

DATE OF THIS REPORT: OCTOBER 6, 1995

NAME OF DEVELOPER: PATTEN CORPORATION

NAME OF SUBDIVISION: INDIAN SHADOWS SUBDIVISION

If you received this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the Seller any time before midnight of the seventh day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two years from the date of signing.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

This Report is prepared and issued by the Developer of this Subdivision. It is NOT prepared or issued by the Federal Government.

**READ THIS
PROPERTY REPORT
BEFORE SIGNING
ANYTHING**

PAGE NUMBER

TABLE OF CONTENTS

3 RISKS OF BUYING LAND, WARNINGS

4 GENERAL INFORMATION

5 TITLE TO THE PROPERTY AND LAND USE

5 Method of Sale

5 Encumbrances, Mortgages and Liens

5 Recording the Contract and Deed

5 Payments

6 Restrictions on the Use of Your Lot

6 Plats, Zoning, Surveying, Permits and Environment

8 ROADS

11 Access to the Subdivision

11 Access within the Subdivision

11 UTILITIES

13 Water

13 Sewer

13 Electricity

15 Telephone

15 Fuel or Other Energy Source

17 FINANCIAL INFORMATION

18 LOCAL SERVICES

18 Fire Protection

18 Police Protection

18 Schools

18 Hospitals

18 Physicians and Dentists

18 Shopping Facilities

18 Mail Service

19 Public Transportation

20 RECREATIONAL FACILITIES

TABLE OF CONTENTS

PAGE
NUMBER

21	.....	<u>SUBDIVISION CHARACTERISTICS AND CLIMATE</u>
21	.....	General Topography
21	.....	Water Coverage
21	.....	Drainage and Fill
21	.....	Flood Plain
21	.....	Flooding and Soil Erosion
21	.....	Nuisances
22	.....	Hazards
22	.....	Climate
22	.....	Occupancy
23	.....	<u>ADDITIONAL INFORMATION</u>
23	.....	Taxes
23	.....	Resale or Exchange Program
23	.....	Equal Opportunity in Lot Sales
23	.....	Listing of Lots
26	.....	<u>COST SHEET</u>
27	.....	<u>RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE</u>

NOTE: In this Property Report, the words "You" and "Your" refer to the buyer. The words "We," "Us" and "Our" refer to the developer.

- WARNINGS -
 THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS
 CONCERNING THE DEVELOPER, THE SUBDIVISION OR INDIVIDUAL LOTS. BE SURE
 TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR
 AGREEMENT.

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Any value which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend on the location, size, planning, and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

RISKS OF BUYING LAND

GENERAL INFORMATION

This report covers 207 lots located in Roane County and Meigs County, Tennessee. See page 23 for a listing of these lots. It is estimated that this subdivision may eventually contain as many as 230 lots. The Developer is not under any obligation to develop additional lots and may alter its plans for additional lots in the subdivision.

The Developer of this subdivision is:

Patten Corporation of Tennessee
104 Indian Shadows Court
Ten Mile, Tennessee 37880

Telephone number: (615) 376-0667

Answers to questions and information about this subdivision may be obtained by telephoning the Developer at the number listed above.

TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use and enjoy the property. A contract to buy a lot may give you possession but doesn't give you legal title. You won't have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

METHOD OF SALE

Sales Contract and Delivery of Deed

We intend to use both the cash and the note and deed of trust methods of sale.

A cash purchaser (full payment at the time of settlement) will receive a warranty deed free and clear of liens and encumbrances within approximately 60 days after the execution of the purchase money contract, but in any event within 180 days after you sign the contract.

If you sign a purchase money contract, make a downpayment on the purchase price of your lot, and execute a note and deed of trust for the balance of the purchase price, you will receive a warranty deed free and clear of liens and encumbrances other than your deed of trust within approximately 60 days of the execution of your contract, but in any event within 180 days after you sign the contract. You will not have title to the lot until you receive a warranty deed.

Type of Deed

The transfer of legal title will be accomplished by a warranty deed.

Oil, Gas, and Mineral Rights

All of the oil, gas and mineral rights to the lots in this subdivision will belong to the purchasers of those lots.

ENCUMBRANCES, MORTGAGES AND LIENS

None of the lots in this subdivision are subject to a blanket lien or encumbrance.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

Under Tennessee law, the recording of your contract or deed would protect your right to the title of the land from such third parties as subsequent creditors of the Developer or from

Restrictive Covenants

RESTRICTIONS ON THE USE OF YOUR LOT

If you default under your contract to purchase or under the terms of your deed of trust and promissory note, you may be sued for the full unpaid balance due plus attorney's fees and costs.

Default

You may prepay all or part of the unpaid balance of your contract purchase price at any time without penalty.

Prepayments

Your deposits and pre-closing payments will be protected by being held, prior to the time of settlement, in an independent escrow account controlled by Attorney Joseph G. Coker, Post Office Box 134, Jacksboro, Tennessee 37757.

Escrow

PAYMENTS

Within 60 days of your executing a contract to purchase, you will, at your option, be provided with an owner's title insurance policy in the amount of your purchase price insuring title in your name. The cost for the title insurance policy is included in your closing costs and is an expense which is paid by you. We recommend that you obtain from an appropriate professional an interpretation and explanation of the policy to your satisfaction.

Title Insurance

UNLESS YOUR CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.

We will record your deed at the time of transfer of title. The cost of recording the deed is paid out of the closing costs paid by you. After your deed is recorded, you will be protected from our creditors and any subsequent sales that we might make.

any subsequent purchasers from the Developer. Your contract will not be recordable because it is not in the form required for a document to be recordable under Tennessee law since the signatures are not acknowledged. At your request, however, we will cause an acknowledgment to be prepared and affixed to the contract without cost to you. You may then record the contract at your own expense, which is \$4 per page.

Restrictive covenants for this development have been recorded in the Office of the Register of Deeds for Roane County and for Meigs County, Tennessee, for all lots in the subdivision.

A complete copy of these restrictions is available upon request. The major provisions of these restrictions will be discussed in the paragraphs below. However, this discussion will only highlight certain areas of the covenants and should not be a substitute for a careful study of these restrictions by you.

Unless otherwise designated on the recorded plat, each lot in this subdivision may be used for single-family residential purposes only. All dwellings must enclose at least 1,200 square feet of ground floor area, exclusive of porches, basement and garage, and must not be more than three stories in height. If a residence is more than one level or story, it shall have not less than 900 square feet minimum ground floor area, exclusive of porches, basement and garage.

A private garage may be built separately or attached to and made a part of the dwelling, but must be made of the same materials and conform in construction with the dwelling, and must be built at the same time or after construction of the dwelling.

In addition, the restrictions require that all exterior construction be completed or enclosed to include windows, doors, siding and roof within one year after the commencement of excavation. The exterior walls of any structure or dwelling on any lot shall be of new materials consisting of wood, log, stone, stucco or brick. No exposed concrete block or exterior siding of aluminum or white vinyl shall be permitted.

Each dwelling must have constructed with it a septic system for the disposal of sewage, which system has been approved by the applicable health authorities. No outside toilet or closet, or any other activity which gives offensive odors will be permitted.

Any person undertaking any construction on a lot and the owners of such lot shall be responsible for maintaining the continuing cleanliness of, and repairing any damage to, any street resulting from construction on such lot.

All driveway crossings shall have a culvert of not less than 15 inches, or a culvert approved by the government agency responsible for the maintenance of the adjacent road, so that the driveway does not restrict the flow of water for drainage or storm relief purposes.

Structures such as utility sheds for the purpose of storing lawn care maintenance tools are permitted. The structure should be of similar materials and conform in construction to the dwelling and shall be no larger than 144 square feet in size.

There shall be no trailers, buses, mobile homes, double-wide mobile homes, pre-fabricated all metal homes, or any derivative of the foregoing, situated on any lot as a residence or for storage, either temporarily or permanently. Temporary camping for a period not to exceed 14 days consecutively is permitted on the subdivision lots by the owner thereof only through December 31, 1995, after which time no camping will be permitted. Only equipment professionally manufactured for the purpose, such as travel trailers/campers and

The subdivision plats for all of the lots in this registration have been approved by the local regulatory authorities and recorded with the Register of Deeds for Roane County and for

Plats

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

None of the lots in this offering are otherwise affected by any flowage or flood control easement.

No buildings or other improvements may be constructed below the 750-foot elevation, which constitutes the 100-year flood plain on lots adjacent to Watts Bar Lake, without the prior approval of the Tennessee Valley Authority.

As to lots located in Meigs County, a 50-foot set-back requirement for all buildings exists from the center line of the street rights-of-way. A 10-foot set-back requirement for all buildings exists inside all side lot lines, and a 20-foot set back exists inside all back lot lines.

As to lots located in Roane County, a 35-foot set-back requirement for all buildings exists inside all front lot lines and lot lines adjoining street rights-of-way. A 10-foot set-back requirement for all buildings exists inside all side lot lines, and a 20-foot set back exists inside all back lot lines.

General utility and/or drainage easements have been reserved for 10 feet inside all side lot lines and for 35 feet inside the front lot lines of all lots.

Easements

The lots in this subdivision are subject to the following easements 10 feet wide or more as indicated. You will not be allowed to construct any permanent structure or engage in any activities on the area affected by the easements that would interfere with the exercise of the easements, but each lot includes a suitable building site exclusive of such areas.

Proper maintenance of yards and the exteriors of structures by the owners is required by the covenants, and the keeping of livestock, sheep, swine or poultry on the lots is prohibited. With the exception of usual advertising signs used by the Developer or by builders during construction and sales, the only sign of any kind which may be displayed to the public view on any lot is one professional sign of not more than four square feet advertising the lot for sale.

With the exception of the permissible placement by the Developer of a temporary structure, such as an office trailer, upon the premises for its use as a temporary office during the period of development of the subdivision, the covenants generally prohibit the conducting or maintaining of any commercial, industrial or professional business on any residential lot within the subdivision.

recreational vehicles that are self contained may be used for camping shelters. Such structures or vehicles as described above shall not be left or stored unoccupied on any lot at any time.

Meigs County, Tennessee. The legal description of the lots included on the plats is adequate for the conveying of land.

Zoning

The property is currently zoned Agricultural-1. The recorded subdivision restrictions limit the use of the lots in the subdivision to single-family detached residences.

Surveying

Each lot in the subdivision has been surveyed, staked and marked for identification at our expense prior to sale.

Permits

You must obtain the following permits or approvals from the respective county and/or agency prior to the construction of your home:

1. Roane County Tax Assessor's Office
Kingston, Tennessee 37763
(615) 376-4362
(Building permit -- cost to you is \$3)
 2. Roane County Health Department
124 West Church Street
Kingston, Tennessee 37763
(615) 376-5516
(Septic system permit -- cost to you is \$100)
 3. Meigs County Health Department
Post Office Box 157
Decatur, Tennessee 37322
(615) 334-5185
(Septic system permit -- cost to you is \$100)
 4. Tennessee Valley Authority
Reservoir Land Management Office
2009 Grubb Road
Lenoir City, Tennessee 37771
(615) 986-3997
(Improvements permit -- cost to you is \$100)
- The owners of lakefront lots must also obtain the following approvals for any improvements proposed within the abutting shoreline strip, including boat dock facilities:

We are not aware of any governmental environmental impact study which has been prepared on this subdivision. A private, Level I environmental impact study was completed for the Developer by Environmental Risk Information and Information Services, 1421 Prince Street, Suite 330, Alexandria, Virginia 22314. Based on the findings in that assessment report, it would indicate that the company does not consider the property to have significant problems of an environmental contamination nature. No determination has been made as to the possible adverse effects the subdivision may have upon the environment and surrounding area.

Environment

No other permits are needed to use the lots for the purpose for which they are being sold.

U. S. Army Corps of Engineers
 District Office
 Post Office Box 1070
 Nashville, Tennessee 37202-1070
 (615) 744-5181
 (improvements permit – no cost to you)

5.

ROADS

ACCESS TO THE SUBDIVISION

ROUTE NUMBER	SURFACE	WIDTH OF WEARING SURFACE	LANES
County Road 304	Asphalt	24 feet	2
Half Moon Shores	Asphalt	24 feet	2
Indian Shadows	Gravel	20 feet	2

Access to the subdivision is provided by the roads listed below:

These roads are public roads maintained by Roane County, Tennessee. You will not be assessed for the maintenance costs incurred for these roads. No improvements to these roads are planned, except that the Roane County Highway Department has agreed to pave the first 1,000 feet of Indian Shadows Road upon our completion of the paving of the roads in the subdivision.

ACCESS WITHIN THE SUBDIVISION

Access within the subdivision is available by conventional automobile over interior streets on recorded rights-of-way dedicated to the use of the public. The interior streets will have two lanes and 20-foot wide asphalt surfaces on 50-foot wide rights-of-way.

We were responsible for constructing all interior roads and have fully completed the interior road system. You will bear none of the cost of the construction of these roads.

The roads within the subdivision will be dedicated to the public, and will be accepted for maintenance by Roane County and Meigs County authorities for year-round access after they have been completed by us. Until the roads have been accepted by the respective county, we will maintain the roads at our own expense in a manner that will provide access on a year-round basis.

Because of the configuration of lot 93 in Section Six, the owner of this lot may need to construct an especially long driveway to reach a residence from the street.

The table below identifies the distance from the center of the subdivision to nearby communities:

NEARBY COMMUNITIES	POPULATION	DISTANCE OVER PAVED ROADS	DISTANCE OVER UNPAVED ROADS	TOTAL
Kingston, TN (Roane County Seat)	4,552	19 mi.	0.1 mi.	19.1 mi.
Harriman, TN	7,119	23 mi.	0.1 mi.	23.1 mi.
Knoxville, TN	165,000	52 mi.	0.1 mi.	52.1 mi.
Decatur, TN (Meigs County Seat)	1,052	21 mi.	0.1 mi.	21.1 mi.

1-32, 10A, 34, 36, 39, 40, 42-55, 57-61, 63, 64, 67-74, 76-80, 82-93, 97-103; Phase II: 1A, 2-7, 12-14, 16-21, 23-54, 56-61, 60A, 63-65, 67-72, 75, 76, 78-80, 84-88 and 90-107.

The following lots are approved for standard individual subsurface sewage disposal systems serving up to 3-bedroom homes:

Sanitary sewage disposal for the lots in this subdivision will be accomplished by individual, on-site septic tanks and drainage fields or similar systems located on each lot. Local health authorities have given a general approval for the use of individual systems in the subdivision, subject to the specific approval of the particular system which is proposed by you for any given lot. The house size, location and design will determine the actual number of bedrooms for which a permit may be issued, based on the following information:

SEWER

A hydrological study has been conducted to determine that a sufficient quantity of water is available to serve the anticipated population of the subdivision.

The purity and chemical content of the water supplied in the central water system meets all standards for a public water supply system.

You will be required to pay a one-time tap-in fee of \$30 to the Utility District at the time you apply for hook-up to the central water system. You will also be required to pay for the cost of extending a water line to your residence from your hook-up to the central water lines. The cost of so extending the water line will depend upon the specific location of the house on your lot.

The utility district has constructed water distribution lines for the central system in front of, or adjacent to, each lot in this offering at our expense and at no cost to you.

Water is available from the Utility District to all lots in the subdivision in a supply adequate to serve the anticipated population of the development. The present capacity of the central plant is 3,000 connections. There are currently 1,121 residences connected to the system. The present available capacity of the central system is adequate to service all of the proposed lots in the subdivision.

Water is provided to this subdivision through by a central water system by Watts Bar Utility District, Post Office Box 910, Kingston, Tennessee 37763, which is a public entity.

WATER

Here we will discuss the availability and cost of basic utilities. The areas covered will be water, sewage disposal, electricity, telephone, and fuel or other energy sources.

UTILITIES

There is no assurance that an individual on-site system can be installed on your lot. If after due diligence and a good faith effort on your part, it is determined that an individual system is not feasible, and written evidence to that effect is delivered to us within 24 months

You will be required to obtain a permit for the installation of your individual system from either the Roane County Health Department or the Meigs County Health Department, at a cost of approximately \$100. No testing is required before you can get a permit.

You will be responsible for the cost of installing and maintaining your individual sewage disposal system for your lot. The initial cost of such a system is estimated to be approximately \$1,500 to \$3,000 per lot.

Due to soil conditions and requirements, each of the following pairs of lots must be sold together as a pair of lots: 36 and 38; 62 and 63; 77 and 78; 80 and 81; 82 and 82A; 83 and 84. Because lot 65A constitutes the soils area serving lot 65, lots 65 and 65A must be sold together.

24, 26-28, 33, 35-37, 43, 47, 49, 53, 57, 60, 64, 66, 69, 70, 76, 77, 80, 88, 92 and 94-96; Phase II: 1, 6, 12, 17, 20, 22-24, 27, 29, 31, 32, 40-43, 47, 50, 52, 54, 55, 64, 68-73, 75, 76, 80, 82, 87 and 89.

Portions of the following lots may be used only for sewage disposal system drainage field lines. The affected areas are designated on the recorded plats. Any disturbance in the affected areas may void the approvals for the use of subsurface sewage disposal systems on these lots.

Lot 75 does not have Roane County Planning Board approval or approval for the use of any subsurface sewage disposal system.

41 and 75; and Phase II lots: 62, 74, 77, 81, 82A and 83.

The following lots have not yet been approved, but will be so approved prior to their being sold as homesteads:

INDIVIDUAL SEPTIC SYSTEMS CANNOT YET BE USED AT ALL ON LOTS 41 AND 75 AND PHASE II LOTS 62, 74, 77, 81, 82A AND 83, WHILE CERTAIN AREAS OF OTHER LOTS CANNOT BE USED AS THE SITE FOR SUCH SYSTEMS. SEE THE TEXT BELOW THIS WARNING FOR DETAILS.

The following lots are approved for standard individual subsurface sewage disposal systems serving 1-bedroom homes: 33 and Phase II lot 73.

35, 37, 66, 94-96; Phase II: 1, 22, 55, 82 and 89.

The following lots are approved for standard individual subsurface sewage disposal systems serving up to 2-bedroom homes:

after the date of your contract, we will either repay to you all monies paid by you to us or exchange your lot for another of equal value, at our option.

ELECTRICITY

Electricity will be available to the subdivision and will be supplied and installed by Volunteer Electric Co-Op, Post Office Box 277, Decatur, Tennessee 37322, a public utility which is not affiliated with us.

Electrical facilities have been extended to most but not all lots in the subdivision. The utility company will extend the electrical lines to the remaining lots at its own expense. You will bear none of the cost of extending the electrical lines to your lot. The utility company will extend service lines to any lot within the subdivision within approximately two weeks after a lot owner applies for electrical service.

Once service lines have been extended to your lot and you request service, the utility company will make service available to you within three days. You will pay a connection charge of \$10 and a membership charge of \$5 to the electric company. If you desire temporary service, you must pay a non-refundable fee of \$50. If you have not used Volunteer Electric Co-Op service before, you may be required to pay a \$200 deposit, which will be refunded after 12 months. The deposit may be waived with a letter of good reference from your previous electric company.

TELEPHONE

Telephone service will be available to the subdivision and is provided by South Central Bell of Knoxville, Tennessee, a publicly-regulated utility company.

Telephone service lines have been extended to most but not all lots within the subdivision. Service lines will be extended to the remaining lots by the telephone company at its own expense. The telephone company will extend service lines to any lot within the subdivision within approximately one month after a lot owner applies for telephone service.

You will not pay for extending service lines to your lot, but you will pay to the telephone company a connection charge of approximately \$42 and a wiring charge of approximately \$110 for two jacks in your home. Once service lines have been extended to your lot and you request service, the utility company will make service available to you within three days.

FUEL OR OTHER ENERGY SOURCE

In addition to electricity, you may want to utilize bottled propane gas for heating and/or cooking. Natural gas is not available to the subdivision.

Propane gas can be obtained from several suppliers in the area, including Empire Gas, Inc., Route 3, Box 44-B, Kingston, Tennessee 37763. A storage tank can be rented at no charge. The installation costs will vary, depending on the distance the tank is located from the residence, with a minimum distance of 10 feet. The minimum installation cost is \$95. The

price of propane varies from month to month. These costs are subject to change, and you should consult the supplier for the actual costs which will apply to your circumstances.

FINANCIAL INFORMATION

The discussion in this section will focus on our financial position.

Our parent company, Patten Corporation, has audited and certified financial statements, which are available from us in lieu of our own audited financial statements. Our parent company has executed a written guaranty that it will be unconditionally obligated to perform and fulfill any of our obligations in the event we fail to do so. The guaranty was written expressly for the benefit of each lot purchaser in the subdivision and for us.

A copy of our parent company's audited financial statements for the period ending April 2, 1995, and a copy of that company's interim, unaudited statements as of July 2, 1995, are available from us upon request.

No shopping facilities are available in the subdivision. The nearest shopping facilities to the subdivision are in Kingston, Tennessee, within approximately 1.9 miles of the subdivision.

SHOPPING FACILITIES

Physicians' and dentists' offices are located in Kingston, Tennessee.

PHYSICIANS AND DENTISTS

Ambulance service is provided by the Roane County Ambulance Service, Midtown, Tennessee, and by the Meigs County Ambulance Service in Decatur, Tennessee.

The nearest hospital available to residents of the subdivision is in Harriaman, Tennessee, approximately 25 miles from the subdivision.

HOSPITALS

School bus transportation is available from the subdivision to these schools.

The nearest Meigs County schools available to the subdivision are elementary schools (grades kindergarten through 6th) located in Ten Mile, Tennessee, and senior high schools (grades 7 through 12), located in Decatur, Tennessee.

The nearest Roane County schools available to the subdivision are elementary schools (grades kindergarten through 6th), and senior high schools (grades 7 through 12), located in Kingston, Tennessee.

SCHOOLS

Police protection is available to the subdivision from the Roane County Sheriff's Department, Kingston, Tennessee, which is approximately 1.9 miles from the subdivision, or the Meigs County Sheriff's Department, Decatur, Tennessee, which is approximately 2.1 miles from the subdivision.

POLICE PROTECTION

Fire protection is available year-round to the subdivision from the Roane County Fire Department, Kingston, Tennessee, which is approximately six miles from the subdivision, or the Meigs County Volunteer Fire Department, Ten Mile, Tennessee, which is approximately nine miles from the subdivision.

FIRE PROTECTION

In this section we will identify the availability of fire and police protection and the location of schools, medical facilities, shopping facilities, and mail service.

LOCAL SERVICES

MAIL SERVICE

The U.S. Postal Service will deliver mail to each of the lots in the subdivision once residences are established. The Post Office responsible for service to the subdivision is located at Ten Mile, Tennessee, which is approximately 9 miles from the subdivision.

PUBLIC TRANSPORTATION

No public transportation is available from the subdivision to nearby municipalities. The nearest public transportation is located in Knoxville, Tennessee, approximately 52 miles from the subdivision.

RECREATIONAL FACILITIES

There are no recreational facilities proposed within the subdivision which will be maintained substantially for the benefit of lot owners.

We do not have a comprehensive plan to control soil erosion or sedimentation. Soil erosion could result in property damage and create a possible safety and health hazard.

FLOODING AND SOIL EROSION

Certain areas at the rear of the lots which are adjacent to Watt Bar Lake are located in a 100-year flood plain, which is set at the 750-foot elevation. No building or other improvement may be constructed below the 750-foot elevation unless specifically permitted by the Tennessee Valley Authority and the U.S. Army Corps of Engineers. Each of these lots has a suitable building site exclusive of the area affected by the flood plain. Flood insurance should not be necessary if residences are constructed outside the flood plain.

FLOOD PLAIN

No special drainage or fill is required to render any of the lots suitable for construction purposes.

DRAINAGE AND FILL

None of the lots or portions of the lots in the subdivision are covered by water.

WATER COVERAGE

None of the subdivision area will remain as natural open space or as developed parkland.

ALL LOTS IN THIS SUBDIVISION HAVE A SLOPE OF 20% OR MORE. THIS MAY AFFECT THE TYPE AND COST OF CONSTRUCTION.

The land in this area of the State of Tennessee is generally forested and brush-covered woodlands with rolling hills. The subdivision is adjacent to Watts Bar Lake. The elevations of the lots in the subdivision range from 745 to 1,060 feet above sea level. It is expected that steep slopes, rock outcroppings, unstable or expansive soil conditions will not necessitate unusual construction techniques for construction of residences on the lots in this offering. However, all of the lots have a slope of 20% or more and if you elect to build on that portion of a lot with a slope of 20% or more you may need to employ special construction techniques. Any lot may be so affected. Each lot in this offering has an adequate building site as determined by the State of Tennessee Department of Health.

GENERAL TOPOGRAPHY

In this section we will discuss the basic terrain of the subdivision, its climate, and any nuisances or hazards in the area.

SUBDIVISION CHARACTERISTICS AND CLIMATE

NUISANCES

The land in the subdivision is not subject to any onsite or offsite unpleasant odors, noises, pollutants, or other nuisances.

We are unaware of any proposed or existing land use which may adversely affect your lot.

HAZARDS

We are unaware of any unusual safety factors or any proposed plans, private or governmental, for the construction of any facility which may create a nuisance or safety hazard or adversely affect the use of the land, except that an abandoned mine shaft is located on lot 102 in Phase 2, and a natural cave is located on lot 98 in Phase 2.

The wooded portions of the subdivision may be subject to brush fires, although we know of none which have occurred in the subdivision. The local jurisdiction rates the area as "class 9" for fire protection, which indicates fire protection is dependent upon volunteer services. The general region of the subdivision may be subject to occasional tornadoes, but not to an extent that they constitute a regularly serious problem, and no portion of the subdivision has been formally identified by any Federal, state, or local agency as being subject to the frequent occurrence of natural hazards.

CLIMATE

The weather conditions within the area are generally characteristic of northeast Tennessee. The typical temperatures for summer and winter months are contained in the following table.

	HIGH	MEAN	LOW
July	87 degrees	80 degrees	62 degrees
January	41 degrees	30 degrees	27 degrees

The average annual rainfall is 49 inches and the average annual snowfall is approximately 8 inches.

OCCUPANCY

As of September of 1995, three homes are located in the development and are occupied on either a full-time or part-time basis.

ADDITIONAL INFORMATION

In this section we will discuss the following areas:

- The Annual Real Estate Taxes
- Resale or Exchange Program
- Equal Opportunity in Lot Sales
- Listing of Lots

TAXES

After signing a contract to purchase your lot, you will be responsible for real estate taxes collected by either Roane County, Tennessee, payable to the Roane County Treasurer, Kingston, Tennessee, or Meigs County, Tennessee, payable to the Meigs County Treasurer, Decatur, Tennessee. The current real estate tax rate which is applicable to the lots is approximately \$3 per \$100 of assessed valuation in Roane County and approximately \$2.32 per \$100 of assessed valuation of the property. Tax bills are mailed in the fall of each year and must be paid by the end of February to avoid penalties. The current taxes are estimated to range from approximately \$55 to \$840 per lot, depending on the specific value and location of your lot.

RESALE OR EXCHANGE PROGRAM

We have no program to assist you in the sale of your lot. The restrictive covenants for the subdivision do allow the posting of a single, professional "For Sale" sign on each lot.

We do have a limited program which allows you to exchange your lot for another, if after due diligence and a good faith effort on your part the property is found not to be suitable for the use of a septic tank, and written evidence to that effect is delivered to us within 24 months after the date of your contract. In such instance we may, at our option, either repay to you all monies paid by you to us or exchange your lot for another of equal value. There is no assurance that a suitable exchange lot will be available at the time you become eligible for such an exchange.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We have not and will not directly or indirectly discriminate against you on the basis of race, religion, sex, familial status, handicaps or national origin in our marketing and advertising, our lot services, or in the terms and conditions of our sales.

LISTING OF LOTS

The lots included in this offering consist of the 207 lots described below:

Lots 1-10, 10A, and 11-18 in Indian Shadows, Section 1, as shown on a plat recorded on June 21, 1993, in Plat Cabinet A, Slide 68(1), in the office of the Register of Deeds, Roane County, Tennessee.

Lots 19-39 and 41-50 in Indian Shadows, Section 2, as shown on a plat recorded on June 21, 1993, in Plat Cabinet A, Slide 68(2), in the office of the Register of Deeds, Roane County, Tennessee.

Lots 51-55, 57-61 and 63 in Indian Shadows, Section 3, as shown on a plat recorded on April 21, 1994, in Plat Cabinet A, Slide 91(1), in the office of the Register of Deeds, Roane County, Tennessee.

Lots 64-81 in Indian Shadows, Section 4, as shown on a plat recorded on April 21, 1994, in Plat Cabinet A, Slide 90(2), in the office of the Register of Deeds, Roane County, Tennessee.

Lots 65A, 82-86 and 97 in Indian Shadows, Section 5, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 97, Side 1, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 40, 87-96 in Indian Shadows, Section 6, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 97, Side 2, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 98-103 in Indian Shadows, Section 7, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 98, Side 1, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 1, 1A and 2-6 in Indian Shadows, Phase II, Section 1, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 98, Side 2, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 7, 12-14 and 16 in Indian Shadows, Phase II, Section 1, as shown on a partial replat recorded on February 16, 1995, in Plat Cabinet A, Slide 105, Side 2, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 17, 20-24, and 26-30 in Indian Shadows, Phase II, Section 2, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 99, Side 1, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 18, 19 and 25 in Indian Shadows, Phase II, Section 2, as shown on a partial replat recorded on February 16, 1995, in Plat Cabinet A, Slide 105, Side 2, in the office of the Register of Deeds, Roane County, Tennessee.

Lots 31-50, 106 and 107 in Indian Shadows, Phase II, Section 3, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 99, Side 2, in the office of the Register of Deeds, Roane County, Tennessee, and recorded on November 3, 1994, in Plat Envelope 117, Side A, in the office of the Register of Deeds, Meigs County, Tennessee.

Lots 51-60, 60A and 61 in Indian Shadows, Phase II, Section 4, as shown on a plat recorded on September 22, 1994, in Plat Cabinet A, Slide 100, Side 1, in the office of the

Register of Deeds, Roane County, Tennessee, and recorded on November 3, 1994, in Plat Envelope 117, Side A, in the office of the Register of Deeds, Meigs County, Tennessee.

Lots 62-64 and 68-74 in Indian Shadows, Phase II, Section 5, as shown on a plat recorded on November 3, 1994, in Plat Envelope 117, Side B, in the office of the Register of Deeds, Meigs County, Tennessee.

Lots 65 and 67 in Indian Shadows, Phase II, Section 5, as shown on a partial replat recorded on February 7, 1995, in Plat Envelope 102, Side A, in the office of the Register of Deeds, Meigs County, Tennessee.

Lots 100-105 in Indian Shadows, Phase II, Section 6, as shown on a plat recorded on November 3, 1994, in Plat Envelope 117, Side B, in the office of the Register of Deeds, Meigs County, Tennessee.

Lots 75-82, 82A, 83 and 95-99 in Indian Shadows, Phase II, Section 7, as shown on a plat recorded on November 3, 1994, in Plat Envelope 118, Side A, in the office of the Register of Deeds, Meigs County, Tennessee.

Lots 84-94 in Indian Shadows, Phase II, Section 8, as shown on a plat recorded on November 3, 1994, in Plat Envelope 118, Side A, in the office of the Register of Deeds, Meigs County, Tennessee.