

Prepared by: Long, Ragsdale & Waters, P.C., 1111 Northshore Drive, N.W., Suite S-700,
Knoxville, Tennessee 37919

AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR RARITY BAY; AMENDMENT TO BYLAWS OF RARITY BAY COMMUNITY ASSOCIATION, INC.; ASSIGNMENT & ASSUMPTION OF DECLARANT'S RIGHTS AND OBLIGATIONS UNDER GOVERNING DOCUMENTS; AND DESIGNATION OF DECLARANT

THIS INSTRUMENT made as of the 1st day of January, 2010, by **Tellico Lake Properties, L.P.**, a Tennessee limited partnership ("TLP"), and **Rarity Management Company, LLC**, a Tennessee limited liability company ("RMC").

RECITALS

A. TLP has prepared and filed of record that certain Master Declaration of Covenants, Conditions and Restrictions for Rarity Bay recorded in Trust Book 444, Page 248, and noted in Book V, Page 232, in the Office of the Register of Deeds, Loudon County, Tennessee, and in Book M112, Page 323, and noted in Book 43, Page 232, in the Office of the Register of Deeds, Monroe County, Tennessee (which, as amended and supplemented of record, is hereinafter referred to as the "Master Declaration"). TLP is the "Declarant" under the Master Declaration.

B. Section 13.2(a) of the Master Declaration states, in pertinent part, "Until the end of the Development Period, the Declarant may unilaterally amend this Declaration for any purpose." The Development Period has not expired, and TLP, as the Declarant, desires to amend the Master Declaration as herein provided.

C. The By-Laws of Rarity Bay Community Association, Inc. (the "By-Laws") are recorded in Trust Book 979, page 216, in the office of the Register of Deeds of Loudon County, Tennessee, and in Book M192, page 481, in the office of the Register of Deeds for Monroe County, Tennessee. Section 13.10(a) of the By-Laws states, in pertinent part, "Until termination of the Development Period, the Declarant may unilaterally amend these By-Laws for any purpose." The Development Period has not expired, and TLP, as the Declarant, desires to amend the By-Laws as herein provided.

D. Section 11.1 of the Master Declaration states: "Any or all of the special rights and obligations of the Declarant set forth in the Governing Documents may be transferred or assigned in whole or in part to the Association or to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the By-Laws. Upon any such transfer, the Declarant shall be automatically released from any and all liability arising with respect to such transferred rights and obligations. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Records." TLP and RMC desire that RMC have the special rights and obligations of the Declarant under the Governing Documents.

E. Section 1.12 of the Master Declaration defines “Declarant” as follows: “Tellico Lake Properties, L.P., a Tennessee limited partnership, or any successor, successor-in-title, or assign who takes title to any portion of the property described on Exhibits ‘A’ or ‘B’ for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant; provided however, there shall be only one (1) ‘Declarant’ hereunder at any one time.” RMC has taken title to part of the property described on Exhibits “A” and “B” of the Master Declaration, and TLP and RMC desire to designate RMC as the Declarant under the Master Declaration.

NOW, THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms used herein and not defined shall have the meanings given them in the Master Declaration.
2. Amendment of Master Declaration. Pursuant to its right as Declarant under the Master Declaration, TLP hereby amends the Master Declaration as follows:

Effective as of the date first written above, Section 7.8 of the Master Declaration is deleted, and the following text is inserted in lieu thereof:

7.8. Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Unit on the date on which the Unit is conveyed to, or held by, a person other than the Declarant or any Exempt Person. The first annual General Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit. During the Development Period, this provision may not be changed without the consent of the Declarant. The term “Exempt Person” means any of the following: Tellico Lake Properties, L.P., a Tennessee limited partnership; Rarity Management Company, LLC, a Tennessee limited liability company; and any entity owned or controlled by Tellico Lake Properties, L.P. or Rarity Management Company, LLC; provided, however, that no such person shall be an Exempt Person with respect to a Unit after such Unit is first improved with any residence or other building.

3. Amendment of By-Laws. Pursuant to its right so to do as Declarant under the Master Declaration, TLP hereby amends the By-Laws as follows:

All references in the By-Laws to the “Declarant” shall, from and after the date hereof, mean Rarity Management Company, LLC, a Tennessee limited liability company, or any successors, successors-in-title, or assigns.

Without limiting the generality of the foregoing, section 2.10 is amended to read as follows: “ ‘Declarant’: Rarity Management Company, LLC, a Tennessee limited liability company, or any successors, successors-in-title, or assigns.”

4. Assignment & Assumption; Limitations. Pursuant to Section 11.1 of the Master Declaration, and subject to the terms of this instrument, TLP hereby does transfer and assign to RMC any and all of the special rights and obligations of TLP as the Declarant set forth in the Governing Documents. RMC hereby assumes all of the obligations of the Declarant set forth in the Governing Documents; provided, however, that RMC shall have no liability for acts of the Declarant occurring prior to the date hereof. TLP is hereby released from any and all liability arising with respect to the special rights and obligations of the Declarant transferred to RMC hereunder; provided, however, that such release shall apply only with respect to liability arising from and after the date hereof, and TLP shall remain liable for acts prior to the date hereof.

5. Designation of Declarant. Pursuant to Section 1.12 of the Master Declaration, RMC is hereby designated as the Declarant under the Master Declaration.

6. Limit on Amendment. The Master Declaration is hereby amended to include the following: Notwithstanding Section 13.2 of the Master Declaration or any other provision of the Master Declaration, neither RMC nor any successor Declarant or other party shall be entitled to amend the Master Declaration as it pertains to rights of Exempt Persons under Section 7.8 of the Master Declaration without the joinder of each Exempt Person whose rights would be affected by such amendment.

IN WITNESS WHEREOF, the undersigned parties have executed this instrument as of the date first above written.

TLP:

RMC:

TELLICO LAKE PROPERTIES, L.P.,
a Tennessee limited partnership

RARITY MANAGEMENT COMPANY, LLC,
a Tennessee limited liability company

By: TELLICO COMMUNITIES, INC.
Its: General Partner

By Rebecca Jordan
(signature)

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

Rebecca Jordan, Chief Manager
(Print name & title)

STATE OF Tennessee
COUNTY OF Blount

Before me, the undersigned notary public, of the state and county aforesaid, personally appeared **Michael L. Ross**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be president of **Tellico Communities, Inc.**, a Tennessee corporation that he acknowledged to be a general partner of **Tellico Lake Properties, L.P.**, the within named bargainor, a limited partnership, and that he as such president, executed the foregoing instrument for the purpose therein contained, by signing the name of the limited partnership (the bargainor) by himself as president of the corporation (on behalf of the corporation as general partner of the bargainor), being authorized so to do.

WITNESS my hand and seal this 1 day of January, 2010.

K. Tineall Nittolo
Notary Public

My commission expires: 8/24/11

K. Tineall Nittolo
Notary Public at Large
State of Tennessee
Monroe County
My Commission Expires
August 24, 2011

STATE OF Tennessee
COUNTY OF Blount

Before me, the undersigned notary public, of the state and county aforementioned, personally appeared Rebecca Bradan, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged her self to be Chief Manager of **Rarity Management Company, LLC**, the within named bargainor, a Tennessee limited liability company, and that She as such Chief Manager, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by her self as Chief Manager, being authorized so to do.

WITNESS my hand and seal this 1 day of January, 2010.

K. Tineall Nittolo
Notary Public

My commission expires: 8/24/11

K. Tineall Nittolo
Notary Public at Large
State of Tennessee
Monroe County
My Commission Expires
August 24, 2011

BK/PG: M208/715-718
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4 PGS : AL - AMENDED RESTRICTIONS	
DEB BATCH: 25321	
02/26/2010 - 03:41:31 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	22.00

STATE OF TENNESSEE, MONROE COUNTY
MILDRED ESTES
REGISTER OF DEEDS