

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA

PROOF OF CLAIM

Name of Debtor:  
**The Cliffs at Glassy Golf & Country Club, LLC**

Case Number:  
**12-01234**

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) :

**WINSTON W. PULLIAM JR.**

Name and address where notices should be sent:

 29347867900002  
Pulliam, Winston  
2 Walden Ridge Drive  
Suite 70  
Asheville, NC 28803

RECEIVED

MAY 17 2012

BMC GROUP

If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.

THIS SPACE IS FOR COURT USE ONLY

Creditor Telephone Number **828 768-9660** email: **RPULLIAM@PULLIAMPROPERTIES.COM**

Name and address where payment should be sent (if different from above):

☐ 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.

☐ Check this box to indicate that this claim amends a previously filed claim.

Court Claim Number (if known):

Filed on: \_\_\_\_\_

Payment Telephone Number ( ) email:

1. AMOUNT OF CLAIM, AS OF DATE CASE FILED \$ **35,000**

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.

☐ 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: **See Attached Sales Agreement**  
(See instruction #2)

3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR:

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:

☐ Real Estate ☐ Motor Vehicle ☐ Other \_\_\_\_\_

Value of Property: \$ \_\_\_\_\_

Annual Interest Rate: \_\_\_\_\_ % ☐ Fixed or ☐ Variable  
(when case was filed)

Amount of arrearage and other charges, as of time case filed, included in secured claim, if any: \$ \_\_\_\_\_

Basis for Perfection: \_\_\_\_\_

Amount of Secured Claim: \$ \_\_\_\_\_

Amount Unsecured: \$ \_\_\_\_\_

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:

☐ Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ 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).

☐ 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).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).

☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a) ( \_\_\_\_\_ ).

☐ Value of goods received by the debtor within 20 days before the date of the bankruptcy filing - 11 U.S.C. § 503(b)(9).

\* 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.

Cliffs POC



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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: WINSTON W. PULLIAM JR.

Title: \_\_\_\_\_

Company: PULLIAM PROPERTIES INC.

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

(Signature) W. W. Pulliam Jr. (Date) 5/16/12

Telephone number: 828-768-9660 email: wpulliam@pulliamproperties.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](http://www.bmcgroup.com/cliffs)

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"),<sup>2</sup> 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),<sup>3</sup> 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

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

<sup>3</sup> 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](http://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.*,<sup>1</sup>  
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.

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<sup>1</sup> 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"),<sup>4</sup> **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.

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<sup>4</sup> 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](http://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](http://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

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](http://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](http://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.**

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 Levensgood

Gary W. Marsh  
Georgia Bar No. 471290  
J. Michael Levensgood  
Georgia Bar No. 447934  
Bryan E. Bates  
Georgia Bar No. 140856  
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bbates@mckennalong.com

*Attorneys for Debtors and Debtors in Possession*

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

)

)

)

Agreement By Member

To Transfer/Assign Membership Interest

To Walnut Cove Development, LLC

#### ARTICLE ONE:

##### Identification & Purpose of Parties

The undersigned (hereinafter "Member") is a member of Walnut Cove Development, LLC, a North Carolina limited liability company;

The Cliffs at Walnut Cove, LLC, (hereinafter "Cliffs") is a South Carolina limited liability company qualified to conduct business in the State of North Carolina and has entered into a feasibility study with Synergy, LLC in anticipation of developing the Walnut Cove project;

The purpose of this agreement is to outline the duties and obligations relied upon with respect to the Walnut Cove members agreement to transfer all members' interests to Walnut Cove Development, LLC, unencumbered, subject to execution of a definitive agreement between Cliffs, Synergy Financial, LLC, and Walnut Cove Development, LLC.

#### ARTICLE TWO:

##### Transfer of Membership Interest

The Member, in consideration of the agreements and authorizations approved and disclosed within Article Four hereinafter agrees to now transfer all Member's interest in Walnut Cove Development, LLC to Walnut Cove Development, LLC by delivery of Member's duly endorsed certificate to the Attorney, David Payne, with the understanding that the Member's rights incident thereto are to be utilized, voted, surrendered, or otherwise, as may be necessary and consistent with the following understandings :

1. It is understood and agreed that the Cliffs executed a letter of intent with Synergy Financial, LLC, who holds a majority ownership interest in Walnut Cove Development, LLC. This letter of intent calls for the execution of a definitive agreement with Cliffs and all members of Walnut Cove Development, LLC, and the successful acquisition of not less than sixty-five non-refundable deposits in the amount of \$25,000.00 (per deposit) to be credited toward membership purchase in the proposed Cliffs at Walnut Cove Country Club to be developed and located within the Walnut Cove Development. The Cliffs has a ninety-day period to obtain these sixty-five deposits. Upon written notification of the execution of the definitive agreement between The Cliffs at Walnut Cove, LLC and Synergy Financial, LLC, Member agrees to immediately transfer any and all of its membership interest in Walnut Cove Development, LLC to Walnut Cove Development, LLC. Member agrees to cooperate in the execution of all documentation which may be necessary to effectuate a proper transfer of said membership interest and agrees to tender and assign the formal membership certificate in Walnut Cove Development, LLC to Walnut Cove Development, LLC or its designated agent(s).

**ARTICLE THREE:**  
**Cliffs Obligations to Member**

Subject to the transfer of Member's interest aforementioned and Cliffs' agreement to become contractually obligated to develop project, Cliffs shall confer the following benefits upon Member:

1. At execution of this Agreement, an Honorary Social Membership in the Cliffs' existing club facilities will be issued to the undersigned pursuant to the terms set forth on Exhibit "A". In addition, Members will be deemed "Cornerstone Members" for purposes of Club status and may upgrade their Club privileges as outlined in Exhibit "B".
2. Member will receive a one time lot purchase credit certificate indicating a discount of 50 & 15 % off the listed sales price of a lot at Walnut Cove. The discount may be applied to any previously unsold company inventory lot within the Walnut Cove Community. The discount applicable is to be consistent with the prior agreement with Carolina Development Resources, LLC. In the event the referenced discount provides for a discount of greater than sixteen percent (16%), any such discount shall not be redeemable in a lot purchase until such time as the Deed of Trust / Purchase Money Note encumbering the Elliston tract has been paid in full and satisfied of record.
3. Upon closing of the initial lot purchase by Member or at the opening of the Club, whichever is first to occur, Cliffs shall issue to Member for Member's benefit a Walnut Cove full golf membership. The membership shall be recorded as 100% initiation deposit, which denotes a 100% refund at the time of membership transfer in a resale situation. In this regard, the recorded value of said membership shall be \$35,000.00. Member will be subject to compliance with all Club bylaws, rules and regulations.  
  
If Member opts to purchase property that is subsequently sold with a full golf membership, member may either receive proceeds from the sale of said membership in accordance with the terms outlined above or convert said membership to an Honorary Lifetime Membership. In the event member elects to convert to an Honorary Lifetime Membership any proceeds realized from the sale of the full golf membership in conjunction with the lot sale shall inure to the benefit of Walnut Cove Country Club. No membership fee shall be charged and therefore no refunds would be applicable in the event of a resignation of the Honorary Membership.
4. Upon initial commencement date of monthly dues obligations applicable to membership in the Walnut Cove Country Club, and in conjunction with this membership agreement, the dues from such commencement date shall be (a) waived for first twelve (12) months for Members holding a credit certificate having a discount of less than sixteen percent (16%) or (b) waived for the first twenty-four (24) months for Members holding a credit certificate having a discount of greater than sixteen percent (16%).
5. Cliffs agrees to recognize Member as first priority of choice related to lot selection in Phase One or subsequent phases of the Walnut Cove Development. The priority among Members will be recognized as previously established, that is, in accordance with the chronological order of each Member's investment in The Walnut Cove

Development, LLC. The prior selection rights of Member cease upon the exercising of this right for reservation of one lot purchase.

6. In the event repayment by Cliffs of the Member's original monetary investment in Walnut Cove Development, LLC of \$ 500,000<sup>00</sup> does not occur prior to December 31, 2002, by either cash payment or lot credits applied at a Walnut Cove lot closing, prior to December 31, 2002 then any unpaid balance of said investment shall accrue interest at a rate of 8% (simple interest, not compounded interest) per annum until paid. Final payment shall occur no later than December 31, 2003. As noted in Article Three, Paragraph 2 above, utilization of lot credits in lieu of cash, with respect to repayment of the Member's investment is permitted only so long as the Elliston note and deed of trust have been satisfied.

#### ARTICLE FOUR:

##### Disclosure

It is understood that Member is voluntarily making the decision to transfer the membership interest and that a meeting of the members of Walnut Cove Development, LLC was held on Tuesday October 30, 2001, wherein a frank and open discussion related to the Walnut Cove project was held. Member acknowledges that a majority of members in Walnut Cove Development, LLC approve such transfer in accordance with Article Nine of the Operating Agreement of Walnut Cove Development, LLC; therefore, transfer of Members' interest and payment, as outlined herein, is mandatory and subject only to Cliffs being bound contractually to proceed with development of the project, and in accordance with conditions and terms as outlined herein.

#### ARTICLE FIVE

##### Governing Law/Severability:

This Agreement shall be subject to Cliffs' agreements with Synergy Financial, LLC and Walnut Cove Development, LLC and Member shall have no right to commence any action against Cliffs prior thereto and Member shall hold Cliffs' members harmless and indemnify Cliffs against loss due to any such legal action initiated prior to Cliffs, Synergy Financial, LLC and Walnut Cove Development, LLC entering into a definitive agreement.

This the 19<sup>th</sup> day of November 2001

By: [Signature]  
Member (A member of 2.25 %  
Membership Interest in  
Walnut Cove Development, LLC

SO ACKNOWLEDGED AND AGREED:

[Signature]  
The Cliffs at Walnut Cove, LLC  
By: Its Authorized Representative

Lot Priority Selection Number: 6 15%

T&D - 50%

Exhibit "A"

**THE CLIFFS at WALNUT COVE  
HONORARY MEMBERSHIP AND RECIPROCAL CLUB PRIVILEGES  
November, 2001**

1. Prospective Cornerstone, Founder and Charter Member Golf and Country Club members will be processed as Honorary Social Members of the existing Cliffs Clubs. The existing Cliffs Clubs are: The Cliffs at Glassy, Cliffs Valley and Cliffs at Keowee Vineyards.
2. Under this interim program, no additional membership fees or monthly dues will be required. Honorary Social Members will have dining privileges at all Cliffs Clubs dining facilities and a charge account will be established to provide for charging privileges at all club locations.
3. Additionally, all Honorary Social Members of the Cliffs Clubs will enjoy reciprocal golf playing privileges at all three courses. Reciprocal golf fees will be applicable, as are cart fees, tax, etc.
4. Members may make four advance tee times in a calendar year for play at each of the Cliffs Course, Valley course and Keowee course (a total of four advance plays per course per year, a grand total of 12 rounds). A four day advance tee time is provided, and reciprocal play times cannot interfere with member preferred tee times as determined by the golf shop personnel.
5. Guests playing with the Member are obligated for the Guest-of-Member fee rates applicable at that particular course.
6. Some additional plays may be provided throughout the year, utilizing a "same day" request for a tee time, and subject to availability as determined by the golf shop personnel. The applicable reciprocal fees apply for same day additional plays. Reciprocal programs are subject to revision from year to year at the sole discretion of the ownership and management. Availability for reciprocal play is subject to special events and other conditions which could affect play at a particular course on specific days.
7. Reciprocal golf privileges are provided for the member and members spouse and their children as defined under Family Privileges in the club by-laws.
8. All Honorary Memberships and club privileges are contingent upon compliance with the Cliffs Clubs by-laws, rules and regulations. Honorary Membership privileges may be modified or terminated at Club's sole option for good cause or otherwise including, but not limited to, completion of the Walnut Cove Club or decision not to commence construction of the Walnut Cove Club facility.

November 6, 2001

Exhibit "B"

THE CLIFFS at WALNUT COVE

INTERIM MEMBERSHIP UPGRADE PROGRAM

November, 2001

1. Charter and Founder Members of The Cliffs at Walnut Cove, LLC may upgrade their "interim membership privileges" in the Cliffs Clubs, providing additional access to the courses and club facilities at the Cliffs at Glassy, Cliffs Valley, and Cliffs at Keowee Vineyards until the new Cliffs at Walnut Cove Course opens for play.
2. Members are invited to select which club they desire interim privilege to, or may select to participate as an Interim Member at all three existing Cliffs Clubs. This upgrade will require a written agreement confirming the minimum term requirements, the duty for payment of applicable monthly dues and the food and beverage usage requirement which currently is set at \$600.00 per year, minimum.
3. Upgraded Interim Members have use of all club facilities at their selected interim club. Golf tee times are limited to a four-day advance tee time. Participation in golf events and tournaments is not provided. These Interim Members may also participate in all social and other recreational Club activities.
4. Current monthly dues for upgrade of one interim club privilege are as follows. Members selecting more than one interim club privilege will participate in a combination dues schedule. Dues are subject to change from time to time at the sole discretion of club ownership and management.

|                            |           |
|----------------------------|-----------|
| Cliffs at Glassy           | \$ 300.00 |
| Cliffs Valley              | \$ 250.00 |
| Cliffs at Keowee Vineyards | \$ 300.00 |

5. All Interim Membership privileges, so upgraded are also contingent upon compliance with all Cliffs Clubs by-laws, rules and regulations.

November 6, 2001

STATE OF NORTH CAROLINA  
COUNTY OF BUNCOMBE

Definitive Agreement

Transfer Synergy Financial, LLC's  
Membership Interest  
In  
Walnut Cove Development, LLC  
To  
The Cliffs Communities, Inc.

1. Parties and Purpose:

Synergy Financial, LLC ("Synergy") is a North Carolina Limited Liability Company which currently owns 83.025 units or membership interest in a North Carolina company known as Walnut Cove Development, LLC ("Walnut Coves"). Synergy may be referred to as "Seller", "Synergy" or "Synergy Financial" in this agreement.

Walnut Cove is a North Carolina limited liability company which was organized for the purpose of developing a high-end residential golf community located in Buncombe County, North Carolina. The Walnut Cove project consists of the following properties: 1) the Elliston tract, 2) the DuBose tract, 3) the Kyle tract, 4) the Stroup tract, and 5) easement rights associated with the Eblen and Swicegood properties.

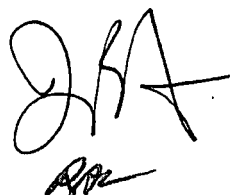
The Cliffs Communities, Inc. ("Cliffs") is a South Carolina corporation. It develops high-end golf communities.

On October 26, 2001 Cliffs and Synergy executed a letter of intent which is attached hereto as (Exhibit A). Cliffs and Synergy agreed to allow a ninety-day period of promotion of Walnut Cove by the Cliffs in an effort to obtain a minimum of sixty-five, twenty-five thousand dollar deposits for lots or golf memberships at Walnut Cove.

The operation of this Agreement and the closing called for hereunder is contingent only upon the receipt by the Cliffs of the sixty-five (65) deposits of Twenty-five Thousand (\$25,000.00) Dollars each as set forth above.

The parties hereto agree that the terms of the original letter of intent have been fully honored and that this agreement represents the final agreement between Synergy Financial, LLC and The Cliffs Communities, Inc.

The purpose of this contract is to, by the date recited herein, formally and permanently transfer, assign and convey the 83.025 units of membership interest currently held by Synergy in Walnut Cove.





The parties to this agreement accept and agree to the following terms and Conditions which shall govern the transfer:

**2. Transfer/Assignment of 83.025% Membership interest**

Synergy, agrees, within the time period recited herein, to convey, assign and transfer all 83.025% membership interest in Walnut Cove to Cliffs. Synergy will provide its membership certificate to Cliffs. Synergy represents that it has full authority to transfer/assign said membership interest in accordance with Article Nine of the Operating Agreement of Walnut Cove and further represents that a majority of the membership interests of Walnut Cove approve of this membership transfer to Cliffs.

**3. Transfer of Credit**

In addition to the membership interest transferred, Synergy also agrees to transfer any credit which it may have obtained via the assignment from CDR related to past deposits associated with the Elliston, DuBose, Swicegood, Eblen, Stroup, and Kyle properties.

**4. Assignment of Contracts**

Synergy obtained the contractual rights associated with Carolina Development LLC's interest in Walnut Cove via assignment from a company known as Forest Investments, LLC. A copy of the current agreement is attached hereto as (Exhibit B). All contractual rights and obligations included in this Agreement shall be conveyed to Cliffs at closing.

**5. Seller's Representations:**

Synergy makes the following representations related to (i) the good title of assets and legal descriptions of the collective properties which comprise the Walnut Cove Development, (ii) the accuracy of any relevant contractual obligations and financial statements, (iii) the commitment of title insurance as well as an outline of all easements, encumbrances and options affecting any interest in Walnut Cove, and (iv) compliance with all state and federal laws. Synergy's representations as they relate to Walnut Cove Development, LLC are limited to the time period during which Synergy has actively managed Walnut Cove Development, LLC.

**5(A): Title of Assets/Legal Description**

1. ***Elliston Property:*** Synergy has attached hereto a current contract for the sale and purchase of the largest tract known as the Elliston property (Exhibit C). This property is comprised of approximately 528 acres of land and it is currently owned by: Westhaven Properties, LLC, M.B. Elliston



Farm, LLC, Winston Three, LLC, Erwin, LLC and Rogers Time, LLC. The legal description for said sections is attached hereto as (Exhibits C-1 to C-4). These legal descriptions accurately reflect the negotiated placement of utility easements, and various rights of way, as well as out parcels. All known encumbrances are reflected in the objection section of the title insurance binder attached hereto as (Exhibit J).

2. **Dubose Property:** Attached hereto as (Exhibit D) is a current contract between the DuBose family and Walnut Cove. This property consists of approximately 263.03 acres of land. DuBose Enterprises, LTD and Joan DuBose Schelly own the property. The legal descriptions for said property are attached hereto as (Exhibits D-1 to D-2). All known encumbrances are reflected in the objection section of the title insurance binder attached hereto as (Exhibit J-1).
3. **Kyle Property:** Attached hereto as (Exhibit E) is a current contract between Synergy Financial, LLC and Walnut Cove Development, LLC. The owner of this property is Synergy Financial, LLC and the legal description for said property is attached hereto as (Exhibit E-1). All known encumbrances are reflected in the objection section of the title insurance binder attached hereto as (Exhibit J-2).
4. **Stroup Tract:** Attached hereto as (Exhibit F) is a letter of intent from H.B. Stroup.
5. **Eblen Easement:** Joe Eblen owns property which abuts to the DuBose tract and which is directly connected to N.C. Hwy. 191. The Access and Sales Office agreement is attached as (Exhibit G). The exact location of the easement and sales office is yet to be determined; however, parameters regarding the same are outlined in the agreement. Once a formal survey is conducted the metes and bounds description for the easement will be available. This agreement has expired; however, it is represented that negotiations regarding the same are ongoing with Mr. Eblen.
6. **Swicegood Easement:** The agreement related to the Swicegood easement is attached hereto as (Exhibit H).



**5(B) Current Financial Obligations of Synergy and Walnut Cove Related to Walnut Cove Development. LLC:**

1. **Synergy's Loans:** (Exhibit I) represents the loans associated with the Walnut Cove project.

**5 (C) Current Financial Obligations of Synergy related to Carolina Development Resources. LLC:**

**Carolina Development Resources, LLC:** A contract was entered into on August 8, 2001 between Forest Investments, LLC and Carolina Development Resources, LLC. This contract is attached hereto as (Exhibit B). On August 8, 2001 Forest Investments assigned this contract to Synergy (Exhibit B-I).

**5 (D) Current Title Insurance**

**Commonwealth Title Insurance Binder:** Synergy Has attached title insurance binders as (Exhibits J, J-1 and J-2) which list objections and outlines encumbrances on the title to the following property: 1) Elliston tract, 2) DuBose Tract, and the 3) Kyle Tract.

**5(E) Compliance with Federal. State and Local Law:**

1. **Federal, State, Local:** Synergy represents that it has no knowledge of any violation of any Federal, State or Local law or ordinance with respect to the property.
2. **Environmental.** Synergy discloses that it has knowledge of the existence of an old fuel oil tank which is buried on the Elliston property. However, it is Synergy's understanding that environmental studies were obtained which indicate that this is not in violation of any regulation. Synergy further represents that there are certain areas of the Eblen easement which adjoin or abut designated wetland areas or flood plain areas. Synergy has no further knowledge of environmental concerns and makes no representation regarding environmental matters.

**6. Buyer's Obligations:**

Cliffs agrees to pay or credit the following to Synergy in exchange for the assignment of the

83.025% membership interest in Walnut Cove as well as the assignment of all contracts associated with the Walnut Cove Development as outlined herein:

**1. Permanent Satisfaction of Loans and Assumption of CDR obligations:** Cliffs agrees to satisfy all loans reflected in (Exhibit I) of this agreement. Further, Cliffs agrees to accept all obligations and pay all payments due to CDR which are reflected in (Exhibit B) of this agreement.

**2. Cash or Lot Credits:** Cliffs agrees to pay three million three hundred and fifty thousand dollars (\$3,350,000.00) by way of either cash or lot credits to Synergy. The choice of cash or lot credits is at Synergy's option. Any lot credits may be taken in any Phase subsequent to PHASE I of the development. Any cash payment or lot credits which do not occur within one year from the date of this agreement will accrue interest at an annual percentage rate of 8% per annum until paid. If Synergy or any of its members elect to receive cash rather than lot credits, full payment of the cash must occur on or before April 30, 2003.

*1,750,000 Agreed 3/25/02 with Jim Anthony at Rusty's office*

**3. Lot Credits:** Cliffs agrees to provide, in addition to article 6.2, lot credits in the amount of one million five hundred thousand dollars to Synergy. These credits may be taken in any Phase subsequent to PHASE I of the development. Any credit which does not occur within one year of the date of this agreement shall accrue interest at an annual percentage rate of 8% until fully credited.

**4. Club Memberships:** Cliffs agrees to provide three Cliffs memberships with full rights and privileges to the members of Synergy. Cliffs will issue these memberships within thirty days from the date of this agreement and these memberships shall attach to three (3) lots taken in accordance with the provisions of paragraph 6.3 above.

**5. Right of First Refusal:** Synergy shall be given a ten (10)-day right of first refusal on all future lot releases subject to any rights reserved for the selling parties associated with the Elliston and DuBose contracts and limited to credits provided in 2 + 3 above.

**7. Acceptance of Contractual Obligations and Duties:**

**Acceptance of Contractual Obligations and Duties:** Cliffs agrees to accept all contractual obligations as they relate to Synergy's participation in Walnut Cove Development, and hold Synergy or its members harmless from any claims, liabilities or actions which may arise therefrom.

**8. Closing:**

The closing of the purchase and sale of Synergy's interest in Walnut Cove pursuant to the terms of this Agreement shall take place on or before February 15, 2002.

*[Signature]*  
*ROR*

**9. Dispute Resolution/Binding Arbitration:**

**A. Informal Dispute Resolution.**

The parties shall use good faith efforts to resolve any disputes related to this definitive agreement. In the event of a dispute, each party shall appoint an individual with authority to bind the respective party of at least a vice president level. The designated individuals shall meet in person or by conference call within fifteen (15) business days of the effective date of a notice of a dispute to resolve the issues in dispute.

**B. Binding Arbitration.** Any unresolved disputes shall be submitted to arbitration at a mutually agreed upon location in Buncombe County, North Carolina; provided, however, that nothing in this Section shall restrict the right of either party to apply to a court of competent jurisdiction for emergency relief pending final determination of a claim by arbitration in accordance with this Section. All arbitration shall be conducted in accordance with the rules and regulations of the American Arbitration Association, in force at the time of any such dispute, by a single arbitrator, mutually acceptable to Synergy and Cliffs. Each party shall pay its own expenses associated with such arbitration, including the expenses of the arbitrator, provided that the prevailing party in any arbitration shall be entitled to reimbursement of reasonable attorney's fees and expenses (including, without limitation, arbitration expenses) relating to such arbitration. The decision of the arbitrator, based upon written findings of fact and conclusions of law, shall be binding upon the parties; and judgment in accordance with that decision may be entered in any court having jurisdiction thereof and shall not be subject to appeal by either party.

**10. Assignment of Interest:**

This Agreement may not be assigned by either party without the prior written consent of the other, except to a parent company, a wholly-owned subsidiary of a party or its parent, or a successor in interest to all or substantially all of the business interests, rights and obligations of a party hereto.

**11. Entire Agreement:**

This agreement represents the entire agreement between the parties hereto related to the terms and conditions outlined herein. It is intended to and does supercede any prior oral agreements herein. No change or modification of this Agreement shall be effective unless it is reduced to writing and executed by the parties to this Agreement.

**12. Governing Law:**

The laws of the State of North Carolina shall govern this agreement.

Handwritten signatures of two parties, likely representing Synergy and Cliffs, at the bottom right of the document.

13. Severability

In the event any part of this document is deemed to be void and unenforceable the remaining portions of this agreement shall remain in full force and effect. All exhibits recited or referenced herein are part of and incorporated into this entire agreement.

NOW THEREFORE, in consideration of the sum of \$10.00 as well as the mutual promises made herein, the same which are considered sufficient consideration, the parties hereto set their respective hands and seals.

This the 23<sup>rd</sup> day of January, 2002

By: Reese A. Lasher, Manager  
Synergy Financial, LLC

By: Reese A. Lasher, Manager

By: [Signature]  
The Cliffs Communities, Inc.  
\_\_\_\_\_ w/full authority, as President

UPS Internet Shipping: View/Print Label

1. Ensure there are no other shipping or tracking labels attached to your package. Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select Print from the File menu to print the label.

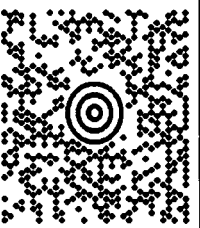
2. Fold the printed sheet containing the label at the line so that the entire shipping label is visible. Place the label on a single side of the package and cover it completely with clear plastic shipping tape. Do not cover any seams or closures on the package with the label. Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.

### 3. GETTING YOUR SHIPMENT TO UPS

UPS locations include the UPS Store®, UPS drop boxes, UPS customer centers, authorized retail outlets and UPS drivers. Find your closest UPS location at: [www.ups.com/dropoff](http://www.ups.com/dropoff) Take your package to any location of The UPS Store®, UPS Drop Box, UPS Customer Center, UPS Alliances (Office Depot® or Staples®) or Authorized Shipping Outlet near you. Items sent via UPS Return Services(SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the 'Find Locations' Quick link at [ups.com](http://ups.com).

**Customers with a Daily Pickup**  
Your driver will pickup your shipment(s) as usual.

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|--------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------|
| RUSTY PULLIAM<br>828-684-4344<br>PULLIAM PROPERTIES INC.<br>2 WALDEN RIDGE DR.<br>ASHEVILLE NC 28803                                       |  | 0.0 LBS LTR<br>1 OF 1                                                                                                                  |
| <b>SHIP TO:</b><br>ATTN: CLIFFS CLAIMS PROCESSING<br>952) 404-5700<br>BMC GROUP, INC.<br>18675 LAKE DRIVE EAST<br>CHANHASSEN MN 55317-9383 |  |                                                                                                                                        |
|                                                          |  | <b>MN 559 9-03</b><br>                               |
| <b>UPS NEXT DAY AIR 1</b><br>TRACKING #: 1Z 2E8 019 01 9062 2597                                                                           |  |                                                                                                                                        |
|                                                           |  | BILLING: P/P<br>US 14.1.10. W02ES0 27.04.04/2012<br> |

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