

UNITED STATES BANKRUPTCY COURT DISTRICT OF SOUTH CAROLINA		PROOF OF CLAIM	
Name of Debtor: The Cliffs at Walnut Cove Golf & Country Club, LLC		Case Number: 12-01227	
NOTE: See reverse and attached for List of Debtors/Case Numbers/important details. Other than claims under 11 U.S.C. § 503(b)(9), this form should not be used to make a claim for Administrative Expenses arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503(a).			
Name of Creditor (the person or other entity to whom the debtor owes money or property) :			
Name and address where notices should be sent: 29347866005852 Udell, Bruce, Udell, Janet 393 North Point Road Unit 901 Osprey, FL 34229		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> RECEIVED MAY 15 2012 BMC GROUP </div>	
Creditor Telephone Number (941) 586-9621 email: udellb@ama1.com		THIS SPACE IS FOR COURT USE ONLY	
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	
Payment Telephone Number () email:		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number (if known): _____ Filed on: _____	
1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ <u>125,000</u> If all or part of your claim is secured, complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.			
2. BASIS FOR CLAIM: <u>refund of membership initiation deposit upon sale or other event.</u> (See instruction #2)			
3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: <u>2944</u>		3a. Debtor may have scheduled account as: (See instruction #3a)	
3b. Uniform Claim Identifier (optional): (See instruction #3b)		4. SECURED CLAIM: (See instruction #4) Check the appropriate box if your claim is secured by a lien on property or a right of set off, attach required redacted documents, and provide the requested information. Nature of property or right of setoff: Describe: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Property: \$ _____ Annual Interest Rate: _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)	
5. Amount of Claim Entitled to Administrative Expense status under 11 U.S.C. § 503(b)(9) or Priority under 11 U.S.C. § 507(a). If any part of the claim falls into one of the following categories, check the box specifying the administrative expense or priority and state the amount. <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> Amount entitled to priority: \$ _____ You MUST specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). </div> <div style="width: 48%;"> Amount entitled to administrative expense under 11 U.S.C. § 503(b)(9): \$ _____ <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (_____). <input type="checkbox"/> Value of goods received by the debtor within 20 days before the date of the bankruptcy filing - 11 U.S.C. § 503(b)(9). </div> </div> <p style="font-size: x-small;">* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</p>			
6. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			

7. DOCUMENTS: Attached are redacted copies of documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and definition of "redacted").
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.
If the documents are not available, please explain:

DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES OR EMAIL NOT ACCEPTED) so that it is actually received on or before 4:00 pm prevailing Eastern Time on May 31, 2012 for Non-Governmental Claimants OR on or before 4:00 pm prevailing Eastern Time on August 27, 2012 for Governmental Claimants.

BY MAIL TO:
BMC Group, Inc
Attn: Cliffs Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020

BY MESSENGER OR OVERNIGHT DELIVERY TO:
BMC Group, Inc
Attn: Cliffs Claims Processing
18675 Lake Drive East
Chanhassen, MN 55317

8. SIGNATURE: (See instruction #8)

Check the appropriate box.

☒ I am the creditor. ☐ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. ☐ I am a guarantor, surety, indorser, or other codebtor.
(Attach copy of power of attorney, if any.) (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Bruce Udell, Janet Udell
Title: _____
Company: _____

Bruce Udell 5/9/12
Janet Udell 5/4/12
(Signature) (Date)

Address and telephone number (if different from notice address above):

Telephone number: _____ email: _____
941-586-9621 udellb@gmail.com

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

LIST OF DEBTORS:

Case Name	Case Nbr
The Cliffs Club & Hospitality Group, Inc.	12-01220
CCHG Holdings, Inc.	12-01223
The Cliffs at Mountain Park Golf & Country Club, LLC	12-01225
The Cliffs at Keowee Vineyards Golf & Country Club, LLC	12-01226
The Cliffs at Walnut Cove Golf & Country Club, LLC	12-01227
The Cliffs at Keowee Falls Golf & Country Club, LLC	12-01229
The Cliffs at Keowee Springs Golf & Country Club, LLC	12-01230
The Cliffs at High Carolina Golf & Country Club, LLC	12-01231
The Cliffs at Glassy Golf & Country Club, LLC	12-01234
The Cliffs Valley Golf & Country Club, LLC	12-01236
Cliffs Club & Hospitality Service Company, LLC	12-01237

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

ITEMS TO BE COMPLETED IN PROOF OF CLAIM FORM (IF NOT ALREADY PROPERLY FILLED IN)

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's full name, and the case number. If you received a notice of the case from the Claims Agent, BMC Group, some or all of this information may have been already completed.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions) If the claim is secured,

check the box for the nature and value of property that secures the claim, attach copies of lien documentation and state, as of the date of the bankruptcy filing the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Administrative Expense Under 11 U.S.C. § 503 (b)(9) or Priority Under 11 U.S.C. § 507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See Definitions) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:

The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

DEBTOR

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

CREDITOR

A creditor is a person, corporation, or other entity to whom the debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101(10).

CLAIM

A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101(5). A claim may be secured or unsecured.

PROOF OF CLAIM

A proof of claim is a form sued by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. This form must be filed with the court-appointed Claims Agent, BMC Group, at the address listed on the reverse side of the first page.

SECURED CLAIM Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court

judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

UNSECURED CLAIM

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

CLAIM ENTITLED TO PRIORITY Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

REDACTED

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

EVIDENCE OF PERFECTION

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

OFFERS TO PURCHASE A CLAIM

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. §101 *et seq.*), and any applicable orders of the bankruptcy court.

Date-Stamped Copy

Return claim form and attachments, if any. If you wish to receive an acknowledgement of your claim, please enclose a self-addressed stamped envelope and a second copy of the proof of claim form with any attachments to the Claims Agent, BMC Group, at the address on the second page of this form.

Please read – important information: upon completion of this claim form, you are certifying that the statements herein are true.

Be sure all items are answered on the claim form. If not applicable, insert "Not Applicable."

ONCE YOUR CLAIM IS FILED YOU CAN OBTAIN OR VERIFY YOUR CLAIM NUMBER BY VISITING www.bmcgroup.com/cliffs

UNITED STATES BANKRUPTCY COURT DISTRICT OF SOUTH CAROLINA		PROOF OF CLAIM		 Your Claim is Scheduled As Follows: Schedule/Claim ID: s14704 AMOUNT/CLASSIFICATION: \$125,000.00 UNSECURED (CONTINGENT)
Name of Debtor: The Cliffs at Walnut Cove Golf & Country Club, LLC		Case Number: 12-01227		<p>The amounts reflected above constitute your claim as scheduled by the Debtor or pursuant to a filed claim. If you agree with the amounts set forth herein, and have no other claim against the Debtor, you do not need to file this proof of claim EXCEPT as stated below.</p> <p>If the amounts shown above are listed as Contingent, Unliquidated or Disputed, a proof of claim must be filed except as provided in the accompanying bar date notice.</p> <p>If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.</p> <p style="text-align: center;">THIS SPACE IS FOR COURT USE ONLY</p> <p><input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.</p> <p>Court Claim Number (if known): _____</p> <p>Filed on: _____</p>
<small>NOTE: See reverse and attached for List of Debtors/Case Numbers/important details. Other than claims under 11 U.S.C. § 503(b)(9), this form should not be used to make a claim for Administrative Expenses arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503(a).</small>				
Name of Creditor (the person or other entity to whom the debtor owes money or property) : _____				
Name and address where notices should be sent: 29347866005852 Udell, Bruce 393 North Point Road Osprey, FL 34229				
Creditor Telephone Number () _____ email: _____		<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.		<p>THIS SPACE IS FOR COURT USE ONLY</p> <p><input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.</p> <p>Court Claim Number (if known): _____</p> <p>Filed on: _____</p>
Name and address where payment should be sent (if different from above): _____		<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.		
Payment Telephone Number () _____ email: _____		<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.		
1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ _____				
If all or part of your claim is secured, complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.				
2. BASIS FOR CLAIM: _____ <small>(See instruction #2)</small>				
3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: _____		3a. Debtor may have scheduled account as: _____ <small>(See instruction #3a)</small>		3b. Uniform Claim Identifier (optional): _____ <small>(See instruction #3b)</small>
4. SECURED CLAIM: (See instruction #4) Check the appropriate box if your claim is secured by a lien on property or a right of set off, attach required redacted documents, and provide the requested information.				
Nature of property or right of setoff: Describe: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____		Amount of arrearage and other charges, as of time case filed, included in secured claim, if any: \$ _____		
Value of Property: \$ _____		Basis for Perfection: _____		
Annual Interest Rate: _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable <small>(when case was filed)</small>		Amount of Secured Claim: \$ _____		
Amount Unsecured: \$ _____		Amount of Secured Claim: \$ _____		
5. Amount of Claim Entitled to Administrative Expense status under 11 U.S.C. § 503(b)(9) or Priority under 11 U.S.C. § 507(a). If any part of the claim falls into one of the following categories, check the box specifying the administrative expense or priority and state the amount.				
Amount entitled to priority: \$ _____		Amount entitled to administrative expense under 11 U.S.C. § 503(b)(9): \$ _____		
You MUST specify the priority of the claim:				
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).		<input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).		
<input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).		<input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).		
<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).		<input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (____).		
<input type="checkbox"/> Value of goods received by the debtor within 20 days before the date of the bankruptcy filing - 11 U.S.C. § 503(b)(9).		<input type="checkbox"/> Value of goods received by the debtor within 20 days before the date of the bankruptcy filing - 11 U.S.C. § 503(b)(9).		
<small>* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>				
6. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)				



October 2, 2007

Mr. and Mrs. Bruce Udell
393 North Point Road
#901
Osprey, FL 34229

Dear Mr. and Mrs. Udell:

Congratulations on the purchase of your new property at The Cliffs! We are delighted you chose to be a part of this beautiful community.

I look forward to assisting you in this exciting endeavor. I will help facilitate the transaction to close in accordance with your purchase agreement. Please be prepared for any balance of funds due from you to close will need to be in the form of a cashiers check or wire transfer. I am anticipating closing on or before October 29th.

Enclosed is a copy of the ratified purchase agreement. You will want to keep this for your records.

The Club Membership office will be notified of your closing schedule and membership preferences. You will receive all membership information and documents directly from the Membership Department. In order to finalize and activate your membership, all membership documents should be returned to the Club Membership office by closing. If you have any questions in this regard, please call Magan Boggs, Membership Services Assistant, at 864-371-1047.

If at any time you have questions concerning the status of your closing, please do not hesitate to call me at 864-371-1000 or 1-800-371-1000, ext 1041.

Sincerely,

Sandra Hyder
Closing Coordinator

Encs.

The Cliffs Communities, Inc.
Corporate Offices
3598 Highway 11, Travelers Rest, South Carolina 29690
(864) 371-1000 Fax: (864) 371-1600
www.cliffscommunities.com

THE CLIFFS COMMUNITIES

REAL ESTATE SALE AND PURCHASE AGREEMENT

THIS REAL ESTATE SALE AND PURCHASE AGREEMENT (the "Agreement") made by and between the below-named seller (the "Seller") identified on the Seller's signature page below (the "Seller"), whose mailing address is as set forth on page 6, and the below-named purchaser (the "Purchaser") identified on the Purchaser's signature page below.

Part I. Identifications

A. **The Lot and What is Included in Price.** The property to be purchased (the "Lot") is located in Section 4, Lot 44, Cliffs at Walnut Cove

The Lot is listed for sale for \$ 735,000.00

The purchase of the Lot does not include a membership in the Golf and Country Club (the "Club"), which is reserved solely to its members in accordance with the use rights conferred by the Club Membership Plan for the categories and classifications of membership offered. Seller does not operate the Club. The Club is operated by The Cliffs Golf & Country Club, Inc. Seller will, however, discount the list price of the Lot by the below "Discount" if Purchaser agrees to acquire a membership, and Purchaser will pay that amount at Closing toward a membership.

Check one of the following:



If checked and initialed, Purchaser wishes to acquire a membership in the Club, either a Cliffs Family Membership or a Cliffs Golf Membership, and wishes to receive the property discount to the right (the "Discount"), and apply it toward the required membership deposit, and has attached hereto a signed Club Membership Addendum. While Purchaser is guaranteed the availability of a Club membership under the Membership Plan only if Purchaser acquires one within 30 days following Purchaser's Closing, Purchaser will receive the Discount only if the membership is acquired at the Closing. If this paragraph is checked and initialed, the Purchase Price in Paragraph B below is net of the Discount.

Discount:

\$ 25,000.00



If checked and initialed, Purchaser does not wish to acquire a membership in the Club at this time. Purchaser understands that membership is subject to availability at the time Purchaser may wish to acquire one, and is not guaranteed. Purchaser will NOT receive any discount off the listed price of the Lot because Purchaser elects not to receive a membership.

B. **Payment of Purchase Price.** The "Purchase Price" is calculated and payable as follows:

Total Discounted Purchase Price: \$ 710,000.00

- (i) ☒ **Discount Applied to Membership Deposit.** If checked and initialed, Purchaser has checked the first box in A above and wishes to acquire Full Family Membership privileges, paying at the Closing: \$ 50,000.00
- (ii) ☒ **Golf Membership, Initiation Deposit Add-on.** If checked and initialed, Purchaser has checked the first box in A above and wishes to upgrade to a Golf Membership by paying at the Closing an additional sum of: \$ 75,000.00
- (iii) **SUB-TOTAL, Purchase Price of Lot plus Membership Deposit Due at Closing** \$ 835,000.00
- (iv) **Initial Earnest Money Deposit.** An Earnest Money Deposit paid to Escrow Agent herewith \$ 73,500.00
- (v) **Additional Deposit Due.** An additional Earnest Money Deposit due Escrow Agent within 0 days of the Effective Date hereof. \$ 0.00
- (vi) **Balance at Closing.** The balance required at Closing in cash or certified funds (not including all of Purchaser's closing costs, prepaids, and escrow deposits) *\$ 761,500.00

- C. **Escrow Agent.** The "Escrow Agent" is Long, Parker, Warren & Jones, P.A., whose address is set forth in Section 9.4 of Part II below; and all deposits to Escrow Agent should be made payable to **Long, Parker, Warren & Jones Trust Account.**

Part II.
Terms and Conditions

For and in consideration of the Purchase Price set forth in Part I hereof and the mutual promises contained in this Agreement, Purchaser agrees to buy and Seller agrees to sell the Lot, conditioned upon there having not been a sale to a third party prior to the receipt of this Agreement by Seller, properly executed by Purchaser, together with the Earnest Money Deposit as provided in Part I, and execution hereof by Seller.

1. **The Purchase Price.** Purchaser will pay the Purchase Price of the Lot set forth in Paragraph B of Part I of this Agreement.

1.1 **Earnest Money Deposit.** The Escrow Agent will receive the Earnest Money Deposit set forth in Paragraph B of Part I, and will deposit said sums in its non-interest bearing escrow account, to be held by the Escrow Agent as the Earnest Money Deposit to be disbursed in accordance with this Part II. In the event of a termination of this Agreement under this Part II, except in the event of Purchaser's default (in which event the Earnest Money Deposit will be paid over to Seller as herein provided), all of the Earnest Money Deposit will be refunded to Purchaser without interest.

1.2 **Payments at Closing.** The Purchase Price, together with all of Purchaser's Closing costs, prepaids, and Closing escrow deposits, less the sum of Purchaser's Earnest Money Deposit, will be paid by Purchaser in cash or by certified, collected funds at the Closing hereinafter referred to.

2. **Financing**

2.1 **No Financing Contingency.** Purchaser acknowledges that this Agreement is not contingent upon Purchaser obtaining financing for the purchase of the Property. Seller makes no representations as to the availability or terms of financing, and the duties of Purchaser and Seller hereunder are not contingent upon Purchaser obtaining financing, or obtaining financing with any specific terms or conditions.

2.2 **Purchaser's Responsibility.** Purchaser is responsible for obtaining desired financing for the purchase of the Lot. By suggesting a source of financing and/or providing the application for such financing, Seller will not be deemed to have assumed any responsibility for obtaining such financing for Purchaser or to represent or warrant that such financing will be available to Purchaser. Purchaser represents that Purchaser has the financial means to purchase the Lot. Purchaser shall fully cooperate with Seller in procuring any evidence Seller reasonably requests that Purchaser has the financial means to pay the balance of the Purchase Price. Purchaser hereby gives Seller or Seller's designated agent permission to obtain one or more credit reports on Purchaser prior to the Closing Date. If Purchaser elects to obtain financing for the purchase of the Lot, Purchaser shall promptly apply for such financing and promptly deliver a loan commitment from an institutional lender to Seller. If Purchaser is not financing the purchase of the Lot, Purchaser shall promptly deliver account verifications to Seller upon Seller's request. If Seller determines, at any time prior to the Closing Date, in Seller's sole but reasonable discretion, that it is unlikely that Purchaser will be able to pay the balance of the Purchase Price on the Closing Date, Seller may terminate this transaction, and the Earnest Money Deposit shall be returned to Purchaser.

3. **Completion of Infrastructure Improvements**

3.1 **Completion of Infrastructure.** Seller agrees to provide roads and water service, and public utilities will provide electrical service and telephone service at no cost to Purchaser, as outlined in our Department of Housing and Urban Development ("HUD") Property Report made effective March 22, 2007, which is incorporated herein and made a part hereof by this reference. In all events, Seller agrees that Seller will complete the water and road infrastructure to Purchaser's Lot within the periods of time set forth in the Property Report, or, (a), in the case of water supply installation, on or before issuance of a certificate of occupancy for Purchaser's residence; and (b), in the case of paved roads to Purchaser's Lot, within sixty (60) days following Purchaser's notice to Seller that Purchaser has received a final certificate of occupancy for Purchaser's residence, whichever respective date occurs first. Seller will, at Seller's sole cost and

expense, provide on-site water for construction of Purchaser's residence if water service is not then available at Purchaser's Lot. Seller's obligation to complete the roads, water service, and electrical and telephone services within the time provided in the HUD Property Report is subject only to circumstances beyond Seller's control, such as acts of God, strikes, material shortages and other occurrences which are sufficient to constitute impossibility of performance under North Carolina law. In the event of such occurrences, Seller will proceed to completion within a reasonable time after the abatement of the event causing delay. In case the survey by which Seller will convey the Lot to Purchaser required bonding pursuant to Buncombe County ordinance, Seller has posted a cash or surety bond or an irrevocable letter of credit issued on Seller's behalf to Buncombe County, North Carolina, guaranteeing the completion of those roads and other infrastructure requiring bonding. If the approval of the survey by which Seller will convey the Lot to Purchaser did not require bonding by Buncombe County ordinance, Seller has established one or more completion escrow accounts to assure completion of the water service and roads to the lots shown on that survey. Seller reserves the right to furnish Purchaser temporary easements for ingress and egress during development, and upon completion of permanent roads or rights-of-way providing ingress and egress, the temporary easements will automatically expire.

(a) **Installation of Infrastructure to Boundary of Lot.** With respect to completion of installation of roads and water service, as well as the installation of electrical and telephone services, Seller covenants these utilities and improvements will be brought to the boundary of Purchaser's Lot, not within the Lot lines to Purchaser's home. Therefore, all costs to connect such utilities or improvements to Purchaser's home will be Purchaser's sole obligation, and the electric utility company charges a set-up fee in conjunction with setting utility meters.

(b) **Septic System.** Purchaser will be responsible for installing and maintaining a septic tank system on the Lot when a dwelling is built on it. Purchaser will be required to make all arrangements for the permitting, governmental approval and installation of a septic tank system. In the event the Lot has not been previously tested and approved by the Buncombe County Health Department for the installation of an individual sewage disposal system, and if Seller is then not able to resolve the issue within sixty (60) days following notice thereof, Seller will refund to Purchaser the Purchase Price and Purchaser will convey the Lot back to Seller, and thereafter, each of Seller and Purchaser will be fully released from any further liability to the other.

(c) **Purchaser's Periodic Utility Charges and Costs.** Purchaser acknowledges that by owning the Lot Purchaser will be liable for the periodic assessment and service charges levied by public authorities and utilities. Purchaser specifically acknowledges that water service is provided by public utility, and that by owning the Lot, the Purchaser is liable to the service provider for the payment of tap fees and user fees for water service, in amounts applicable at the time of payment, which are subject to change. If the Lot is located in the Townhome section and in The Meadow section of Walnut Cove, the Purchaser understands and acknowledges that sewer service is also provided by public utility, and that by owning the Lot, the Purchaser is liable to the service provider for the payment of tap fees and user fees for sewer service, in amounts applicable at the time of payment, which are subject to change.

3.2 Completion of Other Infrastructure; Conveyance or Turnover to a Property Owners' Association. In addition to the infrastructure Seller is obligated to complete, as provided in Section 3.1 above, Seller agrees to complete construction and installation of drainage systems, including approximately three lakes; and main electrical power feeds and natural gas supply lines to the project, which will allow those public utilities serving Purchaser's Lot to extend service to Purchaser's Lot, as well as postal service delivery structures, and manned and unmanned gate houses accessing the project; approximately two miles of hiking and nature trails; and landscaping thereto and thereon. The paved roads to lots within the Cliffs at Walnut Cove will be maintained by and at the cost of the Walnut Cove Owner's Association, Inc. when completed by Seller. Also, we anticipate transferring ownership of the water supply systems to the Walnut Cove Owner's Association, Inc. Upon completion and transfer of ownership, we will be relieved of all further responsibility for the water system since the transferee will then maintain it.

4. Recorded Covenants.

4.1 The Declaration of Covenants & Property Owners' Association. The Lot will be conveyed subject to the Declaration of Covenants, Conditions and Restrictions for Walnut Cove recorded in the Office of Register of Deeds for Buncombe County, as the same may be amended from time to time (herein, sometimes referred to as the "Declaration"), which includes the obligation that Purchaser pay regular and special assessments when levied for the common facilities and services of the Walnut Cove Owner's Association, Inc. (herein, sometimes referred to as the

"Association") commencing with the date Seller conveys title to the Lot. Purchaser hereby acknowledges having received a copy of the Declaration, with appended Bylaws of the Association.

4.2 Architectural Review. Purchaser hereby acknowledges that any improvement to the Lot, including landscape improvements, will be subject to the architectural guidelines established, from time to time, pursuant to the Declaration, and the prior written approval thereof by the architectural review committee established thereunder. Purchaser and Purchaser's builder will be solely responsible for the completion of construction of all improvements on the Lot and for proper drainage during and after house construction, as well as the published fee payable to architectural review committee for review and approval, prior to construction, of all construction and design plans with respect to any improvements to be placed on Purchaser's Lot. Purchaser or Purchaser's contractor will also be responsible for posting a bond with the NCC prior to commencing construction, as published from time to time by the architectural review committee.

4.3 Size of Residence. Purchaser also acknowledges that the Section 4.1(b) of Declaration requires minimum square footages for residences constructed within Cliffs at Walnut Cove based upon where Purchaser's Lot is located.

5. The Golf & Country Club. Purchaser acknowledges the plan of development for the Cliffs at Walnut Cove includes the Club's operation of a commercial, private golf and country club facility adjacent to or within the boundaries of the Cliffs at Walnut Cove. Purchaser further acknowledges that the Club's recreational facilities are operated by The Cliffs at Walnut Cove Golf & Country Club, LLC, a related third party, as a commercial business, and not as a non-profit enterprise, that Purchaser will have a license to use the facilities as herein described if Purchaser acquires a membership to do so, and that neither Purchaser nor any property owner association of which Purchaser may be a member has or will receive any ownership interest in the Club's facilities by virtue of Purchaser's acquisition of the Lot or membership in any such property owner association. The Club may, but will not be required to, add additional recreational facilities in the future. The Club operates and offers membership opportunities pursuant to a published Membership Plan, which the Club may supplement, amend, delete and change in its sole discretion at any time. If Purchaser wishes to become a member, Purchaser should take the time to read the Membership Plan prior to acquiring a membership. Purchaser acknowledges receiving a summary of The Cliffs Club membership opportunities. Such information is summary only, and Purchaser should refer to the Membership Plan for the actual terms and condition applicable to membership in the Club.

6. Closing. The sale and purchase contemplated by this Agreement will be closed by delivery to Purchaser of a properly executed and acknowledged general warranty deed, in proper, recordable form, in exchange for payment to Seller of the Purchase Price as hereinabove provided. Notwithstanding any provisions herein to the contrary, the legal description for Purchaser's Lot will be in accordance with and based upon the approved, bonded plat for the subdivision of which the Lot is a part (the "Plat").

6.1 Deed to Lot. The general warranty deed will convey to Purchaser a good and marketable or insurable (at regular rates), fee simple title to the Lot subject to matters of record, including, but not limited to, taxes and assessments not yet due, all special easements, restrictions and conditions shown and noted on the Plat, licenses and easements for utilities serving the property, the Declaration and the Bylaws of the Association, applicable ordinances and all other easements, rights-of-way, restrictive or utility easements, restrictions, covenants, affirmative obligations and conditions of record in the office of Register of Deeds.

If a title insurance company which is a member of the American Land Title Association will issue a binder to issue an owner's title insurance policy at Purchaser's expense, insuring the title to the Lot at regular rates in an amount equal to the Purchase Price (which owner's title insurance policy will have as exceptions only standard exceptions and those exceptions as are herein agreed and set forth), Seller will be deemed to be able to convey a marketable title in fee simple. If, at the Closing, Seller cannot deliver a general warranty deed to the Lot subject to the exceptions above, Seller will have the right to extend the Closing for an additional thirty (30) days to comply with the terms of the title policy.

6.2 Closing Date and Time. Closing will be conducted in the manner provided hereinafter, on the "Closing Date" set forth on Purchaser's signature page below, at the location set forth in Section 6.3 and at a time selected by Seller. Provided that Seller has fulfilled all of its obligations to Purchaser pursuant to this Agreement, Purchaser's failure or refusal to close at the time, place and date provided may, at Seller's option, be deemed a default by Purchaser.

6.3 **Closing Location.** Closing of this transaction will take place at such place as is designated by Seller within thirty (30) days following the Effective Date hereof. Tender of the deed by Seller and the performance of Seller's requirements will be made at said place. In no event will delivery of the deed exceed one hundred eighty (180) days from the date of Purchaser's execution of this Agreement, upon compliance with the terms of this Agreement. The Closing may take place in escrow. Purchaser will not be required to attend the Closing, but may, instead, participate by making all deliveries required to be made by mail to the Closing attorney prior to the Closing date, provided that all funds to be received from Purchaser on the Closing date, whether in person or by mail, must be in cash or certified, collected funds.

6.4 **Closing Costs.** Seller will pay for the preparation of the deed and the deed transfer fee required to record the deed, and Seller's attorney's fees. Purchaser shall pay for any and all other Closing costs, including but not limited to, loan service and origination fees, credit report and underwriting fees, appraisal expenses, recording fees, prepaid items, and title insurance premiums, and Purchaser's attorney's fees. A working capital contribution equal to two-months' Association assessments shall be paid to the Association, as provided in the Declaration.

(a) **Prorations at Closing.** Taxes and the Association's assessments will be prorated between Seller and Purchaser as of the date of closing, based upon information then available. Seller and Purchaser agree to adjust any such prorations following the Closing, as may be required by receipt of final bills therefor.

7. **Defaults.**

7.1 **Default by Purchaser.** In the event Purchaser defaults in the performance of any of Purchaser's obligations pursuant to this Agreement and Seller is not in default, Seller will have the right to specifically enforce this Agreement according to its terms and/or to pursue any and all other remedies available to Seller at law or in equity, or Seller will, at Seller's election, be released from any further obligations to Purchaser pursuant to this Agreement and in such event will be entitled to retain the Earnest Money Deposit as agreed liquidated damages, it being the intention and agreement of Seller and Purchaser that the amount of such Earnest Money Deposit will act as a fair measure of compensation for actual damages incurred by Seller as a result of Purchaser's default. However, notwithstanding the provisions of this Section 7.1, Seller expressly agrees that Seller will give Purchaser written notification of Purchaser's default or breach of contract and the opportunity to correct the default or breach within twenty (20) days following the receipt of Seller's notice.

7.2 **Default by Seller.** If Seller defaults in the performance of any of Seller's obligations as set forth in this Agreement and such default is not cured within twenty (20) days after written notice of default is given by Purchaser to Seller, Purchaser's sole remedy will be to rescind this Agreement and receive the immediate return of Purchaser's Earnest Money Deposit, pay to Purchaser Purchaser's reasonable attorney's fees for any title examination by Purchaser's attorney and for such other reasonable closing expenses which Seller agrees, in its sole discretion, to pay; provided, however, that in the event of a non-material breach of any term or condition of this Agreement, Purchaser's remedies will not include termination of this Agreement.

8. **Real Estate Commission.** It is understood that Seller has by separate agreement appointed Cliffs Real Estate, Inc. as the exclusive real estate agent for sales of Lots within Cliffs at Walnut Cove. Purchaser warrants and represents that, except as set forth to the contrary on the signature page of Purchaser, Purchaser has not dealt with any other real estate agent who may be entitled to claim a real estate commission in this transaction.

9. **Miscellaneous.**

9.1 **Seller's Reserved Easements; Construction Setbacks.** Purchaser acknowledges that Seller reserves the right to grant and/or reserve, in its reasonable discretion, various easements for ingress and egress, maintenance and use on and over the Lot and the remainder of the Cliffs at Walnut Cove development. No such easement will materially reduce the value or the usefulness of Purchaser's Lot. Furthermore, Purchaser's Lot is subject to front, rear and side lot line easements shown on the Plat and/or set forth in the Declaration, which also constitute construction setback limits.

9.2 **Seller's Development Activities.** Purchaser acknowledges that because of the size of the Development, the anticipated development period, and Seller's requirements to obtain various governmental permits, approvals and consents, the Seller has the right, without obtaining the consent of Lot owners, to alter, amend and modify its development plans for the Development. Purchaser acknowledges and agrees that all the master development plans presented to Buyer

9.8 **Entire Agreement.** Seller and Purchaser covenant and agree with each other that this written instrument, executed in duplicate originals, expresses the entire agreement between them and there is no other agreement, oral or otherwise, varying or modifying the terms of this Agreement.

9.9 **Modification of Agreement.** This Agreement may not be otherwise changed or modified, absent some subsequent written instrument executed by both Seller and Purchaser.

9.10 **Interpretation Presumption.** Seller and Purchaser represent and warrant to one another that each has, by counsel or otherwise, actively participated in the finalization of this Agreement, and in the event of a dispute concerning the interpretation of this Agreement, each hereby waives the doctrine that an ambiguity should be interpreted against the party which has drafted the document.

9.11 **Binding Effect; Assignment.** This Agreement is binding upon the parties' respective heirs, devisees, personal representatives, successors and assigns; provided however, this Agreement and any of Purchaser's rights hereunder may not be assigned by Purchaser.

9.12 **Resale Or Exchange Of Property.** Seller has no program or provision for the sale or exchange of any Lots in Cliffs at Walnut Cove. There is no program, which assures that Purchaser will be able to exchange the Lot for other property.

9.13 **Unenforceable Provisions.** Should any provision of this Agreement be void or become unenforceable at law or in equity, the remaining provisions will remain in full force and effect and will not in any manner be thereby affected or impaired.

9.14 **Survival.** This Agreement and all the terms and conditions hereof will survive the Closing of the transaction contemplated hereby and will thereafter continue to bind the parties to this Agreement.

9.15 **Counterpart Execution of Agreement.** This Agreement may be signed by each of the parties upon a separate copy, and in such case one counterpart of this Agreement will consist of enough of such copies to reflect the signature of each. For purposes of this Agreement, a telecopy of an executed counterpart will constitute an original. Any person delivering an executed counterpart of this Agreement by telecopy will also deliver an original, executed counterpart of this Agreement, but the failure to deliver an original, executed counterpart will not affect the validity of this Agreement. This Agreement may also be executed in two or more counterparts, each of which will be deemed an original; but for purposes of proving the Agreement, it will not be necessary to produce or account for more than one such counterpart.

9.16 **Effective Date.** This Agreement will become effective, and the term "Effective Date" herein will mean, the last date executed by a party to be bound hereby.

(BALANCE OF PAGE PURPOSELY BLANK)

Additional Documents Received By Purchaser. Pursuant to Section 9.6, the Purchaser acknowledges having received and reviewed prior to the execution of this Agreement the following (if none, leave blank):

<input checked="" type="checkbox"/>	<u>Plat Acknowledgement</u>
<input checked="" type="checkbox"/>	<u>HUD</u>
<input checked="" type="checkbox"/>	<u>Membership Addendum</u>
<input checked="" type="checkbox"/>	<u>Pre-Paid Interest Addendum</u>

PURCHASER'S INITIAL HERE TO EVIDENCE HAVING RECEIVED THE DOCUMENTS LISTED ABOVE

For Purchaser

YOU HAVE THE OPTION TO CANCEL YOUR CONTRACT OR AGREEMENT OF SALE BY NOTICE TO THE SELLER UNTIL MIDNIGHT OF THE SEVENTH DAY AFTER YOU HAVE RECEIVED A FULLY SIGNED COPY OF THE CONTRACT OR AGREEMENT.

IF YOU DID NOT RECEIVE A PROPERTY REPORT PREPARED PURSUANT TO THE RULES AND REGULATIONS OF THE OFFICE OF INTERSTATE LAND SALES REGISTRATION, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN ADVANCE OF YOUR SIGNING THE CONTRACT OR AGREEMENT, THE CONTRACT OR AGREEMENT OF SALE MAY BE CANCELLED AT YOUR OPTION FOR TWO YEARS FROM THE DATE OF SIGNING.

IN WITNESS WHEREOF, Purchaser and the Seller have each caused this instrument to be executed on the day and year set forth below their respective names.

WITNESS:

Purchaser:

Bruce S. Udell
(Signature)
Janet S. Udell
(Signature)
Sept. 1 2007
Month Day Year

The "Closing Date" is: October 1, 2007

Print or Type:

Name: Bruce S. Udell
Name: Janet S. Udell
Address: 393 North Point Road
#901
Osprey, FL 34229

Telephone (Work): (941) 951-0443
Telephone (Home): (941) 966-9466
FAX Number: _____
E-mail Address: UdellB@gmail.com

Name in Which to Title Property. Bruce & Janet Udell

(Insert the name or names to which Purchaser wishes title to the Lot to be deeded)

Name of Real Estate Agent(s): Fred Williams

(Insert the name or names of both the Cliffs Real Estate agent representing Seller and any outside agent representing Purchaser)

(BALANCE OF PAGE PURPOSELY BLANK)

Seller:

The Cliffs at Walnut Cove, LLC

By: Mundy, Retek

Its: TREASURER

9
Month

6
Day

07
Year

Property: Section: 4, Lot 44

Lot Purchase

Price: \$ 710,000.00

Membership: \$ 125,000.00

Total: \$ 835,000.00

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Club Membership Addendum

THIS CLUB MEMBERSHIP ADDENDUM executed simultaneously herewith is executed by and between The Cliffs Golf & Country Club, Inc. in behalf of The Cliffs Club (the "Club") and the below identified "Seller" (the "Seller") and below identified "Purchaser" (the "Purchaser") of the below identified single-family property (the "Property") in the Cliffs community also identified below (the "Community"), and is an amendment of and addition to that certain Real Estate Sale and Purchase Agreement (the "Agreement") between the Seller and Purchaser.

Purchaser: Bruce S. Udell Community: Cliffs at Walnut Cove
Janet S. Udell Section: 4

Agreement Date: _____ Property #: 44

Property List Price \$ 735,000.00

"Discount": (\$ 25,000.00)

Discounted Purchase Price \$ 710,000.00

☒ Family Membership Privileges, Initiation Deposit.

If checked, Purchaser will apply at Closing the amount of the **Discount** given for Cliffs Family Membership privileges, and pay the total required deposit of:

\$ 50,000.00

☒ Golf Membership, Initiation Deposit.

If checked, Purchaser wishes to upgrade immediately to a Cliffs Golf Membership by paying at the Closing the add-on deposit of:

\$ 75,000.00

Total Membership Deposit To Be Paid at Closing: \$ 125,000.00

1. **Purchase Price Discounted for Membership.** The Club and Seller have, by special arrangements, agreed that if Purchaser wishes to acquire a membership, Seller will discount the price of the Property by the **Discount** set forth above and in the Agreement. Purchaser wishes to receive the **Discount** and acquire a membership, electing a membership as below provided for either a Cliffs Golf Membership, or a Cliffs Family Membership, and agreeing to pay to the Club at the closing with Seller the required membership deposit. See the membership check boxes below and Paragraph 2 regarding membership privileges in the Clubs' facilities. In the event Purchaser fails to enter into this Club Membership Addendum, thereby declining to acquire a membership, no purchase price discount will be given in the sales transaction between Purchaser and Seller.

(a) **5-Year Vesting in Full Refundability.** The Club's Membership Plan provides that upon resignation from the Club, a resigned member is normally entitled to receive 100% of the initiation deposit paid to the Club. However, because Seller is agreeing to discount the price of the Property, then the **Discount** that Purchaser will apply to the membership shall only be refunded to the Purchaser-member upon a resignation occurring more than five (5) years following the Property closing with Seller, or upon a resale closing within the five (5) -year vesting period only if the resale buyer acquires a Club Membership and pays the initiation deposit then required. Any initiation deposit paid by

Purchaser in excess of the **Discount** so applied to the Property will be fully refunded as provided in the Club's Membership Plan and without regard to any vesting period; but, the **Discount** applied to the Membership will only be refunded during the vesting period if the resale buyer acquires a Membership of equal or higher category of Membership privileges, and all refundable amounts will be paid solely in accordance with, and within the period required under, the Membership Plan.



Box #1. **PURCHASER ELECTS TO RECEIVE A CLIFFS FAMILY MEMBERSHIP.** THE DEPOSIT FOR A CLIFFS FAMILY MEMBERSHIP IS SHOWN OPPOSITE THE FIRST CHECKBOX ABOVE. By checking this box and initialing below, Purchaser acknowledges that Purchaser has read Paragraph 1 below. Purchaser hereby understands that a Cliffs Family Membership will not be issued and activated until the Club has received from the Purchaser the required deposit for the membership. The **Discount** received by Purchaser at the Property closing will be applied to a Cliffs Family Membership. This represents Purchaser's election to receive a Family Membership, which Purchaser must acquire to receive the **Discount** off the Property's price. The Purchaser must deliver the "Total Membership Deposit To Be Paid at Closing" stated above and complete the Club's required forms for a Cliffs Family Membership not later than the Purchaser's Property closing with Seller. If the Club does not receive such funding on or before the closing, the Purchaser will not receive the **Discount** from Seller at the Property closing, and will pay as the Purchase Price for the Property the full Property List Price set forth above, and Purchaser will pay the full deposit required if Purchaser elects after closing to acquire a Family Membership and one is made available by the Club. Purchaser will have no guarantee that a Cliffs Family Membership will be available to Purchaser in the future. Purchaser further understands that a Cliffs Family Membership is subject to availability and that there is no guarantee that a Cliffs Family Membership will be available if Purchaser delays membership acquisition and later wishes to acquire a membership.

For Purchaser



Box #2. **PURCHASER ELECTS TO ACQUIRE A CLIFFS GOLF MEMBERSHIP.** THE DEPOSIT FOR A CLIFFS GOLF MEMBERSHIP IS THE SUM OF THE AMOUNTS SHOWN OPPOSITE BOTH THE FIRST CHECKBOX AND THE SECOND CHECKBOX ABOVE. By checking this box and initialing below, Purchaser acknowledges that Purchaser has read Paragraph 1 below. Purchaser hereby understands that a Cliffs Golf Membership will not be issued and activated until the Club has received from the Purchaser the required deposit for the membership. This represents Purchaser's election to receive a Golf Membership. The Purchaser must deliver the "Total Membership Deposit To Be Paid at Closing" stated above and complete the Club's required forms for a Cliffs Golf Membership not later than the Purchaser's Property closing with Seller. If the Club does not receive such funding on or before the closing, the Purchaser will not receive the **Discount** from Seller at the Property closing, and will pay as the Purchase Price for the Property the full Property List Price set forth above, and Purchaser will have no guarantee that a Cliffs Golf Membership will be available to Purchaser in the future. Pursuant to the membership Plan, the Purchaser may acquire a Golf Membership within 30 days of the property's Closing for the full amount of the deposit, but if Purchaser elects to do so, Purchaser will have forgone the Seller's **Discount** at the Property's closing. Purchaser should remember that when Purchaser goes to sell the Property, the resale Purchaser is only guaranteed the ability to get a Cliffs Golf Membership if the Purchaser has one to resign back to the Club (and receive a refund of the initiation deposit) so the Club can immediately re-issue it to Purchaser's resale buyer at the resale closing (subject to Purchaser's resale buyer completing an application and paying the required membership deposit at the resale closing).

For Purchaser

2. **The Golf & Country Club.** Purchaser hereby acknowledges the plan of development for the Cliffs Community above identified includes, or may include, the operation of a commercial, private golf and country club facility within or in proximity to the boundaries of the Community. Purchaser further acknowledges that the Club's recreational facilities are owned by a related third party and operated by or in concert with its affiliate, The Cliffs Golf & Country Club, Inc., as a commercial business, and not as a non-profit enterprise, that Purchaser will have a license to use the facilities as herein described if Purchaser acquires a membership to do so, and that neither Purchaser nor any property owners' association of which Purchaser may be a member has or will receive any ownership interest in the Club's facilities by virtue of

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Purchaser's acquisition of the Property or membership in any such property owners' association. The Club may, but will not be required to, add additional recreational facilities in the future. The Club operates and offers membership opportunities pursuant to a published Membership Plan, which the Club may supplement, amend, delete and change in its sole discretion at any time. If Purchaser wishes to become a member, Purchaser should take the time to read the Membership Plan prior to acquiring a membership.

(a) **Golf Membership.** The ability to acquire permanent golf privileges is reserved to those who elect to acquire a Cliffs Golf Membership. Acquisition of a Cliffs Golf Membership is subject to availability at the time Purchaser may wish to acquire one, but Purchaser is guaranteed the availability of a Cliffs Golf Membership if the Purchaser's application and the required deposit are received within thirty (30) days following the Property Closing. If the Purchaser wants its resale buyer of the Property in a resale transaction to be guaranteed the ability to acquire a Cliffs Golf Membership, following the Purchaser's membership resignation and the Club's re-issuance of the resigned membership to its resale buyer at the resale closing pursuant to the requirements of the Club's Membership Plan, the Purchaser must acquire the Cliffs Golf Membership. **Please note however, because Purchaser is receiving the Discount off the list price of the Property, which must be applied toward the membership initiation deposit, Purchaser must acquire the Cliffs Golf Membership on or before the Property closing and may not wait the 30 days otherwise applicable. The "Total Membership Deposit To Be Paid at Closing" stated above (which includes the Property Discount) is due on or before the Property Closing.** A Golf Membership is subject to availability at all times as determined by the Club. If Purchaser has elected to receive a Cliffs Golf Membership by checking Box #2 on page 2, then upon Purchaser making application and funding the required deposit on or before the Closing, Purchaser will be issued a Cliffs Golf Membership in the Club. Purchaser's monthly membership dues will commence with the issuance of the membership, and the monthly dues may change from time to time at the Club's sole discretion. The privileges of membership in the Club are dependent upon the facilities available and the rules and regulations adopted for their use, as the Club may modify the same from time to time.

(b) **Cliffs Family Membership.** If Purchaser has elected to receive a Cliffs Family Membership by checking Box #1 on page 2 of this Club Membership Addendum executed simultaneously herewith, then upon making application and funding the required deposit at the Purchaser's Property closing with Seller, Purchaser will be issued a Cliffs Family Membership in the Club. Monthly membership dues will commence with the issuance of the membership to Purchaser, and the monthly dues may change from time to time at the Club's sole discretion. The privileges of membership in the Club are dependent upon the facilities available and the rules and regulations adopted for their use, as the Club may modify the same from time to time. **Please note however, because Purchaser is receiving the Discount off the list price of the Property, which must be applied toward the membership initiation deposit, Purchaser must acquire the Cliffs Family Membership on or before the Property closing and may not wait until after the closing. The "Total Membership Deposit To Be Paid at Closing" stated above (which includes the Property Discount) is due on or before the Property Closing.**

(c) **Club's Membership Plan.** The governing documents of the Club require that upon resale of the Property, all of Purchaser's membership privileges in the Club must be resigned. When Purchaser sells the Property, and so long as Purchaser is a Club member in good standing, Purchaser will be entitled to a refund equal to one hundred percent (100%) of the initiation deposit made for membership in the Club, subject to vesting with regard to the **Discount** granted, as provided in Paragraph 1(a) above. In addition, if the resale buyer of Purchaser's Property wishes a membership, he or she will have to acquire a membership directly from the Club at the then prevailing rates for the membership desired, and subject to availability and the rules and regulations of the Club. The membership deposit that Purchaser's resale buyer makes for the issuance of a membership may be more or less than the deposit Purchaser made. As previously indicated, a Cliffs Golf Membership is not guaranteed to be available to Purchaser's resale buyer if Purchaser does not acquire one at Purchaser's property closing pursuant to subparagraph (a) above.

3. **Effective Date.** This Addendum shall become effective the last date executed by a party to be bound hereby, and is subject to all other terms and conditions of the Agreement.

Purchaser:

Brian H. Wells
Janet A. Wells

Month Day Year

Seller:

The Cliffs at Walnut Cove, LLC

By:

Marty Retz

Its:

TREASURER

9 6 07
Month Day Year

For The Cliffs Club:

The Cliffs Golf & Country Club, Inc.

By:

Marty Retz

Its:

TREASURER

9 6 07
Month Day Year

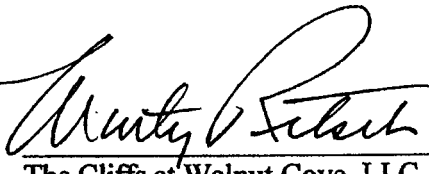
Addendum

This Addendum is an amendment of and addition to that certain "Purchase Agreement" dated September 1, 2007, between, The Cliffs at Walnut Cove, LLC (Seller) and Bruce S. Udell and Janet S. Udell, (Purchasers).

1. The closing date shall be extended until October 29, 2007.

It is here by agreed to this 22nd day of September, 2007.


Bruce S. Udell, Purchaser


The Cliffs at Walnut Cove, LLC,
Seller


Janet S. Udell, Purchaser

PREPAID INTEREST ADDENDUM

This Addendum is attached to and made a part of the Cliffs Communities Real Estate sales and purchase agreement Contract (the "Contract") entered into as August 31, 2007 by and between, The Cliffs at Walnut Cove LLC, Seller and Mr. & Mrs. Bruce & Janet Udell ("Purchaser") regarding Lot 44, Section 4 of The Cliffs at Walnut Cove, Buncombe County, North Carolina ("The Property").

If Purchaser closes the purchase of the Property under the terms and conditions of the Contract no more than Thirty (30) days from the Contract Date, Purchaser shall be entitled to the following consideration:


Seller will pay two years of interest with a total value of Thirteen percent (13%) of ninety percent (90%) of the Gross Purchase Price of the Property at the time of closing, where the Gross Purchase Price is equal to the purchase price of the Property including the Family Membership deposit discount less any discounts or credits (which equals 6.5% interest on 90% for two years). Payment will be rendered either as a prepayment of interest and/or principle directly to the Purchaser's lender at the close of escrow or as a credit against the purchase price of the Property to be deducted from the Sellers proceeds at the discretion of the Purchaser.

If the sale and purchase of the Property does not close by the Closing Date, this Agreement will terminate and be of no further force or effect. This incentive will only be available once per Purchaser for any given lot. Time is of the essence.

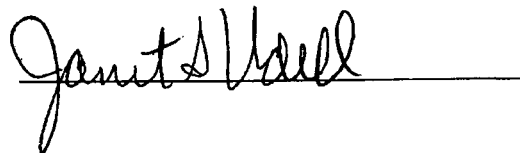

Seller:

THE CLIFFS AT WALNUT COVE LLC.

By:



Purchaser:



**CLIFFS GOLF MEMBERSHIP
FINANCE ADDENDUM TO SALES AGREEMENT**

The sales agreement by and between Mr. + Mrs. Bruce Udell, ("Purchaser") and *The Cliffs at Walnut Cove LLC*, ("Seller"), is hereby amended as follows:

- Both Seller and Purchaser acknowledge that it is the intent of the Purchaser to upgrade to a **Golf Membership** in The Cliffs Golf and Country Club at *The Cliffs at Walnut Cove*. The total initiation deposit for a Golf Membership at *The Cliffs at Walnut Cove* is One-Hundred Twenty-Five Thousand Dollars (\$125,000). Purchasers further acknowledge that they are receiving a Twenty-Five Thousand Dollar (\$25,000) discount on the purchase price of the property and this discount is being applied towards the Full Golf Membership initiation deposit at *The Cliffs at Walnut Cove*. Seller offers and Purchaser accepts this Club Membership Financing Addendum for the balance of One-Hundred Thousand Dollars (\$100,000) towards the initiation deposit as detailed below:
 1. At closing of Section 4, Lot 44 at *The Cliffs at Walnut Cove*, Purchaser agrees to pay a deposit in the amount of Fifty Thousand Dollars (\$50,000) towards a Golf Membership. The aforementioned discount of Twenty-Five Thousand Dollars (\$25,000) on the purchase price of the property will be applied towards this deposit at closing.
 2. Twelve months following the closing date, purchaser agrees to pay an initial installment of Thirty-Seven Thousand Five Hundred Dollars (\$37,500).
 3. The final installment of Thirty-Seven Thousand Five Hundred Dollars (\$37,500) is due and payable **twenty-four months following the closing date**.
 4. By subscribing to the payment schedule identified above, Purchaser will incur no financing or interest expenses.
- Purchaser will receive a Twenty Thousand Dollar (\$20,000) prepaid dues credit to commence with the activation of membership at closing.
- Prepaid dues are non-refundable to the purchaser and non-transferable to another purchaser in the event of a resale transaction.

<u>Bruce Udell</u> Purchaser	<u>9/1/2007</u> Date
<u>Janet A. Udell</u> Purchaser	<u>9/1/2007</u> Date
<u>Monty Rutch</u> Seller	<u>9/6/07</u> Date
<u>Monty Rutch</u> The Cliffs Golf and Country Club	<u>9/6/07</u> Date

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

The Cliffs Club & Hospitality Group, Inc., *et al.*,¹
d/b/a The Cliffs Golf & Country Club,

Debtors.

CHAPTER 11

Case No. 12-01220

Jointly Administered

NOTICE OF DEADLINES TO FILE PROOFS OF CLAIM

PLEASE TAKE NOTICE OF THE FOLLOWING:

On February 28, 2012 (the "Petition Date"), The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court").

Acts or omissions of the Debtors that arose on or before the Petition Date may give rise to claims against any or all of the Debtors, notwithstanding that such claims may not have matured or become fixed or liquidated prior to such date. Under section 101(5) of the Bankruptcy Code, the word "claim" means (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (4293) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

Under the Bankruptcy Code, the Debtors are granted certain protections against creditors. A creditor is anyone to whom the Debtors owe money or property. Creditors are prohibited from taking any actions to collect money or property from the Debtors. If unauthorized actions are taken by a creditor against any or all of the Debtors, the Bankruptcy Court may penalize that creditor. A creditor who is considering taking action against any or all of the Debtors, or property of any or all of the Debtors, other than by the filing of a proof of claim consistent with this notice, may wish to consult an attorney.

YOU SHOULD NOT FILE A PROOF OF CLAIM IF YOU DO NOT HAVE A CLAIM AGAINST ANY OR ALL OF THE DEBTORS.

THE FACT THAT YOU HAVE RECEIVED THIS NOTICE DOES NOT MEAN THAT YOU HAVE A CLAIM OR THAT THE DEBTORS OR THE COURT BELIEVE THAT YOU HAVE A CLAIM.

**BAR DATES FOR PREPETITION CLAIMS AND
PROCEDURES FOR ASSERTION OF SECTION 503(B)(9) CLAIMS**

By Order of the Bankruptcy Court entered on April 10, 2012 (the "Bar Date Order"),² except as expressly provided herein, any entity, as such term is defined in section 101(15) of the Bankruptcy Code (an "Entity"), including any governmental unit, as such term is defined in section 101(27) of the Bankruptcy Code, that asserts a claim against any or all of the Debtors that *arose prior to the Petition Date*, whether secured, unsecured priority, or unsecured non-priority (such claim, a "Prepetition Claim"), is required to file an original, written proof of such Prepetition Claim, substantially in the form of Form B10 (Official Form No. 10),³ so as to be **actually received** on or before **May 31, 2012** (the "Bar Date") (or by **August 27, 2012** for claims of governmental units (the "Governmental Claims Bar Date")) by hand delivery, courier service, overnight delivery, or first-class U.S. mail to BMC Group, Inc., the Debtors' duly appointed claims, noticing and balloting agent (the "Claims Agent"), at one of the following addresses:

BY MAIL TO:

BMC Group, Inc.
Attn: Cliffs Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020

BY HAND OR OVERNIGHT DELIVERY TO:

BMC Group, Inc.
Attn: Cliffs Claims Processing
18675 Lake Drive East
Chanhassen, MN 55317

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Bar Date Order.

³ You should have received a copy of a proof of claim form consistent with Form B10 (Official Form No. 10). However, if you did not receive a copy of such form, or if you need another copy, you can print a copy of the appropriate form from the website maintained for these cases by BMC Group, Inc., the Debtors' duly appointed claims, noticing and balloting agent, at the address www.bmcgroup.com/cliffs. Additionally, you may obtain a proof of claim form from any bankruptcy court clerk's office, from your lawyer, or by contacting the Debtors' bankruptcy counsel, Bryan E. Bates, at 404-527-4000.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

**The Cliffs Club & Hospitality Group, Inc., *et al.*,¹
d/b/a The Cliffs Golf & Country Club,**

Debtors.

CHAPTER 11

Case No. 12-01220

Jointly Administered

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On February 28, 2012 (the "Petition Date"), The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court").

Acts or omissions of the Debtors that arose on or before the Petition Date may give rise to claims against any or all of the Debtors, notwithstanding that such claims may not have matured or become fixed or liquidated prior to such date. Under section 101(5) of the Bankruptcy Code, the word "claim" means (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (4293) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

Original proofs of claim (and not email transmissions or facsimile copies) must be received by the Claims Agent on or before 4:00 p.m. prevailing Eastern Time on the applicable Bar Date.

The Bar Dates apply to all Prepetition Claims, including claims pursuant to section 503(b)(9) of the Bankruptcy Code, except that the following Entities **do not** need to file proofs of claim:

- (a) any Entity that has already properly filed with the Court or the Claims Agent a proof of claim using a claim form that substantially conforms to Form B10 (Official Form No. 10);
- (b) any Entity whose Prepetition Claim is listed in the Debtors' schedules of assets and liabilities (the "Schedules"),⁴ and is not designated as "disputed," "contingent," or "unliquidated," and with respect to which the Entity agrees with the nature, classification and amount of such Prepetition Claim as identified in the Schedules;
- (c) any Entity whose Prepetition Claim (including any claim pursuant to section 503(b)(9) of the Bankruptcy Code) previously has been allowed by, or paid pursuant to, an order of this Court;
- (d) any Entity asserting a claim under section 507(a)(2) of the Bankruptcy Code as an administrative expense of the Debtors' Chapter 11 cases, specifically including professionals retained by the Debtors or the Committee, as well as all parties authorized to receive payment pursuant to the DIP Financing Order or the Cash Collateral Order;
- (e) any Entity asserting a claim **solely** for a refundable membership or initiation deposit and/or an amount due under the Notes, and, with respect to the refundable membership or initiation deposit claim, the Entity agrees with the description and amount of such Prepetition Claim as identified in the Schedules; and
- (f) holders of Notes, as defined in the Cash Collateral Order, who are not required to file proofs of claim in these Chapter 11 cases with respect to any obligation under the Notes. The Indenture Trustee, as defined in the Cash Collateral Order, is authorized and entitled, in its sole discretion, but is not required, to file (and amend and/or supplement, as it sees fit) aggregate proofs of claim on behalf of the holders of the Notes with respect to any obligation under the Notes.

⁴ A copy of the Debtors' Schedules may be obtained at the website maintained for these cases by the Claims Agent, at the address www.bmcgroup.com/cliffs.

Except with respect to any Entity asserting a claim solely for a refundable membership or initiation deposit, any Entity whose Prepetition Claim is not listed in the Debtors' Schedules, or is listed as disputed, contingent, or unliquidated, and that desires to participate in these Chapter 11 cases or share in any distribution in these Chapter 11 cases, and any Entity that believes its Prepetition Claim is improperly classified in the Schedules or is listed in an incorrect amount and that desires to have its Prepetition Claim allowed in a classification or amount other than that set forth in the Schedules, must file a proof of claim on or before the Bar Date.

Any Entity asserting a claim **solely** for a refundable membership or initiation deposit will be deemed to have filed a timely contingent claim in the amount and of the type as set forth in Schedule F of each of the Debtor's Schedules of Assets and Liabilities filed on March 30, 2012, wherein each such refundable membership or initiation deposit claim is denominated as a contingent "Member Initiation Deposit" in a specified amount (a copy of each Debtor's Schedule F may be obtained at the website maintained for these cases by the Claims Agent at the address www.bmcgroup.com/cliffs). Any Entity asserting any claim in addition to a claim for a refundable membership or initiation deposit (or other amounts included in paragraphs (a)-(f) above for which a proof of claim need not be filed, including but not limited to a claim with respect to any obligation under the Notes) **must file a separate proof of claim as to such claim or it will not be deemed to have filed a proof of claim with regard to any such non-membership or initiation deposit claim(s)**. Nothing herein precludes any Entity from filing a separate proof of claim in accordance with the procedures set forth herein.

The following procedures shall apply to the assertion of claims pursuant to section 503(b)(9) of the Bankruptcy Code (the "503(b)(9) Claims") by vendors that delivered goods to the Debtors during the 20 days prior to the Petition Date (the "503(b)(9) Claimants"):

- (a) 503(b)(9) Claimants must use a claim form that substantially conforms to Form B10 (Official Form No. 10), must clearly indicate on the face of such claim form that a 503(b)(9) Claim is being asserted, and must include, with specificity: (i) the amount of the 503(b)(9) Claim; (ii) the date of delivery of the goods the 503(b)(9) Claimant contends the identified Debtor received within 20 days before the Petition Date; (iii) documentation, including invoices, receipts, bills of lading, etc., identifying the particular goods for which the 503(b)(9) Claim is being asserted; (iv) an identification of which goods (if any) were subject to a demand for reclamation asserted under section 546 of the Bankruptcy Code; and (v) a certification that the goods with respect to which the 503(b)(9) Claim is being asserted were sold in the ordinary course of the Debtor's business;
- (a) All of this required information shall be sent to the Claims Agent, so as to be received on or before the Bar Date by either mail or delivery by hand, courier, or overnight service at the appropriate address set forth herein;
- (a) 503(b)(9) Claimants shall not file a motion to compel allowance or payment of administrative expenses for their 503(b)(9) Claims. All timely and properly filed 503(b)(9) Claims shall be deemed allowed unless

Original proofs of claim (and not email transmissions or facsimile copies) must be received by the Claims Agent on or before 4:00 p.m. prevailing Eastern Time on the applicable Bar Date.

The Bar Dates apply to all Prepetition Claims, including claims pursuant to section 503(b)(9) of the Bankruptcy Code, except that the following Entities **do not** need to file proofs of claim:

- (a) any Entity that has already properly filed with the Court or the Claims Agent a proof of claim using a claim form that substantially conforms to Form B10 (Official Form No. 10);
- (b) any Entity whose Prepetition Claim is listed in the Debtors' schedules of assets and liabilities (the "Schedules"),⁴ **and** is not designated as "disputed," "contingent," or "unliquidated," **and** with respect to which the Entity agrees with the nature, classification and amount of such Prepetition Claim as identified in the Schedules;
- (c) any Entity whose Prepetition Claim (including any claim pursuant to section 503(b)(9) of the Bankruptcy Code) previously has been allowed by, or paid pursuant to, an order of this Court;
- (d) any Entity asserting a claim under section 507(a)(2) of the Bankruptcy Code as an administrative expense of the Debtors' Chapter 11 cases, specifically including professionals retained by the Debtors or the Committee, as well as all parties authorized to receive payment pursuant to the DIP Financing Order or the Cash Collateral Order;
- (e) any Entity asserting a claim **solely** for a refundable membership or initiation deposit and/or an amount due under the Notes, **and**, with respect to the refundable membership or initiation deposit claim, the Entity agrees with the description and amount of such Prepetition Claim as identified in the Schedules; and
- (f) holders of Notes, as defined in the Cash Collateral Order, who are not required to file proofs of claim in these Chapter 11 cases with respect to any obligation under the Notes. The Indenture Trustee, as defined in the Cash Collateral Order, is authorized and entitled, in its sole discretion, but is not required, to file (and amend and/or supplement, as it sees fit) aggregate proofs of claim on behalf of the holders of the Notes with respect to any obligation under the Notes.

⁴ A copy of the Debtors' Schedules may be obtained at the website maintained for these cases by the Claims Agent, at the address www.bmcgroup.com/cliffs.

objected to. To the extent any 503(b)(9) Claim is allowed pursuant to these 503(b)(9) Claims Procedures and is entitled to administrative priority pursuant to the Bankruptcy Code, the 503(b)(9) Claim shall be paid pursuant any appropriate Order of this Court or as set forth in a plan of reorganization, if any, confirmed by the Court;

- (b) Nothing in these 503(b)(9) Claims Procedures shall preclude any 503(b)(9) Claimant from filing a motion seeking, after notice and a hearing, payment of a 503(b)(9) Claim earlier than provided for herein so long as such motion is either (i) filed within thirty (30) days of entry of the Bar Date Order and is based on an argument that these procedures unfairly prejudice 503(b)(9) Claimants, or (ii) is predicated on events that have taken place in these cases subsequent to the entry of the Bar Date Order, and the movant asserts that, in light of such subsequent events, the earlier payment of the movant's 503(b)(9) Claim is necessary to ensure fair and equitable treatment of 503(b)(9) Claimants or is otherwise appropriate under the circumstances; and
- (c) Nothing in these 503(b)(9) Claims Procedures shall affect the rights and remedies and/or defenses of the Debtors, claimants or any other party-in-interest with regard to objection to any claim or obligation.

AMENDED SCHEDULE BAR DATE

If the Debtors amend their Schedules to reduce the undisputed, noncontingent, and liquidated amount of a Prepetition Claim reflected therein, to change the nature or classification of a Prepetition Claim reflected therein and/or to add a claim to the Schedules, then any affected claimant shall have until the Amended Schedule Bar Date (the later of the Bar Date and thirty (30) days after the date that notice of the amendment is served on the affected claimant) to file a proof of claim or to amend any previously filed proof of claim in respect of such amended scheduled Prepetition Claim or added claim. Entities wishing to file proofs of claim with respect to claims that have been amended by the Debtors in their Schedules or added thereto are required to file an original proof of such claim substantially in the form of Form B10 (Official Form No. 10) so as to be actually received by the Claims Agent on or before the Amended Schedule Bar Date by either mail or delivery by hand, courier, or overnight service at the appropriate address set forth herein.

GENERAL REQUIREMENTS AND INFORMATION

Each proof of claim filed shall: (a) be written in the English language, (b) be denominated in lawful currency of the United States, (c) conform substantially with Official Form No. 10, (d) attach copies of any writings upon which the claim is based, and (e) when asserting a 503(b)(9) Claim, shall also comply with the 503(b)(9) Claims Procedures.

The Claims Agent will not accept claim forms sent by facsimile, telecopy, or other electronic means, and all proofs of claim shall be deemed timely filed only if the original claim

form is actually received by the Claims Agent on or before 4:00 p.m. prevailing Eastern Time on the applicable Bar Date.

EXCEPT AS EXPRESSLY SET FORTH IN THE BAR DATE ORDER, PURSUANT TO BANKRUPTCY RULE 3003(C)(2), ANY ENTITY THAT IS REQUIRED TO FILE A PROOF OF CLAIM FOR ANY CLAIM AGAINST ANY OR ALL OF THE DEBTORS IN THESE CHAPTER 11 CASES PURSUANT TO THE BANKRUPTCY CODE, THE BANKRUPTCY RULES OR THE BAR DATE ORDER, BUT THAT FAILS TO DO SO IN A TIMELY MANNER, SHALL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING ANY SUCH CLAIM AGAINST ANY OR ALL OF THE DEBTORS, AND THE DEBTORS AND THEIR PROPERTY SHALL BE FOREVER DISCHARGED FROM ANY AND ALL INDEBTEDNESS OR LIABILITY WITH RESPECT TO SUCH CLAIM (EXCEPT THAT NOTHING HEREIN SHALL PREJUDICE ANY RIGHT OF A CLAIMANT THAT FAILS TO FILE A CLAIM IN A TIMELY MANNER FROM ASSERTING, SUBJECT TO OBJECTION BY THE DEBTORS OR ANY OTHER PARTY IN INTEREST, THAT ITS UNTIMELY-FILED CLAIM: (I) SHOULD BE ALLOWED AS A TIMELY-FILED CLAIM, ON THE BASIS THAT SUCH CLAIMANT DID NOT HAVE NOTICE OR ACTUAL KNOWLEDGE OF THESE CASES IN TIME TO TIMELY FILE A PROOF OF CLAIM, (II) IS ENTITLED TO A DISTRIBUTION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, IN THE EVENT THESE CHAPTER 11 CASES ARE CONVERTED TO CHAPTER 7 CASES, OR (III) SHOULD OTHERWISE BE ALLOWED UNDER APPLICABLE LAW). ADDITIONALLY, ANY HOLDER OF ANY CLAIM WHO IS REQUIRED, BUT FAILS, TO FILE A PROOF OF SUCH CLAIM ON OR BEFORE THE APPLICABLE BAR DATE SHALL NOT BE PERMITTED TO VOTE TO ACCEPT OR REJECT ANY PLAN OR PLANS OR PARTICIPATE IN ANY DISTRIBUTION IN THE DEBTORS' CHAPTER 11 CASES ON ACCOUNT OF SUCH CLAIM OR TO RECEIVE FURTHER NOTICES REGARDING SUCH CLAIM.

You may be listed as the holder of a claim against any or all of the Debtors in the Debtors' Schedules. To determine if and how you are listed on the Schedules, please refer to and carefully review the Schedules. Copies of the Schedules and the Bar Date Order are available and may be examined by interested parties: (i) at the website maintained for these cases by the Claims Agent at the address www.bmcgroup.com/cliffs, (ii) at the office of the Clerk of the Court, J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, SC 29201-2423, during normal business hours, or (iii) on the Court's electronic docket of these cases at the address www.scb.uscourts.gov.

YOU SHOULD CONSULT YOUR ATTORNEY REGARDING ANY OTHER INQUIRIES, SUCH AS WHETHER YOU SHOULD FILE A PROOF OF CLAIM. If you have any further questions regarding the filing or processing of a proof of claim, please contact undersigned counsel for the Debtors. **PLEASE DO NOT ATTEMPT TO CONTACT THE COURT FOR ADVICE.**

objected to. To the extent any 503(b)(9) Claim is allowed pursuant to these 503(b)(9) Claims Procedures and is entitled to administrative priority pursuant to the Bankruptcy Code, the 503(b)(9) Claim shall be paid pursuant any appropriate Order of this Court or as set forth in a plan of reorganization, if any, confirmed by the Court;

- (b) Nothing in these 503(b)(9) Claims Procedures shall preclude any 503(b)(9) Claimant from filing a motion seeking, after notice and a hearing, payment of a 503(b)(9) Claim earlier than provided for herein so long as such motion is either (i) filed within thirty (30) days of entry of the Bar Date Order and is based on an argument that these procedures unfairly prejudice 503(b)(9) Claimants, or (ii) is predicated on events that have taken place in these cases subsequent to the entry of the Bar Date Order, and the movant asserts that, in light of such subsequent events, the earlier payment of the movant's 503(b)(9) Claim is necessary to ensure fair and equitable treatment of 503(b)(9) Claimants or is otherwise appropriate under the circumstances; and
- (c) Nothing in these 503(b)(9) Claims Procedures shall affect the rights and remedies and/or defenses of the Debtors, claimants or any other party-in-interest with regard to objection to any claim or obligation.

AMENDED SCHEDULE BAR DATE

If the Debtors amend their Schedules to reduce the undisputed, noncontingent, and liquidated amount of a Prepetition Claim reflected therein, to change the nature or classification of a Prepetition Claim reflected therein and/or to add a claim to the Schedules, then any affected claimant shall have until the Amended Schedule Bar Date (the later of the Bar Date and thirty (30) days after the date that notice of the amendment is served on the affected claimant) to file a proof of claim or to amend any previously filed proof of claim in respect of such amended scheduled Prepetition Claim or added claim. Entities wishing to file proofs of claim with respect to claims that have been amended by the Debtors in their Schedules or added thereto are required to file an original proof of such claim substantially in the form of Form B10 (Official Form No. 10) so as to be **actually received** by the Claims Agent on or before the Amended Schedule Bar Date by either mail or delivery by hand, courier, or overnight service at the appropriate address set forth herein.

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Each proof of claim filed shall: (a) be written in the English language, (b) be denominated in lawful currency of the United States, (c) conform substantially with Official Form No. 10, (d) attach copies of any writings upon which the claim is based, and (e) when asserting a 503(b)(9) Claim, shall also comply with the 503(b)(9) Claims Procedures.

The Claims Agent will **not** accept claim forms sent by facsimile, telecopy, or other electronic means, and all proofs of claim shall be deemed timely filed only if the original claim

Dated: April 10, 2012

Respectfully submitted,

/s/ Däna Wilkinson

Däna Wilkinson

District Court I.D. No. 4663

LAW OFFICE OF DÄNA WILKINSON

365-C East Blackstock Road

Spartanburg, SC 29301

864.574.7944 (Telephone)

864.574.7531 (Facsimile)

danawilkinson@danawilkinsonlaw.com

-and-

/s/ J. Michael Levengood

Gary W. Marsh

Georgia Bar No. 471290

J. Michael Levengood

Georgia Bar No. 447934

Bryan E. Bates

Georgia Bar No. 140856

MCKENNA LONG & ALDRIDGE LLP

303 Peachtree Street, Suite 5300

Atlanta, Georgia 30308

404-527-4000 (phone)

404-527-4198 (fax)

gmarsh@mckennalong.com

mlevengood@mckennalong.com

bbates@mckennalong.com

Attorneys for Debtors and Debtors in Possession

from the desk of...

Janet Udell

original

copies

From: (941) 951-0443
Janet Udell
Udell Associates
1605 Main Street
Suite 1110
Sarasota, FL 34236

Origin ID: SRQA



Ship Date: 10MAY12
ActWgt: 1.0 LB
CAD: 8697286/NET3250

Delivery Address Bar Code



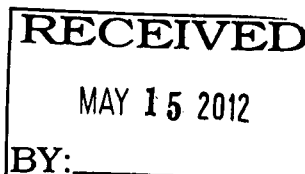
SHIP TO: (941) 951-0443

BILL SENDER

Attn: Cliffs Claims Processing
BMC Group Inc
18675 LAKE DR E

CHANHASSEN, MN 55317

Ref #
Invoice #
PO #
Dept #

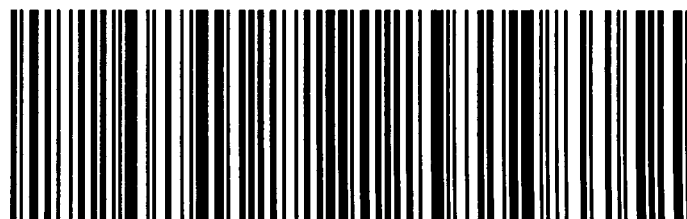
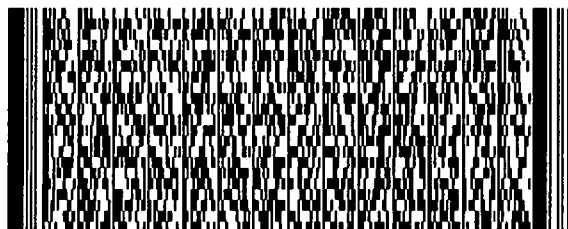


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EXPRESS SAVER

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55317
MN-US
MSP



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2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.