

SETTLEMENT AGREEMENT

This Agreement is made this 17 day of December, 2015, by and between Salem Pointe Capital, LLC and Salem Pointe Capital Partners, a Tennessee General Partnership (collectively “SPC”) and Rarity Bay Community Association, Inc. (“RBCAI”).

WHEREAS, RBCAI is a property owners association for the Rarity Bay community and serves as the entity responsible for maintenance, operation, and control of the Rarity Bay common areas. RBCAI is also responsible for administering and enforcing the requirements of the governing documents of Rarity Bay;

WHEREAS, on or about October 30, 1998, Tellico Lake Properties, L.P., acting as Declarant for the Rarity Bay Subdivision, recorded the Master Declaration of Covenants, Conditions, and Restrictions for Rarity Bay (the “Master Declaration”) in Miscellaneous Book 112, Page 323, Monroe County Register of Deeds;

WHEREAS, on or about May 18, 2015, Sterling P. Owen, acting as Receiver for the Declarant for the Rarity Bay Subdivision, recorded the Fifth Amendment of Master Declaration of Covenants, Conditions, and Restrictions for Rarity Bay, Amendment of ByLaws for Rarity Bay Community Association, Inc., and Assignment of Declarant Rights Under Master Declaration (the “Fifth Amendment”) in Miscellaneous Book 249, Page 346, Monroe County Register of Deeds. Pursuant to the Fifth Amendment, Salem Pointe Capital, LLC was named the Declarant of Rarity Bay under the Master Declaration;

WHEREAS, on or about May 18, 2015, Salem Pointe Capital, LLC, acting as Declarant for the Rarity Bay Subdivision, recorded the Sixth Amendment of Master Declaration of Covenants, Conditions, and Restrictions for Rarity Bay and Amendment of ByLaws for Rarity

Bay Community Association, Inc. (the "Sixth Amendment") in Miscellaneous Book 249, Page 374, Monroe County Register of Deeds;

WHEREAS, on or about October 22, 2015, Salem Pointe Capital, LLC, acting as Declarant for the Rarity Bay Subdivision, recorded the Seventh Amendment of Master Declaration of Covenants, Conditions, and Restrictions for Rarity Bay and Amendment of ByLaws for Rarity Bay Community Association, Inc. (the "Seventh Amendment") in Miscellaneous Book 252, Page 584, Monroe County Register of Deeds:

WHEREAS, the parties hereto have agreed to certain terms of settlement related to the governance of Rarity Bay; the enforcement of the governing documents of Rarity; the use, ownership, and maintenance of the common areas and amenities of Rarity Bay; and SPC's obligations and contributions to the Rarity Bay community; and

WHEREAS, the parties hereto desire to memorialize the terms of settlement herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the parties agree as follows:

1. Assessment Exemption. The RBCAI acknowledges that any and all lots in Rarity Bay now owned or hereafter acquired by SPC (and any other qualifying Declarant-Related Entity or Exempt Person) shall be exempt from the RBCAI annual assessments. However, SPC agrees that it will self-impose a limited RBCAI annual assessment exemption for SPC (and any other qualifying Declarant-Related Entity or Exempt Person), being that RBCAI annual assessments will be paid by SPC (and any other qualifying Declarant-Related Entity) on all Rarity Bay lots held by SPC (and any other qualifying Declarant-Related Entity) *in excess of 250 Rarity Bay lots in inventory on the last day of the calendar year*. Any and all payment of annual assessment by SPC, if any, are to go to a mutually agreed upon infrastructure improvements.

2. Community Activity Center. SPC agrees that it will not seek to occupy, staff, use, or otherwise control the Rarity Bay Community Activity Center (and the office space located therein) in any manner during the 2016 calendar year only. Both parties expressly agree that certain "Rarity Bay promotional and marketing materials" for use by prospective residents shall be allowed to be placed in the Community Activity Center at all times.

3. Community Management Company. SPC agrees that RBCAI may continue to retain the services of First Service Residential under a new one (1) year contract, effective as of January 1, 2016, to serve as the community management company for Rarity Bay during the 2016 calendar year.

4. RBCAI Annual Election. SPC and the RBCAI agree that the 2016 RBCAI annual election will proceed as planned in April 2016, and SPC will not seek to remove any current members of the RBCAI Board, except in the event that a current member's actions may be determined by a vote of the Board to be "with cause," prior to the April 2016 RBCAI annual election. SPC agrees to formally rescind its November 20, 2015 request for a special meeting of RBCAI on December 20, 2015. SPC further agrees that SPC (and any other qualifying Declarant-Related Entity) will slate no more than 3 candidates (out of the 4 available RBCAI Board positions) for election to the RBCAI Board in the 2016 RBCAI annual election, as the parties acknowledge that SPC's representatives are not subject to the nomination process as set forth in the RBCAI ByLaws. The parties further agree that the 2016 RBCAI annual election will otherwise follow the normal nomination and election procedures as set forth in the ByLaws for the Rarity Bay Community Association, Inc. The parties further agree that SPC (and any other qualifying Declarant-Related Entity) may nominate any number of candidates, if it so chooses, for all open seats on the RBCAI Board commencing with the 2017 RBCAI annual election and thereafter. All

future nominations and elections shall continue to be held in accordance with the requirements of the ByLaws for the Rarity Bay Community Association, Inc.

5. Conveyance of Common Elements. RBCAI agrees that it will accept ownership and control of all infrastructure in Rarity Bay, including but not limited to, all roadways/streets, storm drains, sanitary sewer systems, and entranceways (the "Rarity Bay Infrastructure"). SPC agrees that it will formally convey any interest that may be held by SPC in such Rarity Bay Infrastructure to RBCAI pursuant to a Quit Claim Deed or Deeds, as necessary to memorialize RBCAI's ownership and control thereof. Thereafter, all maintenance, costs and expenses, of the Rarity Bay Infrastructure shall be the sole responsibility of RBCAI.

6. SPC Contribution to RBCAI. SPC will contribute \$100,000.00 to RBCAI over a period of approximately seven (7) years to assist RBCAI with general operating and maintenance expenses with payments due as follows:

- a. \$5,000.00 due on or before February 1, 2016
- b. \$10,000.00 due on or before February 1, 2017
- c. \$10,000.00 due on or before February 1, 2018
- d. \$15,000.00 due on or before February 1, 2019
- e. \$20,000.00 due on or before February 1, 2020
- f. \$20,000.00 due on or before February 1, 2021
- g. \$20,000.00 due on or before February 1, 2022

7. SPC Payment for Enhancement of Rarity Bay Entrance. SPC agrees that it will pay all costs to enhance, improve, and modify the entrance area for Rarity Bay and its associated features in accordance with plans and specifications promulgated by SPC. SPC will further agree

to pay all costs to maintain, in accordance with the SPC plan, the entrance area for Rarity Bay and its associated features for the 2016 and 2017 calendar years only.

8. Board Removal. The parties agree that SPC will use its unilateral removal power as to current RBCAI Board members *only in such instances* as a Board member is being removed “with cause” as set forth in the Master Declaration and the RBCAI ByLaws. In the event that any RBCAI Board member is being removed on a “without cause” basis, such removal shall be in accordance with the Master Declaration and the RBCAI ByLaws.

9. Bay Builders Program Exemption. The parties agree that the “Bay Builder Program” will be modified to the extent that any duly qualified “Builder” as defined in Section 1.40 of Amendment 7 of the Master Declaration, as amended, that is an approved qualified participant in the “Bay Builders Program” shall only receive a one (1) year limited RBCAI annual assessment exemption beginning upon the pulling of the construction permit on any Unit purchased in Rarity Bay for the purpose of constructing improvements for later sale to consumers. In any event, such assessment exemption shall not exceed twenty four (24) months from the date of the purchase of the Unit.

10. RBCAI Acceptance of Sixth and Seventh Amendment. RBCAI acknowledges that the ByLaws and/or the Master Declaration grant SPC, as the Declarant, certain amendable powers and rights over the ByLaws and Master Declaration during the Development Period, as defined in the Master Declaration. RBCAI agrees that it will abide by the terms of both the Sixth and Seventh Amendments as written and further agrees not take any action to challenge the enforcement and validity of the terms contained in both the Sixth and Seventh Amendments and SPC’s enforcement thereof now or at any time in the future.

11. Entire Agreement. The parties agree that this Agreement constitutes a full and final and complete settlement and release as to each of the parties hereto and contains the entire agreement and understanding of the parties with respect to the entire subject matter hereto, and there are no representations, inducements, promises warranties or agreements, oral or otherwise, not embodied herein. There are no conditions precedent to the effectiveness of this Agreement other than as stated herein, and there are no related collateral agreements existing between the parties that are not referenced herein. This Agreement shall be binding on the parties' successors and assigns.

12. No Modification or Waiver. This Agreement shall not be modified or amended except by a further written document signed by all the parties hereto. No provision hereof may be waived except by an agreement in writing signed by the waiving party. A waiver of any term or provision of this Agreement shall not be construed as a waiver of any other term or provision.

13. Advice of Counsel. The parties agree and represent that they have had the advice of counsel in executing this Agreement and no promise or representation of any kind, other than those contained in this Agreement, has been made by the parties released in this Agreement or anyone acting for them.

14. Severance. If any part of this Agreement is found unlawful or unenforceable, the remainder of this Agreement shall not be affected by that finding.

15. Effective Date. This Agreement shall become effective immediately upon execution by the parties.

16. Not Construed Against Any Party. Neither this Agreement nor its terms will be construed against any of the parties by reason of their participation in the drafting of this Agreement.

17. Enforcement of Agreement. This Agreement shall be governed by the laws of the State of Tennessee and shall be construed in accordance therewith. Any legal proceeding to enforce or interpret the terms of this Agreement shall be brought in the State and Federal Courts serving Monroe County, Tennessee. In the event any party initiates any legal proceeding to procure enforcement of any provision of this Agreement, the prevailing party in such proceeding shall be entitled to a judgment for reasonable expenses incurred in seeking enforcement of any provision of this Agreement including, but not limited to, attorneys' fees and costs.

18. Existence and Authorization. The parties hereto warrant and represent that they are individuals over the age of eighteen (18) or valid and existing legal entities at the time of the execution hereof and have appropriate authorization to enter into this Agreement.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns, divisions, subsidiaries and related entities, and their officers, directors, employees, agents, and representatives.

20. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

21. Further Assurances/Other Agreements. The parties hereto agree to execute any documents, instruments, deeds, assignments, releases, resolutions, corrections, amendments, agreements or papers of any character that may be necessary to effectuate the terms of this Agreement.

22. Non-Disparagement. The parties hereto agree that neither party will not now or in the future make disparaging statements or comment negatively about the other, its officers and management, and/or current or former employees, with comments that either party knows to be false or with reckless disregard to the truth of such comments or statements.

23. Execution in Counterparts. This Agreement may be signed by the parties in counterparts and such counterparts shall be binding as if signed together.

[SIGNATURES ON THE FOLLOWING PAGES]

RARITY BAY COMMUNITY ASSOCIATION, INC.

By: Barton D. Whitman

Its: President

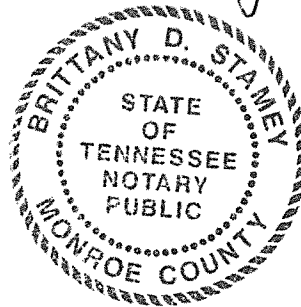
STATE OF TENNESSEE)
COUNTY OF Monroe)

Before me, a Notary Public of the State and County mentioned, personally appeared Barton D. Whitman, (with whom I am personally acquainted or proved to me on the basis of satisfactory evidence), and who upon oath, acknowledged himself/herself to be the President of RARITY BAY COMMUNITY ASSOCIATION, INC., the within named corporation, and that he/she as such, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal this 18 day of December, 2015.

Brittany D. Stamey
NOTARY PUBLIC

My Commission Expires: 5-30-2016



SALEM POINTE CAPITAL, LLC

By: [Signature]

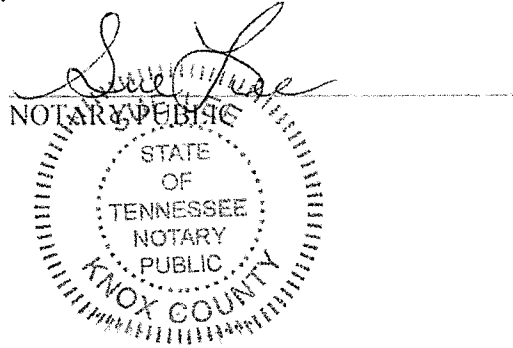
Its: President

STATE OF TENNESSEE)
COUNTY OF Knox)

Before me, a Notary Public of the State and County mentioned, personally appeared Michael Cyrus (with whom I am personally acquainted or proved to me on the basis of satisfactory evidence), and who upon oath, acknowledged himself/herself to be the President of SALEM POINTE CAPITAL, LLC the within named limited liability company, and that he/she as such, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal this 17th day of December, 2015.

My Commission Expires: May 5, 2019



SALEM POINTE CAPITAL PARTNERS

By: [Signature]

Its: MANAGING PARTNER

STATE OF TENNESSEE)
COUNTY OF TN)

Before me, a Notary Public of the State and County mentioned, personally appeared Matt Daniels, (with whom I am personally acquainted or proved to me on the basis of satisfactory evidence), and who upon oath, acknowledged himself/herself to be the Managing Partner of SALEM POINTE CAPITAL PARTNERS the within named General Partnership, and that he/she as such, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal this 17th day of December, 2015.

[Signature]
NOTARY PUBLIC

My Commission Expires: for commission expires August 14, 2019

