

Prepared by:

Janice K. Pridmore
Attorney, TVA
Chattanooga, TN 37402-2801

Recorded

Monroe County 7-29-94 WDB 2181544
Loudon County Not recorded
TVA Tract No. XTELR-158RE

GRANT OF RECREATIONAL EASEMENT

THIS INDENTURE, made and entered into by and between the UNITED STATES OF AMERICA (hereinafter sometimes referred to as the "GRANTOR"), acting herein by and through its legal agent, the TENNESSEE VALLEY AUTHORITY (hereinafter sometimes referred to as "TVA"), a corporation created and existing under an Act of Congress known as the Tennessee Valley Authority Act of 1933, as amended, and TELLICO LAKE PROPERTIES, L.P., a Tennessee limited partnership, with TELLICO COMMUNITIES, INC., a Tennessee corporation, as the general partner (hereinafter sometimes referred to as the "GRANTEE");

W I T N E S S E T H:

WHEREAS TVA is authorized by Public Law 87-852 to grant to an applicant, on behalf of the UNITED STATES OF AMERICA, such easement affecting federal property in its custody and control as TVA's Board of Directors determines will not be adverse to the interests of GRANTOR; and

WHEREAS, in considering GRANTEE's application, the Board of Directors of TVA has determined that the use of the land hereinafter described for the purposes hereinafter defined, and subject to the exceptions, reservations, covenants, or conditions hereinafter set forth, will not be adverse to the interests of the GRANTOR;

NOW, THEREFORE, in consideration of the sum of ONE HUNDRED SEVENTY-SEVEN THOUSAND AND NO/100 DOLLARS (\$177,000.00) to be paid in five installment payments, the first installment of THIRTY-FIVE THOUSAND FIVE HUNDRED FORTY AND NO/100 DOLLARS (\$35,540.00) being paid upon the execution hereof, the receipt hereof is hereby acknowledged, and four semiannual payments of THIRTY-NINE THOUSAND TWO HUNDRED EIGHTY AND NO/100 DOLLARS (\$39,280.00) to be paid on February 1, 1995, August 1, 1995, February 1, 1996, and August 2, 1996;

The UNITED STATES OF AMERICA, acting by and through TVA, does hereby bargain, sell, transfer, and convey unto GRANTEE, a permanent easement and right-of-way, subject to the exceptions, reservations, restrictions, and conditions hereinafter set forth for the following purposes, namely: the right to enter upon the hereinafter described Easement Area, and in accordance with plans approved in advance and in writing by TVA for private noncommercial recreation purposes with nonexclusive rights of ingress to and egress from the Tellico Reservoir, in, on, over, across, through, or under the Easement Area specifically described and shown in Exhibit A, which is attached hereto and made a part hereof.

Furthermore, the right to construct, operate, and maintain at locations and in accordance with plans approved in advance by TVA and in accordance with TVA's shoreline management plan as shown in Exhibit B, which is attached hereto and made a part hereof: (1) water-use facilities on and over the Easement Area

lying between the 820-foot contour elevation and the adjacent waters of the lake and in and on such waters; and (2) the right of suitable ingress and egress over said adjoining land to and from the waters of the lake and to and from all docks and other permissible facilities maintained in, on, or over said land or waters pursuant to the rights herein granted, all upon the express condition that said rights shall be subject to and shall not in any way interfere with TVA's statutory program for river control and development, including, but without limitation by reason of lack of specific enumeration, TVA's right to flood the Easement Area lying below 820-foot contour elevation or to do anything which TVA deems necessary or desirable in the promotion of public health, vector control, flood control, navigation, or other programs; and TVA shall not be liable for any loss or damage resulting therefrom.

Said Easement Area is to be an appurtenance to GRANTEE's backlying land as described in the Warranty Deed dated July 22, 1994, of record in the office of the Register of Monroe and Loudon Counties, Tennessee, and shall not be leased, sold, or otherwise alienated except as an appurtenance to the aforementioned land of the GRANTEE.

The GRANTOR reserves the right to maintain any existing boundary and traverse monuments and silt range stations upon the Easement Area described above.

The GRANTOR, its agents, or assigns shall not be liable for any loss or damage to the Easement Area or any improvements located thereon due to erosion or soakage of the Easement Area as a result of wave action, fluctuation of water levels, or other causes.

The GRANTOR reserves the right to deposit upon the Easement Area such larvicides, herbicides, and chemicals as may drift or blow onto said Easement Area from application of dusts, sprays, aerosols, or the like, over and upon other land in the same general vicinity in the conduct of GRANTOR's public health operations, without liability on the part of the GRANTOR, its agents, or assigns, for any personal injury or property damage which may result therefrom.

The easement rights herein described are conveyed subject to and shall not in any way interfere with the paramount rights of TVA and the GRANTOR to conduct TVA's statutory programs for river control and development, including, but without limitation by reason of lack of specific enumeration, TVA's right to do anything it deems necessary or desirable to promote public health, vector control, flood control, navigation, and other programs.

GRANTEE, by accepting this grant, covenants and agrees on behalf of itself, its successors and assigns, that the following shall constitute real covenants which shall attach to and run with the easement hereby granted, and which shall also be binding upon anyone who may hereafter come into ownership thereof, whether by purchase, devise, descent, or succession:

- (a) GRANTEE will control all emissions of pollutants that might be discharged directly or indirectly into the atmosphere, into any stream, lake, reservoir, watercourse, or surface or subterranean waters, or into or on the ground from any part of the Easement Area hereby conveyed or on adjoining land otherwise acquired by

GRANTEE, in full compliance with all applicable standards and requirements relating to pollution control of any kind now in effect or hereafter established by or pursuant to federal, state, or local statutes, ordinances, codes, or regulations.

If there is a discharge of a hazardous substance, material, or waste, or of any pollutant or other substance, in or from the Easement Area by any person or entity other than GRANTOR or TVA for which a cleanup, remediation, restoration, removal, or other action (hereinafter, individually and collectively, referred to as "environmental response") is ordered or required pursuant to any federal, state, or local statutes, ordinances, codes, or regulations (including, without limitation, discharges which spread or move in whole or in part beyond the Easement Area to other areas owned by GRANTOR), GRANTEE shall bear full responsibility for the cost (including, without limitation, natural resources damages and costs) of said environmental response, and shall not seek any contribution or indemnification from GRANTOR or TVA for all or any portion of said costs; provided, however, that nothing in this covenant is intended to or shall preclude GRANTEE from seeking indemnification or contribution from any other person or entity, and provided further that nothing herein shall create any rights in or be enforceable by any person or entity other than GRANTOR, TVA, or their respective successors and assigns.

(b) GRANTEE will conduct all land disturbing activities on the Easement Area in accordance with the best management practices as defined by Section 208 of the Clean Water Act and implementing regulations to control erosion and sedimentation so as to prevent adverse impact on water quality and related aquatic interests.

(c) GRANTEE will not construct buildings for human habitation on any portion of the Easement Area.

(d) GRANTEE will not construct buildings or structures of any nature on any portion of the Easement Area, except such as are constructed in accordance with plans which have been approved in advance and in writing by TVA.

(e) GRANTEE will not construct any docks or other structures of any nature on any portion of the Easement Area, except such as are constructed in accordance with plans which have been approved in advance and in writing by TVA and which are in conformance with the shoreline management plan contained in Exhibit B of this document and its references.

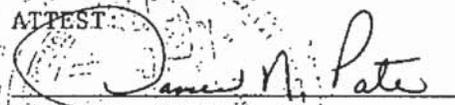
The GRANTOR and its assigns have the permanent and paramount right to temporarily and intermittently flood land which lies below the 820-foot contour elevation by virtue of the erection and operation of any dam or dams across the Tennessee River and its tributaries, and the further right to temporarily and

intermittently flood any portion of any road providing access to the area affected by the easement and right-of-way granted hereby which lies below the 820-foot contour elevation.

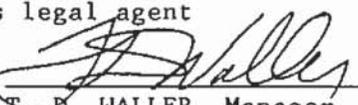
TO HAVE AND TO HOLD said easement and right-of-way unto the GRANTEE, its successors and assigns forever.

And TVA does hereby covenant that the GRANTOR is seized and possessed of the Easement Area; that TVA as legal agent of the GRANTOR is duly authorized to convey the defined easement and right-of-way in, on, over, across, through, or under the same; that said Easement Area is free and clear of liens and encumbrances; and that, subject to the exceptions, reservations, conditions, restrictions and/or limitations expressly mentioned above and incorporated herein as shown in said Exhibit B, it will warrant and defend the title thereto against the lawful demands of all persons claiming by, through, or under the GRANTOR, but not further or otherwise.

IN WITNESS WHEREOF, the Tennessee Valley Authority, acting herein as legal agent of the United States of America, and being duly authorized to do so, has caused this instrument to be executed in the name of the United States of America by its authorized officers and its corporate seal to be hereunto affixed this the 21st day of July, 1994.

ATTEST:

 JAMES N. PATE,
 Assistant Secretary

UNITED STATES OF AMERICA
 By TENNESSEE VALLEY AUTHORITY,
 its legal agent

By 
 T. D. WALLER, Manager
 Realty Administration

1st installment
FOR ACCOUNTING PURPOSES
TRACT NO. XTELR-158RE

	<u>AMOUNT</u>	<u>CR. ACCOUNT</u>
Land	\$ 30,740.	0001M XR
Admin + Engr.	<u>4,800</u>	00091CJ
Total	\$ 35,540	

C. R. NO. 1094-22 Date 8/12/94

EXHIBIT A

GRANT OF RECREATIONAL EASEMENT

TRACT NO. XTELR-158RE

Nine shoreline parcels of land located in the First Civil District of Loudon County and the Second Civil District of Monroe County on the west shore of the Little Tennessee River impoundment and the east shore of the Bat Creek embayment of the Tellico Reservoir in the area remotely surrounding the Tipton Cemetery. The cemetery and the easement parcels are referenced herein with respect to the Tennessee State Coordinate System and are shown on US-TVA Drawing 65MS421K520-94. The easement parcels referenced are more particularly described as follows:

PARCEL A

Beginning at a point (Coordinates: North 455,390, East 2,519,036) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a westerly direction 1030 feet to a point (Coordinates: North 455,989, East 2,518,402; thence leaving the contour line South 76° 17' East approximately 270 feet to a point at the water's edge of the Tellico Reservoir; thence with the waters edge in an easterly direction to a point; thence leaving the water's edge South 83° 38' West approximately 26 feet to the point of beginning and containing 1.57 acres, more or less, all of which lies in Monroe County.

PARCEL B

Beginning at a point (Coordinates: North 456,114, East 2,518,532) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a northeasterly direction 8010 feet to a point (Coordinates: North 459792, East 2523463); thence leaving the contour line South 88° 26' East approximately 85 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a southwesterly direction to a point; thence leaving the water's edge North 74° 22' West approximately 42 feet to the point of beginning and containing 8.12 acres, more or less, 2.26 acres of which lies in Monroe County and the remainder of which lies in Loudon County.

PARCEL C

Beginning at a point (Coordinates: North 462,110, East 2,523,304) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a northwesterly direction 184 feet to a point (Coordinates: North 462,253, East 2,523,197); thence leaving the contour line North 43° 44' East approximately 38 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a southeasterly direction to a point; thence leaving the water's edge South 48° 29' West approximately 53 feet to the point of beginning and containing 0.17 acres, more or less, all of which lies in Loudon County.

PARCEL D

Beginning at a point (Coordinates: North 462,712, East 2,523,143) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a northwesterly direction 5759 feet to a point (Coordinates: North 463,747, East 2,521,996); thence leaving the contour line South 67° 12' West approximately 69 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a southeasterly direction to a point; thence leaving the water's edge North 89° 46' West approximately 119 feet to the point of beginning and containing 6.16 acres, more or less, all of which lies in Loudon County.

PARCEL E

Beginning at a point (Coordinates: North 463,420, East 2,522,167) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a southerly direction 2607 feet to a point (Coordinates: North 462,616, East 2,521,387); thence leaving the contour line South 26° 31' East approximately 65 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a northerly direction to a point; thence leaving the water's edge North 78° 14' East approximately 90 feet to the point of beginning and containing 2.34 acres, more or less, all of which lies in Loudon County.

PARCEL F

Beginning at a point (Coordinates: North 462,197, East 2,521,882) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a southerly direction 5829 feet to a point (Coordinates: North 460,104, East 2,520,458); thence leaving the contour line South 0° 58' East approximately 78 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a northerly direction to a point; thence leaving the water's edge South 77° 11' East approximately 116 feet to the point of beginning and containing 7.48 acres, more or less, all of which lies in Loudon County.

PARCEL G

Beginning at a point (Coordinates: North 459,968, East 2,520,590) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a southerly direction 785 feet to a point (Coordinates: North 459,458, East 2,520,092); thence leaving the contour line South 69° 09' West approximately 95 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a northerly direction to a point; thence leaving the water's edge North 89° 24' East approximately 70 feet to the point of beginning and containing 0.87 acres, more or less, all of which lies in Loudon County.

PARCEL H

Beginning at a point (Coordinates: North 458,611, East 2,519,701) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a southerly direction 3287 feet to a point (Coordinates: North 456,487, East 2,517,708); thence leaving the contour line North 89° 13 West approximately 33 feet to a point at the water's edge in a Northerly direction to a point; thence leaving the water's edge South 1° 30 West, approximately 90 feet to the point of beginning and containing 5.39 acres, more or less, all of which lies in Loudon County.

PARCEL I

Beginning at a point (Coordinates: North 456,336, East 2,517,694) in the 820-foot mean sea level elevation contour line; thence with the said contour line as it meanders in a southwesterly direction 7408 feet to a point under the centerline of the Tennessee Highway No. 72 bridge over Bat Creek; thence leaving the contour line North 03° 10' East approximately 61 feet to a point at the water's edge of the Tellico Reservoir; thence along the waters edge in a northeasterly direction to a point; thence leaving the water's edge South 86° 53' East, approximately 60 feet to the point of beginning and containing 11.67 acres, more or less, all of which lies in Monroe County.

The easement herein granted is conveyed subject to such rights as may be vested in third parties to rights-of-way for a road, electric power distribution lines, telephone lines, a gas pipeline, and to outstanding rights to Tipton Cemetery.

TIPTON CEMETERY

The above-mentioned coordinated points which define the limits of the easement parcels are referenced to the four corners of the aforementioned Tipton Cemetery by the following Tennessee State Coordinate System points:

South corner of cemetery	North 458,698	East 2,522,682
West corner of cemetery	North 458,740	East 2,522,592
North corner of cemetery	North 458,829	East 2,522,636
East corner of cemetery	North 458,787	East 2,522,727

This description prepared from a boundary survey by:

Robert H. Chappell, RLS
Tennessee Valley Authority
Haney Building 2A
1101 Market Street
Chattanooga, TN 37402-2801
TN License No. 857

The above-described property was acquired by the Grantor by virtue of the following warranty deeds and judgement:

Warranty Deed dated July 26, 1968, from Harvey M. Gray et ux., of record in Deed Book 106, page 182, (TVA Tract TELR-5017);

Warranty Deed dated August 21, 1968, from Bert Rogers and Annie Rogers of record in Deed Book 106, page 364, (TVA Tract TELR-1704);

Warranty Deed dated October 8, 1969, from Howard Bivens et al., of record in Deed Book 110, page 744, and Warranty Deed dated October 13, 1969, from Jeanette Bivens Axley of record in Deed Book 110, page 740, (TVA Tract TELR-1703);

Judgement dated August 18, 1976, from Tamela R. Boone et al., of record in Deed Book 138, page 492, and by Warranty Deed from Angela C. Boone et al., dated January 28, 1972, of record in Deed Book 132, page 128, (TVA Tract TELR-1702);

Warranty Deed dated September 19, 1968, from C. F. Tallent et ux., of record in Deed Book 106, page 518, (TVA Tract TELR-5006);

Warranty Deed dated August 6, 1968, from June Rose J. Porter et vir, of record in Deed Book 106, page 253, (TVA Tract TELR-5007);

Warranty Deed dated November 18, 1968, from Margaret Ellen J. Sheets et vir, of record in Deed Book 107, page 233, (TVA Tract TELR-5008);

All of the above instruments are of record in the office of the Register of Deeds of Monroe County, Tennessee; and

Warranty Deed dated July 26, 1968, from Harvey M. Gray et ux., of record in Deed Book 89, page 346, (TVA Tract TELR-5017);

Warranty Deed dated November 18, 1968, from Margaret Ellen J. Sheets et vir, of record in Deed Book 91, page 185, (TVA Tract TELR-5008);

Warranty Deed dated October 10, 1968, from Gordon S. Harris of record in Deed Book 90, page 438, (TVA Tract TELR-5016);

Warranty Deed dated July 31, 1968, from Lee Chambers et ux., of record in Deed Book 89, page 375, (TVA Tract TELR-5014);

Warranty Deed dated July 25, 1969, from Clyde Porter et ux., of record in Deed Book 94, page 274, (TVA Tract TELR-5020);

Warranty Deed dated September 16, 1970, from J. D. Lee et ux., of record in Deed Book 99, page 491, (TVA Tract TELR-1001);

Warranty Deed dated April 30, 1970, from J. C. Hitch et ux., of record in Deed Book 97, page 489, (TVA Tract TELR-905);

All of the above deeds are of record in the office of the Register of Deeds of Loudon County, Tennessee.

EXHIBIT B

GRANT OF RECREATIONAL EASEMENT

Shoreline Management Plan for
Rarity Bay Peninsula on Bat Creek
and the Little Tennessee River
of Tellico Reservoir

This shoreline management plan, made a part of the grant of easement for Tract No. XTELR-158RE, was developed to minimize potential impacts of adjacent residential development and use on water quality, wildlife habitat, wetlands, cultural and archaeological resources, navigation, and natural visual characteristics of the TVA land located between the 820-foot contour elevation and the waters of Tellico Reservoir. The plan, along with other documents referenced herein, provides strict guidance for administration and control of activities proposed on the Easement Area.

The Easement Area is divided into nine units designated as Parcels A, B, C, D, E, F, G, H, and I that are specifically described in the legal description and exhibit map for TVA Tract No. XTELR-158RE. The actual limits of the easement parcels and residential zones shall be marked on the ground in advance of development of Rarity Bay neighborhoods. The activities to be permitted include: access paths, construction of boat docks, boathouses, boardwalks, piers, marine railways, boat launching ramps, vegetation thinning and planting, bank stabilization, and utility installation. Standard plans for water-use facilities are discussed in section K contained herein and shown on the standard drawings labeled Attachment I, which is attached hereto and made a part hereof. All land-disturbing activities, alterations of vegetation, and construction activities require prior approval in writing from TVA.

In addition to the protective covenants developed for the Easement Area, GRANTEE will ensure establishment and protection of a wildlife corridor along the shoreline from the State Route 72 bridge to Bat Creek mile 2.2. This shoreline corridor shall have a minimum width of 100 feet and shall be protected by deed restrictions approved in advance by TVA. Pedestrian access to private or community docking facilities shall be permitted at specified locations within this corridor. However, no more than two access paths shall be permitted within any 240-foot segment of the shoreline. Hiking trails and golf cart paths or trails shall be permitted provided they are routed to minimize potential impacts to the corridors. Removal of canopy and understory vegetation shall be kept to a minimum, and such removal shall be consistent with TVA guidelines. A vegetation management plan shall be approved in advance by TVA before the removal of any vegetation.

Two additional permanent wildlife movement corridors shall be established as shown on the map exhibit identified as "Bat Creek Peninsula" included in TVA's final environmental assessment (March 1994) and the Land Use Plan for Rarity Bay on Lake Tellico, Volume II of the Master Plan for Rarity Bay on Lake Tellico (approved July 6, 1994). This exhibit map is hereinafter referred to as the

"Restriction Map.". These corridors shall have a minimum width of 150 feet and other specifications as approved in advance by TVA, and shall be included as a restrictive covenant in the deeds transferring title to said land, which covenant shall attach to and run with the land.

The following general and specific requirements and conditions shall apply to the Easement Area:

- (a) Along shoreline areas protected for navigation, boardwalks shall be permitted. Within 50 feet of navigation aids or safety landings, no docks or permanent or seasonal boat mooring shall be permitted.
- (b) Where permitted by TVA, shoreline stabilization shall be accomplished by use of acceptable bioengineered methods (e.g., shoreline vegetation planting of native vegetation). Riprap shall be used only in situations where vegetation plantings or bioengineered solutions are not practical as determined by TVA. No retaining walls shall be permitted.
- (c) Existing shoreline vegetation shall be preserved below the 820-foot contour elevation. A vegetative management plan fronting each phase of subdivision development or common area shall be reviewed and approved by TVA in advance of any vegetation thinning, planting, or removal for access paths on the Easement Area.
- (d) The Easement Area shall be managed to maintain and develop a vegetated zone to (1) provide a visually pleasing and natural shoreline, (2) protect water quality by filtering runoff from adjacent developed areas, and (3) provide habitat for wildlife. Pathways shall be permitted across the Easement Area to access TVA-approved private or communal docking facilities. Cleared access to communal docks or water-use facilities shall not exceed ten feet in width. Cleared access to private individual docks or water-use facilities shall not exceed six feet in width. Minimal thinning/alteration of vegetation shall be allowed in accordance with the vegetation management plan. Vegetation alteration and maintenance shall be limited to 20 feet on either side of the access path.
- (e) Docks may not be recessed into the shoreline (i.e., excavated into the bank). Dredging is discouraged and shall only be considered [consistent with any state, TVA, and/or United States Army Corps of Engineers (hereinafter referred to as "USACE") requirements] in areas where no practical alternative for access is available.
- (f) No facilities, except water-use facilities, shall be permitted below the 820-foot contour elevation unless approved by TVA as a part of an interpretive trail for communal benefit.
- (g) A maximum of 400 wet or dry community-use boat storage spaces shall be permitted; however, amenities (such as fuel, bait, food, marine repairs) typically provided at commercial marinas are prohibited.

Community dock facilities in the Bat Creek embayment are limited to a maximum of 150 units. Locations for community facilities are to front portions of Parcels A, B, C, F, and G.

- (h) Activities which disturb land or vegetation, or construction of trails or communal boardwalks are strictly prohibited on the TVA shoreline property not included in the Easement Area unless approved by TVA as an interpretive trail. An interpretive trail shall be for education purposes only and shall require issuance of a land-use permit or license agreement. No more than two such trails shall be permitted.
- (i) No water-use facilities shall be permitted to extend greater than five feet lakeward from the 813-foot contour elevation in navigation restriction zones shown on said Restriction Map.
- (j) All navigation restricted areas, wetlands, sensitive wildlife habitat areas, and archaeological or cultural resource areas shown on the Restriction Map or identified by TVA during future field review shall be protected and administered in accordance with TVA's guidelines presented in the final environmental assessment (March 1994) or other guidelines and/or restrictions deemed appropriate by TVA.
- (k) Water-use facilities such as boat docks, boathouses, boardwalks, piers, and marine railways shall conform to the standard drawings as shown in said Attachment I. Once proposed facilities are approved in advance by TVA and USACE, construction shall be completed within two years of approval and said facilities shall be kept in a good state of repair as to appearance and safety. Dilapidated and unsightly facilities, as determined by TVA inspection, shall be repaired or removed within 60 days from the date of written or posted notice. Such repair or removal shall be at the owner's expense.

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