property depicted on Tax Map 34 parcel 131, Tax Map 34 parcel 124, Tax Map 34 parcel 122, Tax Map 34 parcel 121, and Tax Map 43 parcel 1 of Loudon County, Tennessee, and being part of the same property conveyed in Deed Book 251, Page 267, Deed Book 268, Page 260, Deed Book 268, Page 588, and part of Deed Book 281, Page 241 all recorded in the Loudon County Register of Deeds office.

BEGINNING on a point in the eastern right-of-way line of Lighthouse Pointe Drive, said point being S 35-40 E, 59.10 feet from the centerline intersection of Halyard Road and Lighthouse Pointe Drive; thence from said POINT OF BEGINNING along said right-of-way line of Lighthouse Pointe Drive the following nine (9) calls: 1) along a curve to the right with a radius of 374.99 feet, an arc distance of 72.93 feet, having a chord of S 00-55-06 E, 72.81 feet to a point; 2) S 04-39-10 W, 141.23 feet to a point; 3) along a curve to the left with a radius of 575.00 feet, an arc distance of 477.87 feet, having a chord of S 19-09-20 E, 464.23 feet to a point; 4) S 42-57-50 E, 27.18 feet to a point; 5) along a curve to the left with a radius of 20.00 feet, an arc distance of 31.42 feet, having a chord of S 87-57-50 E, 28.28 feet to a point in the northern right-of-way line of Gallery Court; 6) thence with Gallery Court N 47-02-10 E, 75.09 feet to a point; 7) along a curve to the right with a radius of 175.00 feet, an arc distance of 129.29 feet, having a chord of N 68-12-03 E, 126.37 feet to a point; 8) N 89-21-56 E, 7.86 feet to a point; 9) along a curve to the right with a radius of 150.00 feet, an arc distance of 54.86 feet, having a chord of S 80-09-25 E, 54.55 feet to a point corner to Remaining Lands of Tellico Landing, LLC, thence N 49-06-06 E, 190.45 feet to a point; thence along a curve to the left with a radius of 175.00 feet, an arc distance of 105.80 feet, having a chord of S 23-34-44 E, 104.19 feet to a point; thence S 40-53-54 E, 600.53 feet to a point; thence S 48-53-18 W, 184.82 feet to a point; thence S 34-56-47 W, 115.97 feet to a point; thence S 47-02-10 W, 87.70 feet to a point in the eastern right-of-way line of Lighthouse Pointe Drive; thence with said right-of-way line S 42-57-50 E, 71.32 feet to a point; thence crossing Lighthouse Pointe Drive S 47-02-10 W, 297.06 feet to a point; thence N 44-16-43 W, 81.12 feet to a point; thence N 41-35-44 W, 427.49 feet to a point; thence N 33-24-38 W, 179.01 feet to a point; thence N 35-54-32

W, 466.62 feet to a point; thence N 23-57-24 W, 123.84 feet to a point; thence N 33-24-38 W, 49.12 feet to a point; along a curve to the left with a radius of 100.00 feet, an arc distance of 25.65 feet, having a chord of N 40-45-35 W, 25.58 feet to a point in the southern right-of-way line Taffrail Drive; thence with a said right-of-way line S 77-44-04 W, 60.58 feet to a point; along a curve to the left with a radius of 325.00 feet, an arc distance of 146.02 feet, having a chord of S 64-51-47 W, 144.80 feet to a point; thence leaving Taffrail Drive S 23-33-49 E, 551.55 feet to a point; thence S 24-21-51 E, 220.02 feet to a point; S 25-07-19 E, 110.00 feet to a point; thence along a curve to the left with a radius of 175.63 feet, an arc distance of 52.61 feet, having a chord of S 32-59-56 E, 52.42 feet to a point; thence S 41-35-44 E, 212.91 feet to appoint at Tellico Lake; thence with Tellico Lake S 65-23-22 W, 26.80 feet to a point; thence S 59-15-14 W, 24.15 feet to a point; thence S 72-00-41 W, 20.24 feet to a point; thence N 89-30-06 W, 25.66 feet to a point; thence N 80-44-40 W, 17.83 feet to a point; thence S 83-39-32 W, 28.66 feet to a point; thence S 72-19-47 W, 43.61 feet to a point; thence S 68-56-22 W, 42.59 feet to a point; thence S 89-54-32 W, 15.86 feet to a point; thence N 39-50-43 W, 20.74 feet to a point; thence S 50-08-05 W, 23.58 feet to a point; thence S 39-20-20 W, 40.64 feet to a point; thence S 59-51-48 W, 25.51 feet to a point; thence S 63-01-18 W, 57.47 feet to a point; thence S 56-32-07 W, 69.63 feet to a point; thence S 59-23-32 W, 61.65 feet to a point; thence S 56-59-04 W, 57.88 feet to a point; thence S 63-23-01 W, 51.65 feet to a point; thence S 66-09-24 W, 13.41 feet to a point; thence S 71-58-59 W, 37.82 feet to a point; thence S 15-45-12 W, 38.23 feet to a point; thence S 37-49-18 W, 57.67 feet to a point; thence S 28-08-10 W, 57.60 feet to a point; thence S 27-51-07 W, 63.46 feet to a point; thence S 29-28-58 W, 37.25 feet to a point; thence S 37-05-43 W, 50.14 feet to a point; thence S 28-38-24 W, 53.01 feet to a point; thence S 16-15-39 W, 56.47 feet to a point; thence S 27-27-22 W, 49.42 feet to a point; thence S 44-40-35 W, 49.35 feet to a point; thence S 29-54-45 W, 45.85 feet to a point; thence S 18-58-32 W, 54.05 feet to a point; thence S 20-45-50 W, 28.47 feet to a point; thence S 23-22-18 W, 46.44 feet to a point; thence S 36-20-16 W, 63.73 feet to a point; thence S 57-07-38 W, 59.31 feet to a point; thence S 41-02-00 W, 20.77 feet to a point; thence S 45-24-51 W, 51.60 feet to a point; thence S 72-08-48 W, 38.21 feet to a point; thence S 87-05-28 W, 33.15 feet to a point; thence N 77-39-26 W, 39.75 feet to a point; thence N 74-08-58 W, 53.25 feet to a point; thence N 69-18-19 W, 22.67 feet to a point; thence N 50-12-01 W, 21.99 feet to a point; thence N 38-19-32 W, 35.79 feet to a point; thence N

30-36-40 W, 35.78 feet to a point; thence N 25-39-05 W, 21.13 feet to a point; thence N 22-58-32 W, 19.58 feet to a point; thence N 20-00-20 W, 34.68 feet to a point; thence N 05-58-28 W, 19.19 feet to a point; thence N 03-09-20 W, 22.36 feet to a point; thence N 01-59-14 E, 22.04 feet to a point; thence N 06-14-34 E, 23.63 feet to a point; thence N 06-20-38 E, 23.41 feet to a point; thence N 10-04-52 E, 22.19 feet to a point; thence N 12-20-55 E, 24.61 feet to a point; thence N 08-54-26 E, 19.11 feet to a point; thence N 16-32-42 E, 20.78 feet to a point; thence N 16-04-00 E, 26.94 feet to a point; thence N 30-51-55 E, 25.30 feet to a point; thence N 37-35-26 E, 16.94 feet to a point; thence N 40-15-06 E, 20.79 feet to a point; thence N 17-59-59 E, 23.14 feet to a point; thence N 02-09-18 E, 21.87 feet to a point; thence N 12-26-51 W, 18.03 feet to a point; thence S 64-41-42 W, 36.66 feet to a point; thence S 64-56-29 W, 19.21 feet to a point; thence S 87-09-27 W, 33.79 feet to a point; thence S 78-20-53 W, 21.17 feet to a point; thence S 42-01-01 W, 20.60 feet to a point; thence S 38-48-18 W, 17.83 feet to a point; thence S 51-09-51 W, 24.55 feet to a point; thence S 61-54-51 W, 42.13 feet to a point; thence S 79-37-39 W, 17.68 feet to a point; thence N 87-56-01 W, 15.37 feet to a point; thence N 76-55-35 W, 11.83 feet to a point; thence N 63-11-21 W, 20.07 feet to a point; thence N 53-46-13 W, 50.96 feet to a point; thence N 46-41-31 W, 38.12 feet to a point; thence N 43-16-30 W, 39.39 feet to a point; thence N 33-35-40 W, 20.49 feet to a point; thence N 29-12-13 W, 22.46 feet to a point; thence N 12-57-49 W, 17.46 feet to a point; thence N 12-44-10 W, 16.97 feet to a point; thence N 02-32-16 E, 12.40 feet to a point; thence N 55-56-05 W, 11.89 feet to a point; thence N 52-10-20 W, 35.64 feet to a point; thence N 32-20-15 W, 19.20 feet to a point; thence N 23-21-26 W, 19.68 feet to a point; thence N 23-24-09 W, 20.12 feet to a point; thence N 45-14-48 W, 18.47 feet to a point; thence N 70-11-21 W, 15.64 feet to a point; thence N 54-23-53 W, 20.83 feet to a point; thence N 26-49-43 W, 20.75 feet to a point; thence N 06-22-36 W, 11.00 feet to a point; thence N 89-16-46 W, 18.35 feet to a point; thence N 70-20-30 W, 18.31 feet to a point; thence N 41-57-22 W, 18.69 feet to a point; thence N 32-26-22 W, 49.07 feet to a point; thence N 29-48-56 W, 38.78 feet to a point; thence N 20-08-01 W, 33.95 feet to a point; thence N 03-16-18 W, 15.01 feet to a point; thence N 17-03-42 E, 24.29 feet to a point; thence N 26-54-52 E, 20.41 feet to a point; thence N 32-13-17 E, 20.73 feet to a point; thence N 35-38-16 E, 32.62 feet to a point; thence N 24-03-48 E, 43.31 feet to a point; thence S 89-50-16 W, 23.26 feet to a point; thence S 85-25-04 W, 28.87 feet to a point; thence S 85-14-24 W, 40.71 feet to a point; thence S 89-30-42 W, 33.92 feet to a

point; thence N 86-32-26 W, 43.35 feet to a point; thence N 65-27-05 W, 20.95 feet to a point; thence N 50-29-55 W, 36.61 feet to a point; thence N 58-14-33 W, 30.28 feet to a point; thence N 59-36-09 W, 56.47 feet to a point; thence N 50-46-54 W, 39.02 feet to a point; thence N 40-50-39 W, 35.17 feet to a point; thence N 37-14-57 W, 40.30 feet to a point; thence N 52-55-59 W, 39.26 feet to a point; thence N 52-16-14 W, 37.81 feet to a point; thence N 24-52-36 W, 20.91 feet to a point; thence N 14-41-10 E, 18.54 feet to a point; thence N 24-35-13 E, 23.73 feet to a point; thence N 41-17-06 E, 29.73 feet to a point; thence N 53-30-26 E, 31.73 feet to a point; thence N 57-57-10 E, 23.89 feet to a point; thence N 60-14-18 E, 21.35 feet to a point; thence N 64-20-08 E, 24.06 feet to a point; thence N 74-42-00 E, 36.98 feet to a point; thence N 74-02-26 E, 21.21 feet to a point; thence N 79-24-47 E, 21.54 feet to a point; thence N 79-49-05 E, 42.43 feet to a point; thence N 80-23-40 E, 49.58 feet to a point; thence N 75-45-11 E, 20.28 feet to a point; thence N 75-32-38 E, 60.75 feet to a point; thence N 73-31-57 E, 45.30 feet to a point; thence N 78-30-10 E, 46.91 feet to a point; thence N 70-14-25 E, 38.48 feet to a point; thence N 66-03-31 E, 37.78 feet to a point; thence N 56-35-20 E, 48.33 feet to a point; thence N 55-58-18 E, 44.60 feet to a point; thence N 58-46-33 E, 46.34 feet to a point; thence N 62-13-47 E, 38.36 feet to a point; thence N 77-18-54 E, 32.66 feet to a point; thence N 75-21-13 E, 16.28 feet to a point; thence S 72-14-15 E, 18.86 feet to a point; thence S 61-10-17 E, 31.83 feet to a point; thence S 52-39-23 E, 23.76 feet to a point; thence S 61-24-42 E, 36.75 feet to a point; thence N 03-00-40 W, 31.98 feet to a point; thence N 14-14-25 W, 46.18 feet to a point; thence N 09-56-42 E, 32.20 feet to a point; thence N 34-12-17 E, 21.69 feet to a point; thence N 41-08-05 E, 21.87 feet to a point; thence N 51-55-33 E, 24.50 feet to a point; thence N 55-52-08 E, 44.23 feet to a point; thence N 60-23-23 E, 42.32 feet to a point; thence N 58-48-35 E, 41.42 feet to a point; thence N 51-53-12 E, 45.55 feet to a point; thence N 41-16-30 E, 42.34 feet to a point; thence N 53-42-15 E, 36.56 feet to a point; thence S 82-51-53 E, 31.95 feet to a point; thence S 75-03-12 E, 23.74 feet to a point; thence N 02-25-55 W, 31.13 feet to a point; thence N 03-05-41 E, 30.79 feet to a point; thence N 18-08-12 E, 20.35 feet to a point; thence N 46-59-01 E, 17.02 feet to a point; thence N 53-34-06 E, 32.24 feet to a point; thence N 39-12-53 E, 43.01 feet to a point; thence N 17-16-40 E, 35.13 feet to a point; thence N 20-07-31 E, 39.95 feet to a point; thence N 25-49-44 E, 26.16 feet to a point; thence N 42-34-00 E, 33.30 feet to a point; thence N 33-24-15 E, 37.88 feet to a point; thence N 51-31-22 E, 23.39 feet to a point; thence N 60-50-48 E, 19.40

feet to a point; thence N 78-43-41 E, 36.19 feet to a point; thence N 81-35-33 E, 33.26 feet to a point; thence N 44-12-04 E, 25.56 feet to a point; thence N 45-24-54 E, 26.68 feet to a point; thence N 64-02-59 E, 30.54 feet to a point; thence N 57-31-13 E, 48.35 feet to a point; thence N 65-16-26 E, 22.55 feet to a point; thence S 87-53-15 E, 36.01 feet to a point; thence S 85-41-38 E, 40.67 feet to a point; thence S 83-30-05 E, 39.25 feet to a point; thence N 57-47-58 E, 36.16 feet to a point; thence N 68-54-53 E, 43.55 feet to a point; thence leaving said Tellico Lake N 71-03-46 E, 225.55 feet to a point; thence N 67-39-33 E, 213.72 feet to a point in the western right-of-way line of Lighthouse Pointe Drive; thence with said right-of-way line N 04-39-10 E, 108.68 feet to a point; thence along a curve to the left with a radius of 325.00 feet, an arc distance of 63.20 feet, having a chord of N 00-55-06 W, 63.10 feet to a point; thence crossing Lighthouse Pointe Drive N 83-30-37 E, 50.00 feet to the POINT OF BEGINNING, containing 69.493 acres, more or less, as surveyed by Christopher M. Rosser, TN RLS # 1929, Sterling Engineering, Inc., 1017 Hampshire Drive, Maryville, Tennessee, 37801.

BEING PART OF THE SAME PROPERTY conveyed to Tellico Landing, LLC by deeds of record in Deed Book 251, Page 267, in Deed Book 268, Page 260, in Deed Book 268, Page 588, and in Deed Book 281, Page 241, all recorded in the Loudon County Register of Deed's Office; and

BEING ALL OF THE PROPERTY which will be depicted and disclosed on plat of property and lots, designated as being all of Phase 3 of Rarity Pointe, Loudon County, Tennessee, to be hereafter recorded in the Loudon County Register of Deed's Office, such plat having been prepared by Christopher M. Rosser, Tennessee License #1929, of Sterling Engineering, Inc., 1017 Hampshire Drive, Maryville, Tennessee, 37801, and bearing Project #4839-P3 and Drawing No. 4839-3-FS-1.

Exhibit C

The Purchase Price is \$10,000,000 for the Lodge Property and \$16,000,000 for the Phase 3 Property.

The Purchase Price will be evidenced by two (2) negotiable promissory notes (one for the Lodge Phase Purchase Price and one for the Phase 3 Purchase Price), executed by RPL and payable to the order of Tellico. Those promissory notes will be secured by the Lodge Property and the Phase 3 property, respectively, bear interest at the per annum rate of 4.0%, and mature in two (2) years from the closing(s) hereunder. The indebtedness evidenced by said promissory notes will be repaid as condominium units in the Lodge Property and subdivision lots in Phase 3 are sold (i.e., as condominium units are sold in the Lodge Property, payments will be made against the Lodge Property promissory note, and as subdivision lots are sold in Phase 3, payments will be made against the Phase 3 promissory note). An agreed upon partial release payment will be paid by RPL to Tellico for each condominium unit sold (in which case RPL shall release the lien of the deed of trust securing said promissory note from the condominium unit sold), and an agreed upon partial release payment shall be paid by RPL to Tellico for each lot sold in Phase 3 (in which case RPL shall release the lien of the deed of trust securing said promissory note from the lot sold).

The Lodge Phase promissory note will be secured by a deed of trust on the Lodge Property, with Tellico agreeing to subordinate said deed of trust to a deed of trust in favor of RPL's construction lender for the lodge/condominium project to be built on the Lodge Property. The Phase 3 promissory note will be secured by a deed of trust on the Phase 3 property, with Tellico agreeing to subordinate said deed of trust to a deed of trust in favor of RPL's construction lender for the infrastructure costs for Phase 3 to be built on the Phase 3 property.

Exhibit D
(List of Permitted Encumbrances)

1. Taxes for the year 2005, which are a lien, but not yet due or payable, and all taxes for subsequent years.
2. Those restrictive covenants set forth in that Special Warranty Deed and Declaration of Restrictive Covenants dated December 22, 2003, from the United States of America, by and through its legal agent, the Tennessee Valley Authority, to Borrower, which instrument is recorded in Deed Book 281, page 231, in the Loudon County Register's Office.
3. All matters which will be depicted and disclosed on plat of property and lots, designated as being all of Phase 3 of Rarity Pointe, Loudon County, Tennessee, to be hereafter recorded by Grantee in the Loudon County Register's Office, such plat having been prepared by Christopher M. Rosser, Tennessee License #1929, of Sterling Engineering, Inc., 1017 Hampshire Drive, Maryville, Tennessee, 37801, and bearing Project #4839-P3 and Drawing No. 4839-3-FS-1.
4. Restrictions, conditions, limitations, and easements and the development standards contained in Contract No. TV-60000A, as supplemented, between Tennessee Valley Authority acting on behalf of the United States of America and The Tellico Reservoir Development Agency of record in the Register's Office for Loudon County, Tennessee, in Trust Book 187, Page 819 (as supplemented, the "Contract"), which are applicable to residential designated property located in Loudon County, Tennessee acquired by The Tellico Reservoir Development Agency after the date of the Contract.
5. Deed of Trust, Assignment of Rents and Leases and Security Agreement for the benefit of SunTrust Bank, a Georgia banking corporation, of record in Trust Book 486, page 640, as amended by that First Amendment to Deed of Trust of record in Trust Book 587, page 154, as amended by that Second Amendment to Deed of Trust of record in Trust Book 646, page 354, as amended by that Third Amendment to Deed of Trust of record in Trust Book 691, page 226, as amended by that Fourth Amendment to Deed of Trust of record in Trust Book 699, page 406, and as amended by that Fifth Amendment to Deed of Trust of record in Trust Book 755, page 434, all in the Loudon County Register's Office (collectively, the "Deed of Trust"), securing loans from SunTrust Bank to Grantor (collectively, the "Existing Loans").
6. Declaration of Covenants, Conditions and Restrictions for Rarity Pointe, of record in Trust Book 590, page 1, as amended by the Supplemental Declaration of Covenants for Phase One of Rarity Pointe

of record in Trust Book 590, page 89, in the Register's Office of Loudon County, Tennessee, as amended by the Supplemental Declaration of Covenants for Phase Two of Rarity Pointe of record in Trust Book T691, page 636, in the Register's Office of Loudon County, Tennessee, and as amended by the Supplemental Declaration of Covenants for Phase Three of Rarity Pointe of record in Trust Book _____, Page _____, in the Register's Office of Loudon County, Tennessee.

**AMENDMENT TO REAL ESTATE PURCHASE
AND SALE AGREEMENT**

THIS AMENDMENT TO REAL ESTATE PURCHASE AND SALE AGREEMENT (the "Amendment") is entered into to be effective as of the 31st day of December, 2004, by and among Tellico Landing, LLC, a Tennessee limited liability company ("Tellico"), LTR Properties, Inc., a Tennessee corporation ("LTR") and RPL Properties, LLC, a Tennessee limited liability company ("RPL").

WITNESSETH:

WHEREAS, the parties hereto entered into that certain Real Estate Purchase and Sale Agreement dated May 28, 2004 (the "Purchase Agreement"), pursuant to which Tellico agreed to sell and RPL agreed to purchase the real property described in the Purchase Agreement, and LTR consented to such sale and agreed to assign its development rights and other interest in said property to RPL; and

WHEREAS, the parties desire to modify the terms of the Purchase Agreement to extend the closing dates therein and to make those other modifications set forth below.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions set forth herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Purchase Agreement is hereby amended to extend the closing deadline for the Lodge Property to July 1, 2006, and to extend the closing deadline for Phase 3 to December 31, 2005. Paragraph 3 of the Purchase Agreement is hereby amended to denote that both closings must occur on or before July 1, 2006. Similarly, Paragraph 7 of the Purchase Agreement is hereby amended to denote that at least one of the closings (for the Lodge Property and for Phase 3) must close by December 31, 2005, and that the closing deadline of December 31, 2004 therein is amended to be December 31, 2005.

2. Exhibit A, Exhibit B and Exhibit C to the Purchase Agreement are hereby replaced with those documents attached to this Amendment as Exhibit A, Exhibit B and Exhibit C. In addition, the portion of the Purchase Price now allocated for Phase 3 (\$19,000,000.00 including imputed interest) will be evidenced by and repaid in accordance with the terms of a promissory note to be in the form attached hereto as Exhibit D.

3. Except as expressly set forth herein, all other terms and conditions of the Purchase Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, this Amendment has been entered into to be effective as of the date first above written.

TELLICO LANDING, LLC

By: Michael L. Ross
Michael L. Ross, Chief Manager

ATTEST:

Ward S. Whelchel
Ward S. Whelchel, Secretary

Robert T. Stooksbury, Jr.
Robert T. Stooksbury, Jr.,
Vice Manager

LTR PROPERTIES, INC.

By: Michael L. Ross
Michael L. Ross, President

RPL PROPERTIES, LLC

By: Michael L. Ross
Michael L. Ross, Chief Manager

EXHIBIT A

(Replacement Description of "Lodge Property")

EXHIBIT A
(Description of "Lodge Property")

Preliminary subdivision plat for Rarity Pointe Lodge Tract prepared by Christopher M. Rosser, dated May 13, 2004, bearing Drawing No. 4839BLODGE-PS. This depicted property is currently owned by Tellico Landing, LLC, and we understand is under contract to be sold to RPL Properties, LLC, prior to the development of such property.

EXHIBIT B

(Replacement Description of "Phase 3")

Exhibit B
(Description of "Phase 3")

SITUATED in District 3, Loudon County, Tennessee, and being a portion of the property depicted on Tax Map 34 parcel 131, Tax Map 34 parcel 124, Tax Map 34 parcel 122, Tax Map 34 parcel 121, and Tax Map 43 parcel 1 of Loudon County, Tennessee, and being part of the same property conveyed in Deed Book 251, Page 267, Deed Book 268, Page 260, Deed Book 268, Page 588, and part of Deed Book 281, Page 241 all recorded in the Loudon County Register of Deeds office.

BEGINNING on a point in the eastern right-of-way line of Lighthouse Pointe Drive, said point being S 35-40 E, 59.10 feet from the centerline intersection of Halyard Road and Lighthouse Pointe Drive; thence from said POINT OF BEGINNING along said right-of-way line of Lighthouse Pointe Drive the following nine (9) calls: 1) along a curve to the right with a radius of 374.99 feet, an arc distance of 72.93 feet, having a chord of S 00-55-06 E, 72.81 feet to a point; 2) S 04-39-10 W, 141.23 feet to a point; 3) along a curve to the left with a radius of 575.00 feet, an arc distance of 477.87 feet, having a chord of S 19-09-20 E, 464.23 feet to a point; 4) S 42-57-50 E, 27.18 feet to a point; 5) along a curve to the left with a radius of 20.00 feet, an arc distance of 31.42 feet, having a chord of S 87-57-50 E, 28.28 feet to a point in the northern right-of-way line of Gallery Court; 6) thence with Gallery Court N 47-02-10 E, 75.09 feet to a point; 7) along a curve to the right with a radius of 175.00 feet, an arc distance of 129.29 feet, having a chord of N 68-12-03 E, 126.37 feet to a point; 8) N 89-21-56 E, 7.86 feet to a point; 9) along a curve to the right with a radius of 150.00 feet, an arc distance of 54.86 feet, having a chord of S 80-09-25 E, 54.55 feet to a point corner to Remaining Lands of Tellico Landing, LLC, thence N 49-06-06 E, 190.45 feet to a point; thence along a curve to the left with a radius of 175.00 feet, an arc distance of 105.80 feet, having a chord of S 23-34-44 E, 104.19 feet to a point; thence S 40-53-54 E, 600.53 feet to a point; thence S 48-53-18 W, 184.82 feet to a point; thence S 34-56-47 W, 115.97 feet to a point; thence S 47-02-10 W, 87.70 feet to a point in the eastern right-of-way line of Lighthouse Pointe Drive; thence with said right-of-way line S 42-57-50 E, 71.32 feet to a point; thence crossing Lighthouse Pointe Drive S 47-02-10 W, 297.06 feet to a point; thence N 44-16-43 W, 81.12 feet to a point; thence N 41-35-44 W, 427.49 feet to a point; thence N 33-24-38 W, 179.01 feet to a point; thence N 35-54-32

W, 466.62 feet to a point; thence N 23-57-24 W, 123.84 feet to a point; thence N 33-24-38 W, 49.12 feet to a point; along a curve to the left with a radius of 100.00 feet, an arc distance of 25.65 feet, having a chord of N 40-45-35 W, 25.58 feet to a point in the southern right-of-way line Taffrail Drive; thence with a said right-of-way line S 77-44-04 W, 60.58 feet to a point; along a curve to the left with a radius of 325.00 feet, an arc distance of 146.02 feet, having a chord of S 64-51-47 W, 144.80 feet to a point; thence leaving Taffrail Drive S 23-33-49 E, 551.55 feet to a point; thence S 24-21-51 E, 220.02 feet to a point; S 25-07-19 E, 110.00 feet to a point; thence along a curve to the left with a radius of 175.63 feet, an arc distance of 52.61 feet, having a chord of S 32-59-56 E, 52.42 feet to a point; thence S 41-35-44 E, 212.91 feet to appoint at Tellico Lake; thence with Tellico Lake S 65-23-22 W, 26.80 feet to a point; thence S 59-15-14 W, 24.15 feet to a point; thence S 72-00-41 W, 20.24 feet to a point; thence N 89-30-06 W, 25.66 feet to a point; thence N 80-44-40 W, 17.83 feet to a point; thence S 83-39-32 W, 28.66 feet to a point; thence S 72-19-47 W, 43.61 feet to a point; thence S 68-56-22 W, 42.59 feet to a point; thence S 89-54-32 W, 15.86 feet to a point; thence N 39-50-43 W, 20.74 feet to a point; thence S 50-08-05 W, 23.58 feet to a point; thence S 39-20-20 W, 40.64 feet to a point; thence S 59-51-48 W, 25.51 feet to a point; thence S 63-01-18 W, 57.47 feet to a point; thence S 56-32-07 W, 69.63 feet to a point; thence S 59-23-32 W, 61.65 feet to a point; thence S 56-59-04 W, 57.88 feet to a point; thence S 63-23-01 W, 51.65 feet to a point; thence S 66-09-24 W, 13.41 feet to a point; thence S 71-58-59 W, 37.82 feet to a point; thence S 15-45-12 W, 38.23 feet to a point; thence S 37-49-18 W, 57.67 feet to a point; thence S 28-08-10 W, 57.60 feet to a point; thence S 27-51-07 W, 63.46 feet to a point; thence S 29-28-58 W, 37.25 feet to a point; thence S 37-05-43 W, 50.14 feet to a point; thence S 28-38-24 W, 53.01 feet to a point; thence S 16-15-39 W, 56.47 feet to a point; thence S 27-27-22 W, 49.42 feet to a point; thence S 44-40-35 W, 49.35 feet to a point; thence S 29-54-45 W, 45.85 feet to a point; thence S 18-58-32 W, 54.05 feet to a point; thence S 20-45-50 W, 28.47 feet to a point; thence S 23-22-18 W, 46.44 feet to a point; thence S 36-20-16 W, 63.73 feet to a point; thence S 57-07-38 W, 59.31 feet to a point; thence S 41-02-00 W, 20.77 feet to a point; thence S 45-24-51 W, 51.60 feet to a point; thence S 72-08-48 W, 38.21 feet to a point; thence S 87-05-28 W, 33.15 feet to a point; thence N 77-39-26 W, 39.75 feet to a point; thence N 74-08-58 W, 53.25 feet to a point; thence N 69-18-19 W, 22.67 feet to a point; thence N 50-12-01 W, 21.99 feet to a point; thence N 38-19-32 W, 35.79 feet to a point; thence N

30-36-40 W, 35.78 feet to a point; thence N 25-39-05 W, 21.13 feet to a point; thence N 22-58-32 W, 19.58 feet to a point; thence N 20-00-20 W, 34.68 feet to a point; thence N 05-58-28 W, 19.19 feet to a point; thence N 03-09-20 W, 22.36 feet to a point; thence N 01-59-14 E, 22.04 feet to a point; thence N 06-14-34 E, 23.63 feet to a point; thence N 06-20-38 E, 23.41 feet to a point; thence N 10-04-52 E, 22.19 feet to a point; thence N 12-20-55 E, 24.61 feet to a point; thence N 08-54-26 E, 19.11 feet to a point; thence N 16-32-42 E, 20.78 feet to a point; thence N 16-04-00 E, 26.94 feet to a point; thence N 30-51-55 E, 25.30 feet to a point; thence N 37-35-26 E, 16.94 feet to a point; thence N 40-15-06 E, 20.79 feet to a point; thence N 17-59-59 E, 23.14 feet to a point; thence N 02-09-18 E, 21.87 feet to a point; thence N 12-26-51 W, 18.03 feet to a point; thence S 64-41-42 W, 36.66 feet to a point; thence S 64-56-29 W, 19.21 feet to a point; thence S 87-09-27 W, 33.79 feet to a point; thence S 78-20-53 W, 21.17 feet to a point; thence S 42-01-01 W, 20.60 feet to a point; thence S 38-48-18 W, 17.83 feet to a point; thence S 51-09-51 W, 24.55 feet to a point; thence S 61-54-51 W, 42.13 feet to a point; thence S 79-37-39 W, 17.68 feet to a point; thence N 87-56-01 W, 15.37 feet to a point; thence N 76-55-35 W, 11.83 feet to a point; thence N 63-11-21 W, 20.07 feet to a point; thence N 53-46-13 W, 50.96 feet to a point; thence N 46-41-31 W, 38.12 feet to a point; thence N 43-16-30 W, 39.39 feet to a point; thence N 33-35-40 W, 20.49 feet to a point; thence N 29-12-13 W, 22.46 feet to a point; thence N 12-57-49 W, 17.46 feet to a point; thence N 12-44-10 W, 16.97 feet to a point; thence N 02-32-16 E, 12.40 feet to a point; thence N 55-56-05 W, 11.89 feet to a point; thence N 52-10-20 W, 35.64 feet to a point; thence N 32-20-15 W, 19.20 feet to a point; thence N 23-21-26 W, 19.68 feet to a point; thence N 23-24-09 W, 20.12 feet to a point; thence N 45-14-48 W, 18.47 feet to a point; thence N 70-11-21 W, 15.64 feet to a point; thence N 54-23-53 W, 20.83 feet to a point; thence N 26-49-43 W, 20.75 feet to a point; thence N 06-22-36 W, 11.00 feet to a point; thence N 89-16-46 W, 18.35 feet to a point; thence N 70-20-30 W, 18.31 feet to a point; thence N 41-57-22 W, 18.69 feet to a point; thence N 32-26-22 W, 49.07 feet to a point; thence N 29-48-56 W, 38.78 feet to a point; thence N 20-08-01 W, 33.95 feet to a point; thence N 03-16-18 W, 15.01 feet to a point; thence N 17-03-42 E, 24.29 feet to a point; thence N 26-54-52 E, 20.41 feet to a point; thence N 32-13-17 E, 20.73 feet to a point; thence N 35-38-16 E, 32.62 feet to a point; thence N 24-03-48 E, 43.31 feet to a point; thence S 89-50-16 W, 23.26 feet to a point; thence S 85-25-04 W, 28.87 feet to a point; thence S 85-14-24 W, 40.71 feet to a point; thence S 89-30-42 W, 33.92 feet to a

point; thence N 86-32-26 W, 43.35 feet to a point; thence N 65-27-05 W, 20.95 feet to a point; thence N 50-29-55 W, 36.61 feet to a point; thence N 58-14-33 W, 30.28 feet to a point; thence N 59-36-09 W, 56.47 feet to a point; thence N 50-46-54 W, 39.02 feet to a point; thence N 40-50-39 W, 35.17 feet to a point; thence N 37-14-57 W, 40.30 feet to a point; thence N 52-55-59 W, 39.26 feet to a point; thence N 52-16-14 W, 37.81 feet to a point; thence N 24-52-36 W, 20.91 feet to a point; thence N 14-41-10 E, 18.54 feet to a point; thence N 24-35-13 E, 23.73 feet to a point; thence N 41-17-06 E, 29.73 feet to a point; thence N 53-30-26 E, 31.73 feet to a point; thence N 57-57-10 E, 23.89 feet to a point; thence N 60-14-18 E, 21.35 feet to a point; thence N 64-20-08 E, 24.06 feet to a point; thence N 74-42-00 E, 36.98 feet to a point; thence N 74-02-26 E, 21.21 feet to a point; thence N 79-24-47 E, 21.54 feet to a point; thence N 79-49-05 E, 42.43 feet to a point; thence N 80-23-40 E, 49.58 feet to a point; thence N 75-45-11 E, 20.28 feet to a point; thence N 75-32-38 E, 60.75 feet to a point; thence N 73-31-57 E, 45.30 feet to a point; thence N 78-30-10 E, 46.91 feet to a point; thence N 70-14-25 E, 38.48 feet to a point; thence N 66-03-31 E, 37.78 feet to a point; thence N 56-35-20 E, 48.33 feet to a point; thence N 55-58-18 E, 44.60 feet to a point; thence N 58-46-33 E, 46.34 feet to a point; thence N 62-13-47 E, 38.36 feet to a point; thence N 77-18-54 E, 32.66 feet to a point; thence N 75-21-13 E, 16.28 feet to a point; thence S 72-14-15 E, 18.86 feet to a point; thence S 61-10-17 E, 31.83 feet to a point; thence S 52-39-23 E, 23.76 feet to a point; thence S 61-24-42 E, 36.75 feet to a point; thence N 03-00-40 W, 31.98 feet to a point; thence N 14-14-25 W, 46.18 feet to a point; thence N 09-56-42 E, 32.20 feet to a point; thence N 34-12-17 E, 21.69 feet to a point; thence N 41-08-05 E, 21.87 feet to a point; thence N 51-55-33 E, 24.50 feet to a point; thence N 55-52-08 E, 44.23 feet to a point; thence N 60-23-23 E, 42.32 feet to a point; thence N 58-48-35 E, 41.42 feet to a point; thence N 51-53-12 E, 45.55 feet to a point; thence N 41-16-30 E, 42.34 feet to a point; thence N 53-42-15 E, 36.56 feet to a point; thence S 82-51-53 E, 31.95 feet to a point; thence S 75-03-12 E, 23.74 feet to a point; thence N 02-25-55 W, 31.13 feet to a point; thence N 03-05-41 E, 30.79 feet to a point; thence N 18-08-12 E, 20.35 feet to a point; thence N 46-59-01 E, 17.02 feet to a point; thence N 53-34-06 E, 32.24 feet to a point; thence N 39-12-53 E, 43.01 feet to a point; thence N 17-16-40 E, 35.13 feet to a point; thence N 20-07-31 E, 39.95 feet to a point; thence N 25-49-44 E, 26.16 feet to a point; thence N 42-34-00 E, 33.30 feet to a point; thence N 33-24-15 E, 37.88 feet to a point; thence N 51-31-22 E, 23.39 feet to a point; thence N 60-50-48 E, 19.40

feet to a point; thence N 78-43-41 E, 36.19 feet to a point; thence N 81-35-33 E, 33.26 feet to a point; thence N 44-12-04 E, 25.56 feet to a point; thence N 45-24-54 E, 26.68 feet to a point; thence N 64-02-59 E, 30.54 feet to a point; thence N 57-31-13 E, 48.35 feet to a point; thence N 65-16-26 E, 22.55 feet to a point; thence S 87-53-15 E, 36.01 feet to a point; thence S 85-41-38 E, 40.67 feet to a point; thence S 83-30-05 E, 39.25 feet to a point; thence N 57-47-58 E, 36.16 feet to a point; thence N 68-54-53 E, 43.55 feet to a point; thence leaving said Tellico Lake N 71-03-46 E, 225.55 feet to a point; thence N 67-39-33 E, 213.72 feet to a point in the western right-of-way line of Lighthouse Pointe Drive; thence with said right-of-way line N 04-39-10 E, 108.68 feet to a point; thence along a curve to the left with a radius of 325.00 feet, an arc distance of 63.20 feet, having a chord of N 00-55-06 W, 63.10 feet to a point; thence crossing Lighthouse Pointe Drive N 83-30-37 E, 50.00 feet to the POINT OF BEGINNING, containing 69.493 acres, more or less, as surveyed by Christopher M. Rosser, TN RLS # 1929, Sterling Engineering, Inc., 1017 Hampshire Drive, Maryville, Tennessee, 37801.

BEING PART OF THE SAME PROPERTY conveyed to Tellico Landing, LLC by deeds of record in Deed Book 251, Page 267, in Deed Book 268, Page 260, in Deed Book 268, Page 588, and in Deed Book 281, Page 241, all recorded in the Loudon County Register of Deed's Office; and

BEING ALL OF THE PROPERTY which will be depicted and disclosed on plat of property and lots, designated as being all of Phase 3 of Rarity Pointe, Loudon County, Tennessee, to be hereafter recorded in the Loudon County Register of Deed's Office, such plat having been prepared by Christopher M. Rosser, Tennessee License #1929, of Sterling Engineering, Inc., 1017 Hampshire Drive, Maryville, Tennessee, 37801, and bearing Project #4839-P3 and Drawing No. 4839-3-FS-1.

EXHIBIT C

The Purchase Price is \$10,000,000.00 for the Lodge Property and \$19,000,000 for the Phase 3 Property. The Purchase Price will be evidenced by two (2) negotiable promissory notes (one for the Lodge Phase Purchase Price and one for the Phase 3 Purchase Price), executed by RPL and payable to the order of Tellico.

The promissory note relating to the Lodge Property will be in the amount of \$10,000,000.00 and shall accrue interest at a per annum rate to be agreed upon by RPL and Tellico, and will mature in four (4) years from the date of the deed conveying the Lodge Property to RPL. The indebtedness evidenced by the Lodge Phase promissory note be repaid as condominium units to be established on the Lodge Property are sold (i.e., as condominium units are sold, payments will be made against the Lodge Phase promissory note). "Net sales proceeds" shall be paid by RPL to Tellico for each condominium unit sold in the Lodge Phase (in which case Tellico shall release the lien of the second deed of trust securing said promissory note from the condominium units sold). "Net sales proceeds" as used in the immediately preceding sentence shall be deemed the purchase price of each condominium unit sold (net of any discount given to the buyer of the condominium unit by RPL), less the required partial release payment to be paid to the mortgage lender holding a first deed of trust on the Lodge Property, less any development fee payable to LTR agreed to by the parties, less real estate commissions, less membership fees/social yacht club membership deposits to Rarity Pointe Club, less normal closing costs attributable to the seller of the condominium units, less any condominium unit assessment fees to be paid by the seller relative to the condominium units, less actual marketing fees and costs for the Lodge phase not to exceed 4% of the purchase price of each condominium unit at the Lodge Property which is sold (net of membership fees and real estate commissions), and less any other costs and expenses reasonably incurred by RPL with respect to the condominium project allocated on a unit-by-unit basis.

The promissory note relating to the Phase 3 property will bear interest at the per annum rate of 6.0%, and mature in four (4) years from the date of the deed conveying Phase 3 to RPL. The indebtedness evidenced by the Phase 3 promissory note will be repaid as subdivision lots in Phase 3 are sold (i.e., as subdivision lots are sold in Phase 3, payments will be made against the Phase 3 promissory note). "Net sales proceeds" shall be paid by RPL to Tellico for each lot sold in Phase 3 (in which case Tellico shall release the lien of the second deed of trust securing said promissory note from the lot sold). "Net sales proceeds" as used in the immediately preceding sentence shall be deemed the purchase price of each lot sold in Phase 3 (net of any discount given to the buyer of the lot by RPL), less the Required Partial Release Payment to be paid to the mortgage lender holding a first deed of trust lien on Phase 3, less a development fee payable to LTR equal to 12% of the purchase price of the lot, less real estate commissions, less membership fees/social yacht club membership deposits for Rarity Pointe Club, less normal closing costs attributable to the seller of the lots, and less actual marketing fees and costs for Phase 3 not to exceed 4% of the purchase price of each Phase 3 lot sold (net of membership fees and real estate commissions). "Required Partial Release Payment" as used above is anticipated to be 40% of the purchase price of each lot sold in Phase 3.

It is anticipated that the Lodge Phase promissory note will be secured by a second deed of trust on the Lodge Phase subordinate only to the deed of trust in favor of RPL's construction lender

for the Lodge Phase. It is anticipated that the Phase 3 promissory note will be secured by a second deed of trust on the Phase 3 property, with Tellico agreeing to subordinate said second deed of trust to the first deed of trust in favor of RPL's construction lender for the infrastructure costs for Phase 3 to be built on the Phase 3 property in an amount not to exceed \$2,500,000. Alternatively, to the extent that Tellico utilizes its existing line of credit loan with SunTrust Bank to finance the infrastructure costs for Phase 3 (with RPL agreeing to reimburse Tellico for such costs for Phase 3 and with RPL agreeing that such costs to be so financed will not exceed \$2,500,000), the second deed of trust to secure the Phase 3 promissory note will be subordinate to the deed of trust securing such existing line of credit loan and RPL will obtain the consent of SunTrust Bank to the second deed of trust.

To the extent that the foregoing provisions amend any prior agreements among Tellico, LTR, Ward S. Whelchel and Robert T. Stooksbury, Jr., the foregoing provisions shall control. To the extent that condominium units are not constructed and established on the Lodge Property, the original agreements among Tellico, LTR, Ward S. Whelchel and Robert T. Stooksbury, Jr. relative to the Lodge Property shall control.

EXHIBIT D

SECURED PROMISSORY NOTE

\$19,000,000.00

Knoxville, Tennessee
_____, 2005

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay TELLICO LANDING, LLC, a Tennessee limited liability company ("Holder"), or order, the principal sum of NINETEEN MILLION DOLLARS (\$19,000,000.00), which amount includes an amount of interest imputed at the rate of six percent (6.0%) per annum which will be owed at the Maturity Date. All principal and imputed interest shall be due and payable in full on or before _____, 2009 (the "Maturity Date"). Partial payments attributable to principal and imputed interest will be paid by Maker to Holder as lots in Phase 3 of Rarity Pointe ("Lots") are sold in accordance with the terms of the release provisions set forth in that Amendment to Real Estate Purchase and Sale Agreement dated as of December 31, 2004, among Maker, Holder and LTR Properties, Inc. (the "Amendment").

The following definitions are applicable to the respective words, terms and phrases used herein:

(a) The word "Maker" means all makers, comakers, and other parties executing this Note, and the use of the plural number shall include the singular, and vice versa, and in the event the Maker of this Note comprises two or more persons or entities, the indebtedness and other obligations hereof shall be deemed joint and several as to all such persons or entities.

(b) The word "Holder" shall mean and include all successors and assigns of any owner and holder of this Note.

Privilege is reserved to prepay at any time without premium or fee, the entire indebtedness or any part hereof.

The following shall constitute events of default hereunder:

1. Maker's failure to pay, when due, partial payments attributable to principal and imputed interest hereunder as Lots are sold;
2. Maker's failure to pay, when due, all remaining principal and imputed interest hereunder at the Maturity Date; and/or
3. If Maker shall otherwise default hereunder or under the Second Deed of Trust, and such default continues beyond applicable notice and cure periods provided for in the Second Deed of Trust.

Should the Maker default or otherwise fail to pay the unpaid balance hereof on or before the Maturity Date, or should any other event of default occur hereunder or under the Second Deed of Trust, then the entire indebtedness of the Maker shall, at option of Holder, become due

and payable at once. Failure to exercise this option shall not constitute a waiver on the part of the Holder of the right to exercise the same in the event of any subsequent event of default. If an event of default occurs hereunder, and if this Note is referred to an attorney-at-law for collection, the Maker agrees to pay all costs of collection including a reasonable attorney's fee. On and after the Maturity Date or the date of the occurrence of an event of default hereunder, this Note shall bear interest at the highest contract rate of interest permitted to be charged by law at maturity or the time of default, with said default interest to be calculated on the unpaid balance of this Note (which may include an amount for imputed interest).

This Note shall be secured by a second deed of trust on Phase 3 of Rarity Pointe (the "Second Deed of Trust") in accordance with the terms and provisions of the Amendment.

The Maker and endorsers hereof, if any, severally waive presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note, and expressly agree that this Note, or any nonpayment hereunder, may be extended from time to time without in any way affecting the liability of the Maker and endorsers hereof.

Payment of the indebtedness of this Note, together with any other indebtedness of Maker to Holder whether now existing or hereafter arising, shall be due and payable at once and without notice at the option of Holder upon default by Maker in respect to the performance of any obligations relating thereto remaining uncured after the lapse of any applicable grace period afforded Maker to cure such default.

RPL PROPERTIES, LLC

By: _____
Michael L. Ross,
Chief Manager

The Lodge
at
Rarity Pointe

OWNER'S REPRESENTATIVE
AND
PROJECT MANAGEMENT AGREEMENT

between

LTR Properties, Inc.
and
Lawler-Wood, LLC

Effective Date:

1/16/04

EXHIBIT E

THIS AGREEMENT is made to be effective as of the 16th day of January 2004 by and between LTR Properties, Inc., a corporation organized and existing under the laws of the State of Tennessee ("Owner") and Lawler-Wood, LLC, a Limited Liability Company organized and existing under the laws of the State of Tennessee ("Owner's Representative "and/or" Project Manager").

RECITALS

WHEREAS, the Owner has acquired approximately fifteen (15) acres located in Loudon County, Tennessee upon which it plans to develop a resort community, the first phase of which is tentatively planned (subject to Owner's final decision regarding the Scope of the Project) to include a condominium project consisting of approximately 120 units, together with a spa and restaurant, (the "Project");

WHEREAS, the Owner desires to employ the professional services of a qualified owner's representative/project manager to assist it in the development of the Project;

WHEREAS, the Project Manager has over twenty-eight years of experience in the development of real estate projects and has agreed to assist the Owner in developing the Project;

WHEREAS, the Owner and the Project Manager mutually desire to reduce to writing their agreements with respect to the Project Manager's work on the Project in an integrated agreement.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the Owner and Project Manager agree as follows:

1. *Effective Date:* The Owner and the Project Manager agree that this Agreement shall be effective on the date first written above.

2. *Term:* The Term of this Agreement shall commence on the Effective Date and shall terminate on the date when the Project Manager has received payment in full of all fees due hereunder and when Project Manager's obligations are fulfilled.

3. *Engagement:* The Owner hereby engages the Project Manager to provide services to the Owner (as are described in this Agreement) with respect to the Project and Project Manager accepts such engagement.

4. *General Description of Services:* The services performed by the Project Manager under this Agreement shall be segregated into two phases:

Phase I: Phase I involves pre-construction planning, scheduling, preliminary budgeting and coordination, selection of the development team for the Project, coordination of the development of conceptual plans and specifications, and initial marketing. Phase I begins on the Effective Date and ends on the date when, in the Owner's sole business judgment: (a) Owner has generated sufficient pre-sales to justify moving forward with full design and construction of the Project, and (b) when Owner has received a commitment letter from a commercial lender in scope and form satisfactory to Owner for the financing of the Project

Phase II: Phase II primarily involves the actual construction of the Project. Phase II begins when the Owner commissions the Architect to complete final design and ends on the date when construction is complete on the Project; punch list items have been addressed; systems debugged; vendor warranties in place; as-built plans delivered to the Owner and operating and systematic maintenance programs are in place.

The Project Manager shall perform all of its services under this Agreement in conformity with accepted industry standards.

5. *Description of Project Manager's Services in Phase I:* During Phase I, the Project Manager will use its best efforts to coordinate and assist in the efforts to complete all activities necessary for pre-construction planning, scheduling and approved budgeting.

The Project Manager's services during Phase I shall include coordinating the following activities:

- a. Site Analysis and Planning - Project Manager will coordinate the creation of a site plan showing alternative locations of all major structures, roadways, and improvements and alternate site configurations with specific parcel acquisition which would be required.
- b. Architect - Project Manager will manage and coordinate the efforts of the architect which the Owner has previously selected and will interview, qualify and recommend other consultants and a general contractor to complete the pre-construction planning for the Project. Project Manager will also assist the Owner in negotiating and executing contracts with said parties.
- c. Other Consultants - Project Manager will coordinate the process interview, qualify, recommend and retain consultants necessary to the project, such as, Geotechnical Engineer, Environmental Engineer, Materials and Testing Engineer, Surveyor, Spa Design, Audio-Visual and Data Engineer, Interior Design, FF&E, Serving and Food Service and Retail Design (if appropriate).
- d. Programming and Design - Project Manager will communicate to the Architect and other design professionals the Owner's expectations with regard to function, efficiency of space, financial parameters, environmental considerations and other specific design criteria. Project Manager will work with the design team to develop and refine designs and specifications for approval by the Owner.
- e. General Contractor - The Project Manager will consult with the Owner with regard to the most appropriate project delivery method for this project (e.g., design/build, lump sum, guaranteed maximum price). Project Manager will interview, qualify and recommend several contractors to receive either a request for proposal (RFP) or solicitation for bid. Once a general contractor is selected, the Project Manager will negotiate a recommended contract with the general contractor for the Owner's consideration and approval. The Project Manager will coordinate the development of preliminary budget pricing by the general contractor and will initiate

and coordinate value engineering efforts where appropriate. It is understood by the parties hereto that the Contractor shall procure builder's risk insurance and/or a bond in an amount satisfactory to Owner.

f. Project Budget and Schedule - Project Manager will take the lead in creating an overall development budget and development schedule for the Project for use during Phase I (the "Preliminary Budget" and "Preliminary Schedule") and will recommend such to the Owner for its review and approval.

g. Marketing - Upon completion and approval of the Preliminary Budget, the Owner will begin pre-selling Activities. The Project Manager will have no responsibilities for any marketing or pre-selling activities.

6. *Project Manager's Services in Phase II:* During Phase II, the Project Manager will use its best efforts to plan and manage the work necessary to complete the Project. The Project Manager's work during Phase II shall consist of:

a. Project Budget and Schedule: The Project Manager will refine the Preliminary Budget and Preliminary Schedule formulated in Phase I to reflect the final design. Once finalized, the Project Manager will recommend a budget and a project schedule and the Owner will approve a budget and schedule (the "Approved Budget" and "Approved Schedule"). The Approved Budget and Approved Schedule will be modified from time to time if changes are made to the Project by the Owner which represent an increase in the scope of the Project beyond that which is reflected in the design available at the time the original Approved Budget and Approved Schedule were issued or if the Owner otherwise causes the actual cost of the Project to increase. The Approved Budget and Approved Schedule will also be modified from time to time if changes are made to the Project by the Owner which represents a decrease in the scope of the Project as compared to that which is reflected in the design available at the time the original Approved Budget and Approved Schedule were issued. The Project Manager shall make no changes to the Scope of the Project without the prior consent of Owner.

b. Contract Development and Administration: The scope of the Project will require contractual agreements with a variety of parties. Project Manager will make recommendations to the Owner after negotiating contracts with the development team and other parties required for the completion of the Project (the "Contracts"). The Owner will review and approve said contracts. The Owner shall have complete discretion to approve any such contract prior to execution.

c. Financial: Project Manager will review and recommend appropriate disposition of all payment requests to the Owner and reconcile all Project expenditures to the Approved Budget. Project Manager will prepare periodic status reports for the Owner and will prepare any other reports that may be required by third parties in connection with the financial status of the Project.

d. Permitting - Project Manager will coordinate the approval process in connection with the issuance of building permit(s), temporary and final certificates of occupancy and periodic inspections coordinated by governmental officials. Project Manager will coordinate the governmental approval process with all relevant federal, state and local bodies, including TRDA, in connection with the issuance of building permit(s), temporary and final certificates of occupancy and periodic inspections by governmental officials. Provided that Owner's obligations, if any, under any state or federal law regulating the creation and/or operation of condominiums shall be coordinated by Owner's legal counsel.

e. Utilities - The Project Manager shall coordinate the work necessary to insure that all customary utility services shall be available to the Site.

f. Construction: During the actual construction of the Project, Project Manager will monitor construction and will coordinate the activities of the development

team necessary to complete the Project. Project Manager will also provide the following services:

- (1) *Progress Reports* - Project Manager will monitor contractor performance and contract compliance. Meetings with all members of the development team will be held regularly to determine the Project's progress. The Project Manager will prepare any project status reports required by the Owner.
- (2) *Modifications* - Project Manager will analyze the Project's progress, changes, alterations and methods proposed by the development team or special conditions or circumstances (such as, emergencies, materials shortages, work stoppages, etc.) found during the construction and make appropriate recommendations to Owner.
- (3) *Meetings* - Meetings between the Owner and Project Manager will be held throughout the construction phase of the project as requested by either of the two parties.
- (4) *Close-Out* - Project Manager will coordinate punch list completion, final inspection, and acceptance by the Owner.
- (5) *Final Accounting and Report of Project Completion* - Project Manager will prepare for the Owner's approval a final accounting.

g. Personnel: Project Manager will dedicate personnel necessary to adequately perform its obligations under this agreement.

h. Authority: The Project Manager will not have the authority to enter into binding contracts or commitments on behalf of the Owner with respect to the

construction of the Project unless specifically directed to by the Owner and will not be required to guarantee or otherwise assure the Owner's performance of any obligation in connection with the Project. The Project Manager will exercise due care in its recommendations to the Owner as to Architects, Engineers, Consultants and Contractors who the Project Manager believes are qualified to work on the Project, but does not guarantee or assure in any manner the adequacy of the performance by any such parties of their contractual or professional obligations to the Owner. The Project Manager is not functioning as a contractor, architect or engineer, financial consultant or attorney and shall have no responsibilities in these capacities in connection with the Project. The Project Manager shall not in any way be deemed to be guaranteeing the completion of this Project, its sale or lease-up, the ultimate cost of the Project, the construction in accordance with the plans and specifications, or the structural or mechanical integrity of the Project. The Project Manager may prepare draft contracts and/or agreements relating to the project for review by appropriate legal counsel of the Owner. The Owner acknowledges that it has financial and legal advisors who will review the terms of any contracts required for the Project and is not relying on the Project Manager for such services.

7. *Project Management Fees:* As compensation for its services on the Project, the Owner will pay to the Project Manager a fee in an amount equal to three percent (3%) of the Approved Budget (the "Fee") as may be modified pursuant to Paragraph 6(a) hereof. For purposes of computing the Fee, the Approved Budget shall exclude the cost of financing and legal and construction interest. The Fee shall be earned and paid in installments as follows:

a. Phase I: The Project Manager shall earn and the Owner shall pay to the Project Manager on a monthly basis beginning in the first month following the Effective Date and in each month thereafter until the end of Phase I, the sum of \$15,300.00 per month for the Phase I services ("Phase I Fee"). Such monthly payments

shall be due on or before the tenth (10th) day of the month. In addition to the Phase I Fee, the Owner shall pay to the Project Manager a "Success Fee" equal to the difference between the total Phase I Fee paid and \$183,600. The Success Fee shall be earned and payable within ten (10) days after the date when the Owner has generated sufficient pre-sells to justify moving forward with full design and construction.

b. Phase II: Beginning in the month following the month in which Phase II begins, the Project Manager shall earn and the Owner shall pay to the Project Manager a monthly sum computed as follows: the Fee, less the aggregate amount of the Phase I Fee and the Success Fee, divided by the number of months between the beginning of Phase II and the month during which the Project is projected to be substantially complete in the Approved Schedule (the "Phase II Fee"). Such monthly payments shall be due on or before the tenth (10th) day of the month following the month in which the payment is earned. In the event that all of the activities required for Phase II to end (as provided in Paragraph 4) occur prior to the month in which the Project was projected to be substantially complete in the Approved Schedule, the remaining portion of the Phase II Fee which is unpaid shall be due in lump sum. In the event that this agreement is terminated pursuant to Paragraph 8 hereof on a date other than the last day of a month, the monthly installment of the Phase II Fee earned by the Project Manager for such partial month shall be established on a pro rata basis. The final monthly payment of Phase II Fee shall be earned and due thirty (30) days after the Project is accepted by the Owner. If the Project is not otherwise terminated and is not completed prior to thirty-six (36) months after the effective date, the Project Manager shall be paid an extension fee to cover documented overhead not to exceed \$10,000.00 per month.

8. *Termination By Owner*: The Owner shall have the right to terminate this Agreement prior to the expiration of its term for cause upon the occurrence of one of the following events:

a. the abandonment of the Project by the Owner for any reason at any time prior to Substantial Completion for a continuous period of sixty (60) days. Abandonment shall mean the complete cessation of any efforts to design or construct the Project;

b. any material breach by the Project Manager of its obligations under this Agreement which is not cured by the Project Manager within sixty (60) days after written notice by the Owner;

c. an order, judgment or decree shall be ordered by any court of competent jurisdiction or the application of a creditor, adjudicating the Project Manager as bankrupt or insolvent or the Project Manager shall file a petition under the Federal Bankruptcy Code or any state insolvency statute.

d. Notwithstanding the above, Owner shall have the right, to be exercised in its sole discretion, to terminate this Agreement at any time prior to the completion of Phase I without cause upon thirty days written notice to Project Manager. Upon termination under this subsection 8 (d), Project Manager shall be entitled to payment for any fees earned through the date of termination.

In the event that any of the grounds listed in paragraph 8 above exist for the Owner to terminate this Agreement, the Owner shall give the Project Manager thirty (30) days prior written notice of its intention to terminate this Agreement and the Owner shall pay to the Project Manager any compensation which has been earned and may retain any portion of the Project Manager's compensation which is unearned at the date the termination is effective as its sole and exclusive remedy for the actions or inaction of the Project Manager. Provided, that if Project Manager is terminated under subsection 8 (b) or 8 (c), the Owner shall not waive or relinquish any rights that Owner may have to pursue any claims that it may have for damages against Project Manager.

Should the Owner terminate due to Abandonment, Owner agrees that, if within twenty-four (24) months after Abandonment, work on the Project resumes, it will grant Project Manager an exclusive thirty (30) day negotiating period within which to determine whether the Owner and Project Manager wish to enter into a new Project Management Agreement. The Owner shall have no right to terminate this Agreement prior to its expiration for any reason other than those set forth in this paragraph.

9. *Termination By Project Manager:* The Project Manager shall have the right to terminate this Agreement prior to the expiration of its term for cause upon the occurrence of one of the following events:

a. the abandonment of the Project by the Owner at any time prior to Substantial Completion for a continuous period of sixty (60) days. Abandonment shall mean the complete cessation of any efforts to complete design and construct the Project;

b. any material breach by the Owner of its obligations under this Agreement (including, but not limited to, the timely payment of fees due to the Project Manager hereunder), which is not cured by the Owner within sixty (60) days after written notice by the Project Manager, or;

c. an order, judgment or decree shall be ordered by any court of competent jurisdiction or the application of a creditor, adjudicating the Owner as bankrupt or insolvent or the Owner shall file a petition or seek protection under the Federal Bankruptcy Code or any state insolvency statute.

In the event that grounds exist for a termination by the Project Manager, the Project Manager shall give the Owner thirty (30) days prior written notice of its intention to terminate this Agreement. In the event of a termination by the Project Manager for grounds listed in Subparagraphs 9 (b) and (c) above, the Project Manager

shall retain all rights to pursue any claims that it may have for damages against the Owner. In the event of a termination by the Project Manager for grounds listed in Subparagraph 9 (a) above, the Project Manager shall be entitled to retain or recover any fees earned upon the effective date of such termination, but shall have no further claims against the Owner under this Agreement. The Project Manager shall not have the right to terminate this Agreement for any reason other than those set forth in this Paragraph.

10. *Expenses:* The Project Manager shall not be entitled to reimbursement for travel to and from the project site, lodging and in-house project accounting, phone, faxes, mail and other administrative and overhead expenses associated with the Project in addition to the fees set forth herein. All other direct expenses incurred by the Project Manager and approved by the Owner associated with the Project shall be reimbursed by the Owner.

11. *Changes in Scope of Services:* The Project Manager shall be entitled to additional compensation, the amount of which shall be mutually acceptable to the parties hereto, for services beyond those described in this Agreement. Such additional services and compensation shall be in writing and duly executed by the parties hereto.

12. *Insurance:* The Project Manager shall obtain and maintain commercial general liability insurance covering property damage or personal injuries caused by the Project Manager or its employees while working on the Project to the extent of not less than \$10,000,000 per occurrence. The Project Manager shall also procure and maintain worker's compensation or similar type insurance coverage of not less than \$500,000 on all employees and persons employed by the Project Manager on the Project. The Contractor selected by the Owner shall procure and maintain builder's risk insurance, with appropriate limits, covering the Project and shall list the Project Manager as an additional insured.

13. *Interest and Collection Costs:* Interest shall accrue on any payments not made when due to the Project Manager under this Agreement at the rate of ten percent (10%) per annum until paid. In addition, if suit is filed by either the Project Manager or the Owner to enforce the provisions of this Agreement, the prevailing party in such litigation shall be entitled to recover its litigation costs, including reasonable attorney's fees and expenses.

14. *Indemnification:* The Project Manager agrees to indemnify and hold the Owner harmless from and against any and all claims, losses, and liabilities arising out of or resulting from the Project Manager's failure to perform its obligations under this Contract (including, without limitation, enforcement of this Contract). The Owner agrees to indemnify and hold the Project Manager harmless from and against any and all claims, losses and liabilities arising out of or resulting from the Project other than those resulting from the Project Manager's failure to perform its obligations under this contract. The parties' indemnification obligations shall include payment of all costs and expenses incurred by the indemnified party in defense of any claim subject to the indemnification provisions of this section, including attorneys' fees.

15. *Relationship of the Parties:* It is the intention of the parties to create an Owner/Independent Contractor relationship. Nothing herein shall be construed to create a partnership, joint venture or other form of business organization not intended by the parties.

16. *Notices:* All notices given under this Agreement shall be in writing and addressed to the respective parties at the addresses shown below their signatures.

17. *Oral Modifications:* This Agreement may not be amended, modified, altered or changed in any respect whatsoever, except by a further agreement in writing duly executed by the parties hereto.

18. *Integration:* This Agreement constitutes the entire agreement of the parties hereto and the same may not be amended or modified orally. All understandings and agreements heretofore and between the parties are merged in this Agreement, which alone fully and completely expresses their understandings, provided that should any single provision or provisions of this Agreement be declared invalid, the validity of the remaining provisions shall not be impaired.

19. *Successors:* This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, personal representatives and assigns. This contract is not assignable by either party without the written consent of the other. Provided, that should the Owner transfer title to the property upon which the Project is located to another entity which has the financial capability to perform the Owner's obligations hereunder, the Owner shall have the right, without the consent of the Project Manager, to substitute such entity as Owner hereunder, and to assign to such entity all of Owner's rights and obligations under this Agreement, without recourse to Owner, upon thirty days notice to Project Manager.

20. *Forum Selection and Choice of Law:* The parties agree that this Agreement shall be governed by the laws of the State of Tennessee and that any action to enforce its provisions shall be brought only in the State Courts of Tennessee.

21. *Representation of Authority:* The representatives of the parties who execute this Agreement on behalf of their respective principals, represent and warrant that they have the authority to execute and bind the entity on whose behalf they are acting.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LAWLER-WOOD, LLC

By: Wm. Gary Brooker
Its: Vice President

900 S. Gay Street
1600 Riverview Tower
Knoxville, TN 37902

LTR PROPERTIES, INC.

By: [Signature]
Its: President

P.O. Box 5958
Maryville, TN. 37802

SECURED PROMISSORY NOTE

\$19,000,000.00

Knoxville, Tennessee
August 17, 2005

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay TELLICO LANDING, LLC, a Tennessee limited liability company ("Holder"), or order, the principal sum of NINETEEN MILLION DOLLARS (\$19,000,000.00), which amount includes an amount of interest imputed at the rate of six percent (6.0%) per annum which will be owed at the Maturity Date. All principal and imputed interest shall be due and payable in full on or before August 17, 2009 (the "Maturity Date"). Partial payments attributable to principal and imputed interest will be paid by Maker to Holder as lots in Phase 3 of Rarity Pointe ("Lots") are sold in accordance with the terms of the release provisions set forth in that Amendment to Real Estate Purchase and Sale Agreement dated as of December 31, 2004, among Maker, Holder and LTR Properties, Inc. (the "Amendment").

The following definitions are applicable to the respective words, terms and phrases used herein:

(a) The word "Maker" means all makers, comakers, and other parties executing this Note, and the use of the plural number shall include the singular, and vice versa, and in the event the Maker of this Note comprises two or more persons or entities, the indebtedness and other obligations hereof shall be deemed joint and several as to all such persons or entities.

(b) The word "Holder" shall mean and include all successors and assigns of any owner and holder of this Note.

Privilege is reserved to prepay at any time without premium or fee, the entire indebtedness or any part hereof.

The following shall constitute events of default hereunder:

1. Maker's failure to pay, when due, partial payments attributable to principal and imputed interest hereunder as Lots are sold;
2. Maker's failure to pay, when due, all remaining principal and imputed interest hereunder at the Maturity Date; and/or
3. If Maker shall otherwise default hereunder or under the Second Deed of Trust, and such default continues beyond applicable notice and cure periods provided for in the Second Deed of Trust.

Should the Maker default or otherwise fail to pay the unpaid balance hereof on or before the Maturity Date, or should any other event of default occur hereunder or under the Second Deed of Trust, then the entire indebtedness of the Maker shall, at option of Holder, become due and payable at once. Failure to exercise this option shall not constitute a waiver on the part of

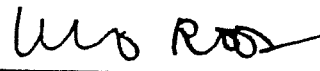
the Holder of the right to exercise the same in the event of any subsequent event of default. If an event of default occurs hereunder, and if this Note is referred to an attorney-at-law for collection, the Maker agrees to pay all costs of collection including a reasonable attorney's fee. On and after the Maturity Date or the date of the occurrence of an event of default hereunder, this Note shall bear interest at the highest contract rate of interest permitted to be charged by law at maturity or the time of default, with said default interest to be calculated on the unpaid balance of this Note (which may include an amount for imputed interest).

This Note shall be secured by a second deed of trust on Phase 3 of Rarity Pointe (the "Second Deed of Trust") in accordance with the terms and provisions of the Amendment.

The Maker and endorsers hereof, if any, severally waive presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note, and expressly agree that this Note, or any nonpayment hereunder, may be extended from time to time without in any way affecting the liability of the Maker and endorsers hereof.

Payment of the indebtedness of this Note, together with any other indebtedness of Maker to Holder whether now existing or hereafter arising, shall be due and payable at once and without notice at the option of Holder upon default by Maker in respect to the performance of any obligations relating thereto remaining uncured after the lapse of any applicable grace period afforded Maker to cure such default.

RPL PROPERTIES, LLC

By: 
Michael L. Ross,
Chief Manager

PROFITS AND LOSSES AGREEMENT

THIS PROFITS AND LOSSES AGREEMENT (the "Agreement") is entered into to be effective as of the 31st day of December, 2004 among RPL PROPERTIES, LLC, a Tennessee limited liability company ("RPL"), LTR PROPERTIES, INC., a Tennessee corporation ("LTR"), MICHAEL L. ROSS ("Ross"), WARD S. WHELCHER ("Whelchel") and ROBERT T. STOOKSBURY, JR. ("Stooksbury") concerning their agreements relating to the future operations of RPL Properties, LLC.

For Ten Dollars (\$10.00) and other good and valuable consideration, including the agreements contained herein, the receipt and legal sufficiency which are hereby acknowledged, the parties agree as follows:

1. Pursuant to the terms of that Real Estate Purchase and Sale Agreement dated May 28, 2004, as amended by that certain Amendment to Real Estate Purchase and Sale Agreement of even date herewith (collectively, the "Purchase Agreement"), Tellico Landing, LLC ("Tellico") has agreed to sell and RPL has agreed to purchase certain real property described in the Purchase Agreement (the "Property"). The parties hereto acknowledge receipt of such Purchase Agreement and agree to the terms thereof.

2. In the event RPL makes a profit, to be determined on an annual basis, after the development of the Property, based on sales of the Property and/or portions thereof, 50% of such profits shall be allocated and paid 25% (of total profits) to Whelchel as a consulting fee and 25% (of total profits) to Stooksbury as a consulting fee. As used in this paragraph, the word "profits" shall refer to net income and profits of RPL after payments due the first mortgage lender, after the payment of property taxes owed by RPL on the Property, after the payment of monies owed Tellico under the Purchase Agreement, and after normal and customary operating expenses of RPL. "Net income" as used in this Agreement shall be calculated under generally accepted accounting principles, constantly applied, excluding depreciation, amortization, income taxes (if applicable) and all other non-cash expenses. RPL will remit to Whelchel and Stooksbury their respective consulting fees as so determined on or before April 1 of each year following the year in which the profits were earned.

3. In the event RPL has losses, to be determined on an annual basis, after the development of the Property, based on sales of the Property and/or portions thereof, in consideration of the agreements in Paragraph 2 above, 50% of such losses shall be allocated 25% (of total losses) to Whelchel and 25% (of total losses) to Stooksbury. As used in this paragraph, the word "losses" shall refer to net losses of RPL resulting from net income of RPL less payments due the first mortgage lender, less the payment of property taxes owed by RPL on the Property, less the payment of monies owed Tellico under the Purchase Agreement, and less normal and customary operating expenses of RPL. Whelchel and Stooksbury agree that the amounts of their respective components of said losses shall be offset against any future consulting fees to be paid to them under Paragraph 2 above, or, to the extent that it is unlikely that Whelchel and Stooksbury will receive any further consulting fees under said Paragraph 2, Whelchel and Stooksbury each agree to refund to RPL the amounts of their respective

components of said losses out of the consulting fees which have been paid to them. To the extent Whelchel's and Stooksbury's components of said losses are not fully reimbursed out of the consulting fees which have been paid to them, RPL shall have the right to offset the balance of such losses of which they are responsible against proceeds that they would receive under the promissory notes executed by RPL and payable to Tellico which are described in the Purchase Agreement.

4. RPL agrees to provide LTR, Whelchel and Stooksbury with monthly and regular financial reports relating to the development of the Property, sales of the Property or portions thereof, and ongoing expenses and other revenues which will be used to compute "profit" and "losses" at the end of each year. RPL agrees that all such financial reports shall be compiled on a consistent basis using sound tax principles. LTR, Ross, Whelchel and Stooksbury shall have right to examine the books of RPL from time to time relative to such financial matters and reports. To the extent such an examination of the books of RPL reflects an understatement of profits or an overstatement of expenses of 5% or more, RPL will pay for the costs of such examination and shall pay to Whelchel and Stooksbury any additional consulting fees owed to them by reason of such recalculation. To the extent that any such understatement of profits or overstatement of expenses is less than 5%, the party requesting the examination to be conducted shall pay for the costs of examination and any monies owed hereunder by reason of the recalculation resulting from the examination shall be paid to or reimbursed to the party(s) owed the money within a reasonable period of time.

5. Ross is entering into this Agreement in his capacity as the sole member and Chief Manager of LTR and for the purpose of agreeing to cause LTR and RPL to perform their obligations set forth herein.

6. The parties agree that the terms and provisions hereof shall remain confidential to them and that such terms and provisions and a copy of this Agreement shall only be provided to their attorneys and accountants unless otherwise required by law or by agreement of the parties hereto to release such information to third parties.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

{Signatures on the following page}

IN WITNESS WHEREOF, the undersigned have entered into this Agreement to be effective as of the day and year first above written.

RPL PROPERTIES, LLC

By: Michael L. Ross
Michael L. Ross,
Chief Manager

Robert T. Stooksbury, Jr.
Robert T. Stooksbury, Jr.,
Individually

LTR PROPERTIES, INC.

By: Michael L. Ross
Michael L. Ross,
President

Michael L. Ross
Michael L. Ross,
Individually
Ward S. Whelchel
Ward S. Whelchel,
Individually

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT is entered into to be effective as of the 9th day of June, 2006, by and among Tellico Landing, LLC, a Tennessee limited liability company ("Tellico"), LTR Properties, Inc., a Tennessee corporation ("LTR") and LC Development Company, LLC, a Tennessee limited liability company ("LC"), relating to the acquisition by LC of certain properties currently owned by Tellico and being developed by LTR in connection with the Rarity Pointe development in Loudon County, Tennessee.

For the consideration identified on Exhibit B attached hereto and for other good and valuable consideration, the parties agree as follows:

1. Tellico hereby agrees to sell and LC hereby agrees to purchase that property identified on Exhibit A attached hereto ("Phase 4") for the price and consideration set forth on the term sheet attached hereto as Exhibit B (the "Purchase Price"). It is contemplated that the Purchase Price will be evidenced by a promissory note in the form attached as Exhibit C.

2. LTR, which has development rights with respect to the Rarity Pointe development, hereby consents to such transaction and also agrees to convey and transfer any interest it might have in and to Phase 4, in its capacity as developer, to LC at the closing hereunder.

3. At the closing hereunder, LC must acquire all of Phase 4, and not just part of such tract.

4. Closing hereunder must occur on or before December 31, 2006.

5. There will be no real estate commissions on the transaction described herein.

6. LC understands and acknowledges that Phase 4 will be conveyed subject to certain liens and encumbrances more particularly identified on Exhibit D attached hereto. In addition, LC agrees to subject Phase 4 with a supplemental declaration imposing those conditions, restrictions, and easements identified in that Declaration of Covenants and Restrictions of record in Trust Book 590, Page 1, as amended, in the Loudon County Register's Office, and to comply, at LC's expense, with all aspects and reasonable requirements of Tellico and LTR with respect to supplementing the Interstate Land Sales Act filing which Tellico and LTR have made in conjunction with existing phases of Rarity Pointe.

7. In the event closing does not occur hereunder on or before December 31, 2006, this Contract shall be deemed null and void and, as liquidated damages, LC agrees to provide to Tellico all drawings, surveys, environmental reports, plans and specifications and other data obtained and/or prepared by LC in connection with its contemplated development of Phase 4.

8. The only conditions precedent for LC's closing hereunder are (a) finding suitable financing for the infrastructure cost associated with developing Phase 4, and (b) Tellico being able to convey good and marketable title to LC free and clear of all encumbrances other than those matters set forth on Exhibit D.

IN WITNESS WHEREOF, the parties have entered into this Real Estate Purchase and Sale Agreement as of the day and year first above written.

TELLICO LANDING, LLC

LC DEVELOPMENT COMPANY, LLC

By:

Michael L. Ross,
Chief Manager

By:

Michael L. Ross,
Chief Manager

LTR PROPERTIES, INC.

ATTEST:

By:

Michael L. Ross,
President

Ward S. Whelchel, Secretary

Robert T. Stooksbury, Jr.,
Vice Manager

Exhibit A
(Description of "Phase 4")

Tract 1

Situated in District 3 Loudon County, Tennessee, and being a portion of that tract of land as described in Warranty Deed Book 281, Page 231 and that tract of land as described in Warranty Deed Book 268, Page 260 and being more particularly described as follows:

BEGINNING on an iron rod in the right-of-way line of Proposed Bower Court, and being the Southeast corner of Lot 286 of Rarity Pointe on Lake Tellico, Phase 3, as recorded in Plat Cabinet G, Slides 134 and 135 in the Register's Office for said Loudon County; thence from said POINT OF BEGINNING with said Bower Court N 47-02-10 E, 247.06 feet to an iron rod in the right-of-way line of Proposed Lighthouse Pointe Drive; thence with said Lighthouse Pointe Drive S 42-57-50 E, 70.00 feet to a point corner to Remaining Lands of Tellico Landings, LLC (Future Development); thence with Bower Court along a curve to the left, with a radius of 20.00 feet, an arc distance of 31.42 feet having a chord of N 87-57-50 W, 28.28 feet to an iron rod; thence S 47-02-10 W, 446.77 feet to an iron rod; thence along a curve to the right with a radius of 175.00 feet, an arc distance of 36.78 feet, having a chord of S 53-03-23 W, 36.71 feet to an iron rod; thence S 59-04-37 W, 52.13 feet to an iron rod; thence S 62-37-22 E, 96.59 feet to an iron rod; thence S 27-22-38 W, 615.94 feet to an iron rod; thence along a curve to the left with a radius of 175.00 feet, an arc distance of 228.01 feet, having a chord of S 09-56-57 E, 212.22 feet to an iron rod; thence with said boundary S 47-16-31 E, 203.50 feet to an iron rod in the line of the TVA Boundary for Tellico Lake; thence with said TVA Boundary for Tellico Lake the following thirty-one (31) calls: 1) S 62-04-53 W, 12.79 feet to TVA-Angle Iron 236-77; 2) S 42-11-52 W, 265.36 feet to TVA-Angle Iron 236-78; 3) S 16-36-04 W, 366.87 feet to TVA-Angle Iron 236-79; 4) S 33-39-22 W, 106.09 feet to TVA-Angle Iron 236-80; 5) S 72-36-16 W, 312.76 feet to TVA-Disk 236-81; 6) N 65-22-41 W, 69.02 feet to TVA-Angle Iron 236-82; 7) N 07-16-45 W, 35.99 feet to TVA-Angle Iron 236-83; 8) N 33-19-53 E, 208.69 feet to TVA-Angle Iron 236-84; 9) N 05-16-56 W, 51.02 feet to TVA-Angle Iron 236-85; 10) N 54-39-04 W, 44.71 feet to TVA-Disk 236-86; 11) N 59-07-41 W, 78.99 feet to TVA-Angle Iron 236-87; 12) N 04-20-17 W, 58.82 feet to TVA-Angle Iron 236-88; 13) N 34-29-43 E, 51.56 feet to TVA-Angle Iron 236-89; 14) N 58-16-19 E, 132.89 feet to TVA-Angle Iron 236-90; 15) N 49-52-53 E, 141.75 feet to TVA-Disk 236-91; 16) N 76-07-33 W, 241.00 feet to TVA-Angle Iron 236-92; 17) N 43-54-53 W, 142.25 feet to TVA-Angle Iron 236-93; 18) N 03-44-16 W, 207.21 feet to TVA-Angle Iron 236-94; 19) N 28-15-58 E, 394.59 feet to TVA-Angle Iron 236-95; 20) N 30-34-30 W, 59.72 feet to TVA-Disk 236-96; 21) N 64-13-51 E, 74.49 feet to TVA-Angle Iron 236-97; 22) S 72-24-51 E, 32.61 feet to TVA-Angle Iron 236-98; 23) N 86-11-04 E, 47.04 feet

to TVA-Angle Iron 236-99; 24) N 49-50-25 W, 39.08 feet to TVA-Angle Iron 236-100; 25) N 05-19-19 W, 56.72 feet to TVA-Disk 236-101; 26) N 62-00-15 E, 74.01 feet to TVA-Angle Iron 236-101A; 27) N 26-17-45 E, 62.72 feet to TVA-Angle Iron 236-103; 28) N 76-48-46 E, 45.02 feet to TVA-Angle Iron 236-104; 29) N 20-30-10 E, 158.42 feet to TVA-Angle Iron 236-105; 30) N 62-29-12 E, 104.76 feet to TVA-Angle Iron 236-106; 31) N 74-30-12 E, 88.90 feet to an iron rod in the line of Remaining Lands of Tellico Landing, LLC; thence with said Remaining Lands S 41-35-44 E, 104.47 feet to an iron rod; thence along a curve to the left with a radius of 175.00 feet, an arc distance of 67.95 feet, having a chord of S 52-43-06 E, 67.52 feet to an iron rod in the right-of-way line of Bower Court; thence with said right-of-way line N 59-04-37 E, 96.66 feet to an iron rod; thence along a curve to the left with a radius of 125.00 feet, an arc distance of 26.27 feet, having a chord of N 53-03-23 E, 26.22 feet to an iron rod; thence N 47-02-10 E, 219.71 feet to the POINT OF BEGINNING, containing 20.793 Acres, more or less, as described by Christopher M. Rosser, Tn RLS #1929 of STERLING Engineering, Inc., 1020 William Blount Drive, Maryville, Tennessee, 37801.

Tract 2

Situated in District 3 Loudon County, Tennessee, and being a portion of that tract of land as described in Warranty Deed Book 281, Page 231 and that tract of land as described in Warranty Deed Book 268, Page 260 and being more particularly described as follows:

BEGINNING on an iron rod at the TVA Boundary for Tellico Lake, said iron rod being S 03-56-44 W, 1290.57 feet from an iron rod corner to Lot 286 of Rarity Pointe on Lake Tellico, Phase 3, as recorded in Plat Cabinet G, Slides 134 and 135 in the Register's Office for said Loudon County, and corner to the Remaining Lands of Tellico Landings, LLC., ET AL; thence from said POINT OF BEGINNING with said Remaining Lands, the following thirty-six (36) calls: 1) S 47-16-31 E, 251.61 feet to an iron rod; thence 2) S 34-30-05 W, 101.27 feet to an iron rod; thence 3) along a curve to the right with a radius of 50.00 feet, an arc distance of 55.16 feet, having a chord of S 23-53-34 E, 52.41 feet to an iron rod; thence 4) along a curve to the left with a radius of 20.01 feet, an arc distance of 26.05 feet, having a chord of S 29-35-03 E, 24.25 feet to a point; thence 5) S 65-41-07 E, 128.52 feet to an iron rod; thence 6) along a curve to the left with a radius of 125.00 feet, an arc distance of 63.85 feet, having a chord of S 80-19-06 E, 63.16 feet to an iron rod; thence 7) N 85-02-54 E, 82.82 feet to an iron rod; thence 8) along a curve to the right with a radius of 175.00 feet, an arc distance of 137.56 feet, having a chord of S 72-25-56 E, 134.05 feet to an iron rod; thence 9) S 49-54-46 E, 224.13 feet to an iron rod; thence 10) along a curve to the left with a radius of 125.00 feet, an arc distance of 91.00 feet, having a chord of S 70-46-05 E, 89.00 feet to an iron rod; thence 11)

N 88-22-35 E, 151.38 feet to an iron rod; thence 12) along a curve to the left with a radius of 125.00 feet, an arc distance of 144.24 feet, having a chord of N 55-19-05 E, 136.37 feet to an iron rod; thence 13) N 22-15-34 E, 919.78 feet to an iron rod; thence 14) along a curve to the right with a radius of 345.00 feet, an arc distance of 120.67 feet, having a chord of N 32-16-47 E, 120.06 feet to an iron rod; thence 15) N 42-18-00 E, 106.25 feet to an iron rod; thence 16) along a curve to the right with a radius of 325.00 feet, an arc distance of 116.51 feet, having a chord of N 52-34-11 E, 115.88 feet to an iron rod; thence 17) N 62-50-22 E, 43.53 feet to an iron rod; thence along a curve to the left with a radius of 275.00 feet, an arc distance of 153.76 feet, having chord of N 46-49-19 E, 151.76 feet to an iron rod; thence 18) N 30-48-16 E, 24.26 feet to an iron rod; thence 19) along a curve to the left with a radius of 20.00 feet, an arc distance of 31.42 feet, having a chord of N 14-11-44 W, 28.28 feet to an iron rod in the right-of-way line of Proposed Lighthouse Pointe Drive; thence with said right-of-way 20) S 60-28-24 E, 88.20 feet to an iron rod corner to Remaining Lands of Tellico Landings, LLC, ET AL; thence leaving said Lighthouse Pointe Drive 21) along a curve to the left with a radius of 20.00 feet, an arc distance of 29.60 feet, having a chord of S 73-11-47 W, 26.97 feet to an iron rod; thence 22) S 30-48-16 W, 26.30 feet to an iron rod; thence 23) along a curve to the right with a radius of 325.00 feet, an arc distance of 181.71 feet, having a chord of S 46-49-19 W, 179.36 feet to an iron rod; thence 24) S 62-50-22 W, 43.53 feet to an iron rod; thence 25) along a curve to the left with a radius of 275.00 feet, an arc distance of 98.58 feet, having a chord of S 52-34-11 W, 98.06 feet to an iron rod; thence 26) S 42-18-00 W, 106.25 feet to an iron rod; thence along a curve to the left with a radius of 295.00 feet, an arc distance of 103.18 feet, having a chord of S 32-16-47 W, 102.66 feet to an iron rod; thence 27) S 22-15-34 W, 919.78 feet to an iron rod; thence 28) along a curve to the right with a radius of 175.00 feet, an arc distance of 34.02 feet, having a chord of S 27-49-45 W, 33.97 feet to an iron rod; thence 29) along a curve to the left with a radius of 20.00 feet, an arc distance of 32.05 feet, having a chord of S 12-30-14 E, 28.73 feet to an iron rod; thence 30) along a curve to the left with a radius of 125 feet, an arc distance of 230.75 feet, having a chord of N 68-42-33 E, 199.35 feet to an iron rod; thence 31) along a curve to the right with a radius of 175.00 feet, an arc distance of 123.92 feet, having a chord of N 36-06-40 E, 121.35 feet to an iron rod; thence 32) N 56-23-48 E, 130.61 feet to an iron rod; thence 33) N 64-47-09 E, 37.90 feet to an iron rod; thence 34) along a curve to the right with a radius of 50.00 feet, an arc distance of 2.49 feet, having a chord of N 66-12-54 E, 2.49 feet to an iron rod; thence 35) N 65-38-01 E, 126.25 feet to an iron rod; thence 36) S 86-17-49 E, 251.64 feet to an iron rod; thence with the TVA Boundary for Tellico Lake the following fifty-two (52) calls: 1) S 21-47-54 W, 89.10 feet to TVA-Disk 236-21; 2) S 72-31-12

W, 90.81 feet to TVA-Angle Iron 236-22; 3) S 33-01-40 W, 129.47 feet to TVA-Angle Iron 236-23; 4) S 64-51-28 W, 104.39 feet to TVA-Angle Iron 236-24; 5) S 56-23-32 W, 87.28 feet to TVA-Angle Iron 236-25; 6) S 13-09-37 W, 91.05 feet to TVA-Disk 236-26; 7) S 53-24-34 W, 208.25 feet to TVA-Angle Iron 236-27; 8) S 70-52-56 W, 100.57 feet to TVA-Angle Iron 236-28; 9) S 65-57-43 W, 167.58 feet to TVA-Angle Iron 236-29; 10) N 28-52-00 W, 115.52 feet to TVA-Angle Iron 236-30; 11) N 67-43-05 W, 97.70 feet to TVA-Angle Iron 236-30A; 12) S 53-11-40 W, 229.68 feet to TVA-Disk 236-31; 13) S 24-12-49 E, 132.81 feet to TVA-Angle Iron 236-32; 14) S 20-13-22 E, 61.68 feet to TVA-Angle Iron 236-33; 15) S 24-38-32 W, 283.31 feet to TVA-Angle Iron 236-34; 16) S 34-03-51 W, 143.32 feet to TVA-Angle Iron 236-35; 17) S 50-57-31 W, 183.90 feet to TVA-Angle Iron 236-36; 18) S 67-32-02 W, 109.77 feet to TVA-Disk 236-37; 19) S 79-44-58 W, 174.15 feet to TVA-Angle Iron 236-38; 20) N 80-13-51 W, 49.82 feet to TVA-Angle Iron 236-39; 21) S 28-41-09 W, 41.55 feet to TVA-Angle Iron 236-40; 22) S 61-24-46 W, 92.17 feet to TVA-Disk 236-41; 23) S 43-39-36 W, 39.38 feet to TVA-Angle Iron 236-42; 24) S 68-56-09 W, 254.90 feet to TVA-Angle Iron 236-43; 25) S 62-19-06 W, 267.63 feet to TVA-Angle Iron 236-44; 26) N 50-12-31 W, 64.68 feet to TVA-Angle Iron 236-45; 27) N 35-07-36 W, 92.70 feet to TVA-Disk 236-46; 28) N 26-38-47 W, 335.91 feet to TVA-Angle Iron 236-47; 29) N 11-28-33 W, 185.51 feet to TVA-Angle Iron 236-48; 30) N 45-18-43 E, 202.66 feet to TVA-Angle Iron 236-49; 31) N 32-15-34 E, 132.43 feet to TVA-Angle Iron 236-50; 32) N 40-58-42 E, 74.73 feet to TVA-Disk 236-51; 33) N 63-25-41 E, 135.20 feet to TVA-Angle Iron 236-52; 34) N 22-10-04 E, 81.66 feet to TVA-Angle Iron 236-53; 35) N 55-19-39 E, 260.38 feet to TVA-Angle Iron 236-54; 36) S 88-42-32 E, 118.20 feet to TVA-Angle Iron 236-55; 37) S 72-49-43 E, 74.35 feet to TVA-Angle Iron 236-56; 38) S 65-01-36 E, 160.72 feet to TVA-Angle Iron 236-58; 39) S 87-03-40 E, 190.56 feet to TVA-Angle Iron 236-59; 40) N 46-00-59 E, 76.86 feet to TVA-Angle Iron 236-59A; 41) N 01-36-18 W, 161.48 feet to TVA-Angle Iron 236-60; 42) N 49-53-53 W, 78.20 feet to TVA-Angle Iron 236-60A; 43) S 85-00-23 W, 150.80 feet to an iron rod; 44) N 65-47-15 W, 70.11 feet to TVA-Angle Iron 236-62; 45) S 78-45-33 W, 63.99 feet to TVA-Angle Iron 236-63; 46) N 35-10-48 W, 104.52 feet to TVA-Angle Iron 236-64; 47) N 85-32-40 W, 93.09 feet to TVA-Angle Iron 236-65; 48) N 56-14-34 W, 97.44 feet to TVA-Disk 236-66; 49) N 27-47-49 W, 93.83 feet to TVA-Angle Iron 236-67; 50) N 01-09-57 E, 147.83 feet to TVA-Angle Iron 236-68; 51) N 18-18-17 E, 148.05 feet to TVA-Angle Iron 236-69; 52) N 41-50-31 E, 133.68 feet to the POINT OF BEGINNING, containing 42.284 Acres, more or less, as described by Christopher M. Rosser, Tn RLS #1929 of STERLING Engineering, Inc., 1020 William Blount Drive, Maryville, Tennessee, 37801.

Exhibit B

The Purchase Price is \$25,000,000.00 for the Phase 4 Property. The Purchase Price will be evidenced by a negotiable promissory note executed by LC and payable to the order of Tellico.

The promissory note relating to the Phase 4 property will bear interest at the per annum rate of 7.75%, and mature in four (4) years from the date of the deed conveying Phase 4 to LC. The indebtedness evidenced by the Phase 4 promissory note will be repaid as subdivision lots in Phase 4 are sold (i.e., as subdivision lots are sold in Phase 4, payments will be made against the Phase 4 promissory note). "Net sales proceeds" shall be paid by LC to Tellico for each lot sold in Phase 4 (in which case Tellico shall release the lien of the second deed of trust securing said promissory note from the lot sold). "Net sales proceeds" as used in the immediately preceding sentence shall be deemed the purchase price of each lot sold in Phase 4 (net of any discount given to the buyer of the lot by LC), less the Required Partial Release Payment to be paid to the mortgage lender holding a first deed of trust lien on Phase 4, less a development fee payable to LTR equal to 12% of the purchase price of the lot, less real estate commissions, less membership fees/social yacht club membership deposits for Rarity Pointe Club, less normal closing costs attributable to the seller of the lots, and less actual marketing fees and costs for Phase 4 not to exceed 4% of the purchase price of each Phase 4 lot sold (net of membership fees and real estate commissions). "Required Partial Release Payment" as used above is anticipated to be 40% of the purchase price of each lot sold in Phase 4.

Tellico has the right to require that the Phase 4 promissory note be secured by a second deed of trust on the Phase 4 property, with Tellico agreeing to subordinate said second deed of trust (if one required) to the first deed of trust in favor of LC's construction lender for the infrastructure costs for Phase 4 to be built on the Phase 4 property in an amount not to exceed \$3,000,000. Alternatively, to the extent that Tellico utilizes its existing line of credit loan with SunTrust Bank to finance the infrastructure costs for Phase 4 (with LC agreeing to reimburse Tellico for such costs for Phase 4 and with LC agreeing that such costs to be so financed will not exceed \$3,000,000), any second deed of trust to secure the Phase 4 promissory note will be subordinate to the deed of trust securing such existing line of credit loan and LC will obtain the consent of SunTrust Bank to any such second deed of trust.

To the extent that the foregoing provisions amend any prior agreements among Tellico, LTR, Ward S. Whelchel and Robert T. Stooksbury, Jr., the foregoing provisions shall control.

EXHIBIT C

(Promissory Note Form)
SECURED PROMISSORY NOTE

\$25,000,000.00

Knoxville, Tennessee
June ____, 2006

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay TELLICO LANDING, LLC, a Tennessee limited liability company ("Holder"), or order, the principal sum of TWENTY-FIVE MILLION DOLLARS (\$25,000,000.00), which amount includes an amount of interest imputed at the rate of seven and three-quarters percent (7.75%) per annum which will be owed at the Maturity Date. All principal and imputed interest shall be due and payable in full on or before June ____, 2010 (the "Maturity Date"). Partial payments attributable to principal and imputed interest will be paid by Maker to Holder as lots in Phase 4 of Rarity Pointe ("Lots") are sold in accordance with the terms of the release provisions set forth in that Real Estate Purchase and Sale Agreement dated as of June 9, 2006, among Maker, Holder and LTR Properties, Inc. (the "Amendment").

The following definitions are applicable to the respective words, terms and phrases used herein:

(a) The word "Maker" means all makers, co-makers, and other parties executing this Note, and the use of the plural number shall include the singular, and vice versa, and in the event the Maker of this Note comprises two or more persons or entities, the indebtedness and other obligations hereof shall be deemed joint and several as to all such persons or entities.

(b) The word "Holder" shall mean and include all successors and assigns of any owner and holder of this Note.

Privilege is reserved to prepay at any time without premium or fee, the entire indebtedness or any part hereof.

The following shall constitute events of default hereunder:

1. Maker's failure to pay, when due, partial payments attributable to principal and imputed interest hereunder as Lots are sold;
2. Maker's failure to pay, when due, all remaining principal and imputed interest hereunder at the Maturity Date; and/or

3. If Maker shall otherwise default hereunder or under the Second Deed of Trust, and such default continues beyond applicable notice and cure periods provided for in the Second Deed of Trust.

Should the Maker default or otherwise fail to pay the unpaid balance hereof on or before the Maturity Date, or should any other event of default occur hereunder or under the Second Deed of Trust, then the entire indebtedness of the Maker shall, at option of Holder, become due and payable at once. Failure to exercise this option shall not constitute a waiver on the part of the Holder of the right to exercise the same in the event of any subsequent event of default. If an event of default occurs hereunder, and if this Note is referred to an attorney-at-law for collection, the Maker agrees to pay all costs of collection including a reasonable attorney's fee. On and after the Maturity Date or the date of the occurrence of an event of default hereunder, this Note shall bear interest at the highest contract rate of interest permitted to be charged by law at maturity or the time of default, with said default interest to be calculated on the unpaid balance of this Note (which may include an amount for imputed interest).

This Note may be secured by a second deed of trust on Phase 4 of Rarity Pointe (the "Second Deed of Trust") in accordance with the terms and provisions of the Amendment.

The Maker and endorsers hereof, if any, severally waive presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note, and expressly agree that this Note, or any nonpayment hereunder, may be extended from time to time without in any way affecting the liability of the Maker and endorsers hereof.

Payment of the indebtedness of this Note, together with any other indebtedness of Maker to Holder whether now existing or hereafter arising, shall be due and payable at once and without notice at the option of Holder upon default by Maker in respect to the performance of any obligations relating thereto remaining uncured after the lapse of any applicable grace period afforded Maker to cure such default.

LC DEVELOPMENT COMPANY, LLC

By: _____
Michael L. Ross,
Chief Manager

Exhibit D
(List of Permitted Encumbrances)

1. Taxes for the year 2006, which are a lien, but not yet due or payable, and all taxes for subsequent years.
2. Those restrictive covenants set forth in that Special Warranty Deed and Declaration of Restrictive Covenants dated December 22, 2003, from the United States of America, by and through its legal agent, the Tennessee Valley Authority, to Borrower, which instrument is recorded in Deed Book 281, page 231, in the Loudon County Register's Office.
3. All matters which will be depicted and disclosed on plat of property and lots, designated as being all of Phase 4 of Rarity Pointe, Loudon County, Tennessee, to be hereafter recorded in the Loudon County Register of Deed's Office, such plat having been prepared by Christopher M. Rosser, Tennessee License #1929, of Sterling Engineering, Inc., 1017 Hampshire Drive, Maryville, Tennessee, 37801, dated June 5, 2006, and bearing Project No. SEI #4839 and Drawing No. 4839-4-FS.
4. Restrictions, conditions, limitations, and easements and the development standards contained in Contract No. TV-60000A, as supplemented, between Tennessee Valley Authority acting on behalf of the United States of America and The Tellico Reservoir Development Agency of record in the Register's Office for Loudon County, Tennessee, in Trust Book 187, Page 819 (as supplemented, the "Contract"), which are applicable to residential designated property located in Loudon County, Tennessee acquired by The Tellico Reservoir Development Agency after the date of the Contract.
5. Deed of Trust, Assignment of Rents and Leases and Security Agreement for the benefit of SunTrust Bank, a Georgia banking corporation, of record in Trust Book 486, page 640, as amended by that First Amendment to Deed of Trust of record in Trust Book 587, page 154, as amended by that Second Amendment to Deed of Trust of record in Trust Book 646, page 354, as amended by that Third Amendment to Deed of Trust of record in Trust Book 691, page 226, as amended by that Fourth Amendment to Deed of Trust of record in Trust Book 699, page 406, and as amended by that Fifth Amendment to Deed of Trust of record in Trust Book 755, page 434, and as amended by that Sixth Amendment to Deed of Trust of record in Trust Book _____, page _____, all in the Loudon County Register's Office (collectively, the "Deed of Trust"), securing loans from SunTrust Bank to Grantor (collectively, the "Existing Loans").

PROFITS AND LOSSES AGREEMENT

THIS PROFITS AND LOSSES AGREEMENT (the "Agreement") is entered into to be effective as of the 19th day of June, 2006 among LC DEVELOPMENT COMPANY, LLC, a Tennessee limited liability company ("LC"), LTR PROPERTIES, INC., a Tennessee corporation ("LTR"), MICHAEL L. ROSS ("Ross"), WARD S. WHELCHER ("Whelchel") and ROBERT T. STOOKSBURY, JR. ("Stooksbury") concerning their agreements relating to the future operations of LC Development Company, LLC.

For Ten Dollars (\$10.00) and other good and valuable consideration, including the agreements contained herein, the receipt and legal sufficiency which are hereby acknowledged, the parties agree as follows:

19th 1. Pursuant to the terms of that Real Estate Purchase and Sale Agreement dated June 19th, 2006 (the "Purchase Agreement"), Tellico Landing, LLC ("Tellico") has agreed to sell and LC has agreed to purchase certain real property described in the Purchase Agreement (the "Property"). The parties hereto acknowledge receipt of such Purchase Agreement and agree to the terms thereof.

2. In the event LC makes a profit, to be determined on an annual basis, after the development of the Property, based on sales of the Property and/or portions thereof, 50% of such profits shall be allocated and paid 25% (of total profits) to Whelchel as a consulting fee and 25% (of total profits) to Stooksbury as a consulting fee. As used in this paragraph, the word "profits" shall refer to net income and profits of LC after payments due the first mortgage lender, after the payment of property taxes owed by LC on the Property, after the payment of monies owed Tellico under the Purchase Agreement, and after normal and customary operating expenses of LC. "Net income" as used in this Agreement shall be calculated under generally accepted accounting principles, constantly applied, excluding depreciation, amortization, income taxes (if applicable) and all other non-cash expenses. LC will remit to Whelchel and Stooksbury their respective consulting fees as so determined on or before April 1 of each year following the year in which the profits were earned.

3. In the event LC has losses, to be determined on an annual basis, after the development of the Property, based on sales of the Property and/or portions thereof, in consideration of the agreements in Paragraph 2 above, 50% of such losses shall be allocated 25% (of total losses) to Whelchel and 25% (of total losses) to Stooksbury. As used in this paragraph, the word "losses" shall refer to net losses of LC resulting from net income of LC less payments due the first mortgage lender, less the payment of property taxes owed by LC on the Property, less the payment of monies owed Tellico under the Purchase Agreement, and less normal and customary operating expenses of LC. Whelchel and Stooksbury agree that the amounts of their respective components of said losses shall be offset against any future consulting fees to be paid to them under Paragraph 2 above, or, to the extent that it is unlikely that Whelchel and Stooksbury will receive any further consulting fees under said Paragraph 2, Whelchel and Stooksbury each agree to refund to LC the amounts of their respective components of said losses

out of the consulting fees which have been paid to them. To the extent Whelchel's and Stooksbury's components of said losses are not fully reimbursed out of the consulting fees which have been paid to them, LC shall have the right to offset the balance of such losses of which they are responsible against proceeds that they would receive under the promissory notes executed by LC and payable to Tellico which are described in the Purchase Agreement.

4. LC agrees to provide LTR, Whelchel and Stooksbury with monthly and regular financial reports relating to the development of the Property, sales of the Property or portions thereof, and ongoing expenses and other revenues which will be used to compute "profit" and "losses" at the end of each year. LC agrees that all such financial reports shall be compiled on a consistent basis using sound tax principles. LTR, Ross, Whelchel and Stooksbury shall have right to examine the books of LC from time to time relative to such financial matters and reports. To the extent such an examination of the books of LC reflects an understatement of profits or an overstatement of expenses of 5% or more, LC will pay for the costs of such examination and shall pay to Whelchel and Stooksbury any additional consulting fees owed to them by reason of such recalculation. To the extent that any such understatement of profits or overstatement of expenses is less than 5%, the party requesting the examination to be conducted shall pay for the costs of examination and any monies owed hereunder by reason of the recalculation resulting from the examination shall be paid to or reimbursed to the party(s) owed the money within a reasonable period of time.

5. Ross is entering into this Agreement in his capacity as the sole member and Chief Manager of LTR and for the purpose of agreeing to cause LTR and LC to perform their obligations set forth herein.

6. The parties agree that the terms and provisions hereof shall remain confidential to them and that such terms and provisions and a copy of this Agreement shall only be provided to their attorneys and accountants unless otherwise required by law or by agreement of the parties hereto to release such information to third parties.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

{Signatures on the following page}

IN WITNESS WHEREOF, the undersigned have entered into this Agreement to be effective as of the day and year first above written.

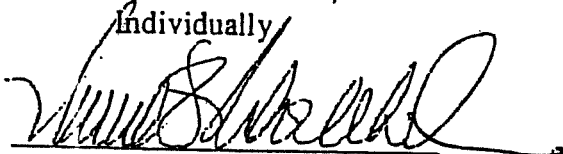
LC DEVELOPMENT COMPANY, LLC

By: _____
Michael L. Ross,
Chief Manager

Robert T. Stooksbury, Jr.,
Individually

LTR PROPERTIES, INC.

By: _____
Michael L. Ross,
President

Michael L. Ross,
Individually


Ward S. Welchel,
Individually