


<b>UNITED STATES BANKRUPTCY COURT</b>		<b>PROOF OF CLAIM</b>
Name of Debtor: <b>The Cliffs Club &amp; Hospitality Group, Inc</b>		Case Number: <b>12-01220</b>
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): <b>Cliffs Investment Group, LLC</b>		<b>COURT USE ONLY</b>
Name and address where notices should be sent: <b>Jeff Moser / Cliffs Investment Group, LLC 10715 David Taylor Drive, Suite 400 Charlotte, NC 28262</b>		<input type="checkbox"/> Check this box if this claim amends a previously filed claim.  <b>Court Claim Number:</b> _____ (If known)  Filed on: _____
Telephone number: (704) 608-1464      email: <b>JMOSER@GCM1.COM</b>		
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
Telephone number: _____      email: _____		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <b>RECEIVED</b>   <b>MAY 21 2012</b>   <b>BMC GROUP</b> </div>
1. Amount of Claim as of Date Case Filed:      \$ _____		
If all or part of the claim is secured, complete item 4.		
If all or part of the claim is entitled to priority, complete item 5.		
<input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: <u>Full Golf Club Memberships as stipulated in CIG PPM</u> (See instruction #2)		
3. Last four digits of any number by which creditor identifies debtor:  <b>C I G</b>	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 the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any:  \$ _____
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe:		Basis for perfection: _____
Value of Property: \$ _____		Amount of Secured Claim: \$ _____
Annual Interest Rate _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount Unsecured: \$ _____
5. Amount of Claim Entitled to 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 priority and state the amount.		
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).
<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"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(____).
		Amount entitled to priority:  \$ _____
 Cliffs POC 00824		
*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.		
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 any 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 the definition of "redacted".)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

**8. Signature:** (See instruction #8)

Check the appropriate box.

- I am the creditor.
- I am the creditor's authorized agent. (Attach copy of power of attorney, if any.)
- I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.)
- I am a guarantor, surety, indorser, or other codebtor. (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: Jeff C Moser  
 Title: Managing Member  
 Company: Cliffs Investment Group, LLC  
 Address and telephone number (if different from notice address above): \_\_\_\_\_



(Signature) \_\_\_\_\_ (Date) 05/16/2012

Telephone number: \_\_\_\_\_ email: \_\_\_\_\_

*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.*

**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, exceptions to these general rules may apply.*

**Items to be completed in Proof of Claim form**

**Court, Name of Debtor, and Case Number:**

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

**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 Priority Under 11 U.S.C. § 507 (a).**

If any portion of the claim falls into any category shown, 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.

C I G

PPM

03-10-2009

**THE CLIFFS INVESTMENT GROUP, LLC**

**c/o Timothy P. Cherry  
3598 Highway 11  
Travelers Rest, South Carolina 29690**

**Offering of Units at \$10,000 per Unit**

**PRIVATE PLACEMENT MEMORANDUM**

The Cliffs Investment Group, LLC, a South Carolina limited liability company (referred to in this private placement memorandum as "we," "us," or the "Company"), is offering for sale Membership Interests which are denominated in Units at a purchase price of \$10,000 per Unit with the minimum purchase of five Units for a total of \$50,000. Each five Units purchased will be designated as either (i) Class A Units having a one-year term with a 12% annual return, (ii) Class B Units having a two-year term with a 13% annual return, or (iii) Class C Units having a three-year term with a 14% annual return.

Proceeds from this offering will be used to provide loans to The Cliffs Communities, Inc., a South Carolina corporation ("The Cliffs"), through a credit facility (the "Credit Facility") established between the Company and The Cliffs. Each loan outstanding under the Credit Facility will be secured by real estate owned by The Cliffs, Longview Land Co., LLC, a South Carolina limited liability company ("Longview") controlled by James B. Anthony, President of The Cliffs, and/or The Cliffs at Walnut Cove, LLC, a South Carolina limited liability company ("Walnut Cove") controlled by The Cliffs. The real estate will have an appraised value (based on the most recent appraisal of such real estate) equal to at least 200% of the principal amount of such loans. Each loan advanced under the Credit Facility by the Company to The Cliffs will also be secured by the irrevocable guarantees of Longview and James B. Anthony (the "Guarantees").

The Company's third party administrator and escrow agent for this offering, the Trust and Investment Group Division of The Palmetto Bank ("Palmetto"), will select an appraiser to appraise the value of the real estate securing each loan under the Credit Facility.

The maturity dates of the loans will be one year, two years and three years from the date funds are loaned by the Company to The Cliffs, and the interest rates on such loans will accrue at 12%, 13%, and 14% per annum, respectively. Interest payments will be due and payable by The Cliffs within five business days following the last day of each calendar quarter. No principal will be payable by The Cliffs on any loans prior to the maturity date, but any loan may be prepaid by The Cliffs in whole or in part at any time upon 30 days written notice to the Company. Generally, payments received by the Company from The Cliffs to service principal and interest obligations will be allocated and distributed to members of the Company pro rata according to their respective percentage interests taking into account the date that the Company loans an investor's respective capital contribution to The Cliffs and the Class of Units purchased, as set forth in The Cliffs Investment Group, LLC Operating Agreement (the "Operating Agreement").

**This offering is being made only to persons or entities that are "accredited investors" or "sophisticated purchasers" as such terms are defined in Regulation D under the Securities Act of 1933. There is currently no market for the Company's securities, including the Units, and no**

market is expected to develop. The offering of the Units has not been registered with the U.S. Securities and Exchange Commission or any state securities authority, and the Units will therefore be "restricted securities" as defined in Rule 144 under the Securities Act. Therefore, the Units may not be resold unless the resale is registered with the Securities and Exchange Commission and the applicable state securities authorities or exempt from such registration.

This offering contains risks. See "*Risk Factors*" beginning on page 8 for a discussion of certain factors that should be considered by prospective purchasers.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this private placement memorandum is March 10, 2009.

## TABLE OF CONTENTS

This private placement memorandum contains:

<b>IMPORTANT INFORMATION</b> .....	<b>1</b>
<b>SUMMARY OF THE OFFERING</b> .....	<b>3</b>
<b>THE OFFERING</b> .....	<b>5</b>
<b>RISK FACTORS</b> .....	<b>8</b>
<b>INFORMATION ABOUT THE OFFERING</b> .....	<b>15</b>
<b>SUMMARY OF THE UNITS AND THE OPERATING AGREEMENT</b> .....	<b>20</b>
* <b>SUMMARY OF THE LOAN AGREEMENT</b> .....	<b>23</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	<b>26</b>
<b>FEDERAL TAX MATTERS</b> .....	<b>31</b>
<b>LEGAL MATTERS</b> .....	<b>34</b>
<b>INDEX TO FINANCIAL STATEMENTS</b> .....	<b>A-1</b>
<b>SUBSCRIPTION AGREEMENT</b> .....	<b>B-1</b>
<b>INVESTOR QUESTIONNAIRE</b> .....	<b>C-1</b>
<b>OPERATING AGREEMENT</b> .....	<b>D-1</b>
* <b>LOAN AGREEMENT</b> .....	<b>E-1</b>

This private placement memorandum contains “forward-looking statements” concerning The Cliffs Investment Group, LLC and The Cliffs Communities, Inc., and their strategies, operations, performance, and financial conditions. These statements are based on many assumptions and estimates, many of which are beyond our control. The words “may,” “would,” “could,” “will,” “expect,” “anticipate,” “believe,” “intend,” “plan,” and “estimate,” as well as similar expressions, identify such forward-looking statements. The most significant of these risks, uncertainties, and other factors are discussed under the heading “*Risk Factors*” beginning on page 8 of this private placement memorandum. We urge you to carefully consider these factors prior to making an investment.

## **SUMMARY OF THE LOAN AGREEMENT**

The following is a brief summary of certain provisions of the Loan Agreement between the Company, The Cliffs, James B. Anthony, Longview and Walnut Cove, a copy of which is attached as Appendix E to this private placement memorandum. Each prospective investor should read this summary and the form of Loan Agreement before investing. The following description is a summary only, is not intended to be complete, and is qualified in its entirety by reference to the Loan Agreement itself. Capitalized terms not defined herein shall have the meanings as defined in the Loan Agreement.

### **Parties**

The Loan Agreement will be executed by The Cliffs Communities, Inc., as Borrower, James B. Anthony ("Anthony") and Longview Land Co., LLC ("Longview") as Guarantors, and The Cliffs Investment Group, LLC, as Lender. The Cliffs at Walnut Cove, LLC ("Walnut Cove") will also execute the Loan Agreement as the grantor pursuant to certain Deeds of Trust securing the Loan Obligations.

### **Loan Documents**

The Loan Agreement will require the execution and delivery of a promissory note from Borrower to Lender ("Note"), the execution and delivery of a deed of trust from Borrower, Longview and/or Walnut Cove to Lender ("Deed of Trust"), and the execution and delivery of irrevocable guarantees from Anthony and Longview of the obligations of Borrower to Lender ("Guarantees") and such other documents as may be required by Lender from time to time.

### **Amount of Loan**

The amount of the Loan will be determined by Lender and Borrower at the time of the Loan.

### **Interest Rate**

During the term of the Loan, the interest rate under the Note shall be 12% for a one-year note, 13% for a two-year note, or 14% for a three-year note. Interest shall accrue only upon funds actually advanced by Lender to and for the benefit of Borrower pursuant to the terms of the Note and this Loan Agreement, based upon a 365-day year.

### **Advances**

The maximum advance on the Loan from Lender to Borrower shall not exceed 50% of the value of the real estate which is collateral for the Loan, as appraised by the Appraiser.

### **Term**

The term of the Loan shall end one, two or three years from the date of the Loan.

### **Repayment**

Interest payments will be due and payable by the Borrower within five business days following the end of each calendar quarter. Principal will be payable by the Borrower immediately upon the expiration of the Term, but the Loan may be repaid by Borrower in whole or in part at any time upon 30 days' written notice to the Lender.

### **Third Party Administrator**

The Trust and Investment Group Division of The Palmetto Bank will serve as the third party administrator and escrow agent for the Loan.

### **Commitment Fee**

At the time of the Loan by Lender to Borrower pursuant to this Agreement, Borrower will pay to Lender a commitment fee equal to 1% of the loan proceeds.

### **Collateral and Appraisal**

The Note and all other Obligations shall be secured by the Deed of Trust and the Guarantees, all in accordance with the terms and provisions of the Loan Agreement. The appraised value of the real estate securing the Loan will be equal to at least 200% of the total principal amount of the loans secured by the Deed of Trust. A single Deed of Trust may secure more than one loan so long as the appraised value of the real estate securing such loan is at least equal to 200% of the aggregate principal amount of the loans secured by the Deed of Trust. From time to time, real estate may be released from a Deed of Trust so long as the appraised value of the real estate securing any loan will be equal to at least 200% of the total principal amount of the loans secured by the Deed of Trust. In each case, the value of the real estate securing the Loan will be based on the most recent appraisal of such real estate prior to the Loan. The Third Party Administrator will designate the appraiser, with input from the manager of the Lender, to conduct annual appraisals of the Property. The initial appraisal will be due prior to March 31, 2009, and subsequent appraisals will occur not less frequently than March 31 of each fiscal year thereafter.

### **Guarantees**

The Loan and the Obligations will be secured by the irrevocable guarantee of Longview and James B. Anthony. The Guarantees will terminate upon the repayment of principal and accrued interest due from Borrower to Lender on all loans from the Lender to the Borrower.

### **\* Club Memberships**

Upon an Event of Default, in addition to the Lender's right to enforce its rights and remedies pursuant to the Loan Agreement, the Lender will be entitled to exercise the right to offer and sell (at the then prevailing membership rates), the number of Full Golf Club Memberships to golf and country clubs located within The Cliffs Communities controlled by Borrower or its Affiliates equal to the number of residential lots that may be reasonably and customarily platted within the foreclosed real estate. Lender will have the right to offer and sell the Full Golf Club Memberships to potential purchasers as part of any future sales of such residential lots.

### **Interest Reserve**

Borrower will be required to maintain a one year interest reserve with the Third Party Administrator.

### **Purposes and Uses**

The proceeds of the Loan will be used for the purposes of providing working capital and funding capital improvements and general corporate operating expenses of Borrower.

## LOAN AGREEMENT

**THIS LOAN AGREEMENT** (the "Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 2009, by and among **The Cliffs Communities, Inc.**, a South Carolina corporation (the "Borrower"), **James B. Anthony** ("Anthony") and **Longview Land Co., LLC**, a South Carolina limited liability company ("Longview") (individually and collectively the "Guarantor"), **The Cliffs at Walnut Cove, LLC**, a South Carolina limited liability company ("Walnut Cove"), and **The Cliffs Investment Group, LLC**, a South Carolina limited liability company (the "Lender").

### WITNESSETH:

The Borrower and the Lender have agreed for the Lender to provide certain financing to Borrower as more particularly described in this Agreement, upon compliance by the Borrower with the terms and provisions hereof. In consideration of the covenants, terms, provisions and conditions set forth hereinafter and of the financing identified hereinafter to be provided by the Lender to the Borrower and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the Borrower, the Guarantor and the Lender hereby agree as follows:

### ARTICLE ONE DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

#### 1.1 CERTAIN DEFINITIONS.

- (a) ADVANCES. All advances of Loan proceeds hereunder made by the Lender to or for the benefit of the Borrower for the purposes set forth in this Agreement.
  
- (b) AFFILIATE. Any Person directly or indirectly owning 5% or more of the voting stock or equity interests of an entity or of which the named Person owns 5% or more of such voting stock or equity interests; (b) any Person controlling, controlled by or under common control with such named Person; (c) any officer, director or employee of such named Person or any Affiliate of the named Person; and (d) any family member of the named Person or any Affiliate of such named Person.
  
- (c) AGREEMENT. This Agreement as defined above shall include all exhibits, schedules, amendments, modifications and supplements to this Agreement, now or hereafter executed by the Borrower and the Lender.
  
- (d) APPRAISER. The appraiser selected by the Third Party Administrator, with input from the Lender, to appraise the value of the Property to secure the loan to which this Agreement applies.



(e) CLOSING. The date of the execution and delivery hereof by the Obligors and the Lender.

(f) COLLATERAL. Collateral shall mean and include the Property securing the Obligations pursuant to the provisions of Article Two of this Agreement and any supplement hereto, and all other property and interest in property which shall from time to time secure the Obligations.

(g) DEED OF TRUST. Either the deed of trust or mortgage of even date executed by Borrower, Longview or Walnut Cove to the Lender, or an existing deed or trust or mortgage, in each case as security for the Obligations and covering the Property, including any improvements.

(h) EVENT OF DEFAULT. Event of Default shall have the meaning specified in Article Six, provided that there shall have been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

(i) GOVERNMENTAL AUTHORITY OR GOVERNMENTAL AUTHORITIES. Any federal, state or local governmental, quasi-governmental or regulatory authority, agency, department, commission, board, bureau, instrumentality or subdivision, including courts, tribunals and arbitrators.

(j) GOVERNMENTAL REQUIREMENTS. All laws, ordinances, orders, rules or regulations of all Governmental Authorities, including without limitation zoning ordinances, subdivision regulations, building codes, environmental regulations, public health regulations, fire protection codes, and all other laws, ordinances, orders, rules or regulations imposed by applicable Governmental Authorities.

(k) GUARANTOR. Guarantor shall mean individually and collectively Anthony and Longview and any other person or entity hereinafter guaranteeing all or any portion of the Obligations.

(l) GUARANTY AGREEMENT. Collectively (if more than one), the Guaranty Agreement(s) of even date from the Guarantor to the Lender securing the Obligations.

(m) HAZARDOUS MATERIALS. Any substance (i) which is or becomes defined as a "hazardous waste", "hazardous substance", pollutant or contaminant under any Governmental Requirement relating to the protection of human health or the environment including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et. seq.), and the Resource Conservation and Recovery Act (42 U.S.C. Section 6903, et. seq.), (ii) the presence of which requires investigation or remediation under any Governmental Requirement relating to the protection of human health or the environment; (iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or may become regulated by any Governmental Authorities; (iv) the presence of which on the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties, or poses or threatens to pose a hazard to the health or safety of persons

on or about the Property or adjacent properties; (v) the presence of which on adjacent properties could constitute a trespass thereon by the Borrower; or (vi) which contains gasoline, diesel fuel, other petroleum hydrocarbons, asbestos, asbestos-containing materials, formaldehyde, or polychlorinated biphenyls.

(n) LOAN. The loan financing pursuant to this Agreement, as evidenced by the Note, inclusive of all of the Obligations, Collateral and Loan Documents respecting the same.

(o) LOAN DOCUMENTS. This Agreement, the Note, the Deed of Trust, the Guaranty Agreements, and any and all other loan documents, instruments and certificates, required to be executed and/or delivered to the Lender in connection with the Loans as required under any of the terms of this Agreement.

(p) NOTE. The Promissory Note of even date from the Borrower to the Lender evidencing the Borrower's obligation to repay to the Lender the Loan, with interest, in accordance with the terms set forth therein.

(q) OBLIGATIONS. All indebtedness, liabilities and obligations to be paid, performed and/or observed by the Obligors in connection with the Loan, all of which are secured by the Deed of Trust and the Loan Documents and which are defined more fully therein.

(r) OBLIGORS. Collectively, the Borrower and the Guarantor.

(s) PERSON. A corporation, limited liability company, an association, a partnership, an organization, a business, an individual or a governmental or political subdivision thereof, or any Governmental Authority.

(t) PROPERTY. Those certain parcels of land and all improvements thereon located at \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_ Carolina, having an appraised value equal to at least two hundred percent (200%) of the total principal amount of the Note, to be provided by Borrower, Longview and/or Walnut Cove as Collateral for the Loan and the Guaranty Agreements, the land being more fully described on Exhibit "A" attached hereto and incorporated herein.

(u) THIRD PARTY ADMINISTRATOR. The Trust and Investment Group Division of The Palmetto Bank, its successors and assigns.

(v) TITLE INSURER. \_\_\_\_\_ Title Insurance Company.

(w) TITLE COMMITMENT. The Lender's title insurance commitment number \_\_\_\_\_ issued by the Title Insurer, effective \_\_\_\_\_ in the amount of the Note.

(x) TITLE POLICY. The Lender's title policy issued pursuant to the Title Commitment.

1.2 USE OF DEFINED TERMS. All terms defined in this Agreement shall have the same defined meanings when used in any other Loan Documents, unless the context shall require otherwise.

1.3 ACCOUNTING TERMS. All accounting terms not specifically defined herein shall have the meanings generally attributed to such terms under Generally Accepted Accounting Principles ("GAAP") consistently applied.

1.4 TERMINOLOGY. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only and neither limit nor amplify the provisions of this Agreement, and all references in this Agreement to Articles, Sections, Subsections, paragraphs, clauses, subclauses or Exhibits shall refer to the corresponding Article, Section, Subsection, paragraph, clause, subclause of, or Exhibit attached to, this Agreement unless specific reference is made to the articles, sections or other subdivisions of or Exhibit to another document or instrument.

1.5 EXHIBITS. All Exhibits attached hereto are by reference made a part hereof as fully as if the contents thereof were set forth expressly herein.

## ARTICLE TWO THE LOAN TRANSACTION

2.1 FINANCING. This Agreement is executed by and among the parties hereto for the purpose of setting forth all terms and conditions with respect to the Loan and is intended to include all covenants, conditions, representations and warranties made in connection with the Loan. This Agreement shall be deemed to incorporate by reference all of the terms set forth in all of the Loan Documents. Should any conflict arise between any terms of this Agreement and any other Loan Document, the terms of this Agreement shall prevail; except that the terms of the Note respecting the repayment obligations of the Borrower shall prevail over any inconsistent provision of this Agreement or any other Loan Document.

2.2 EVIDENCE OF INDEBTEDNESS. Subject to and upon the terms and conditions of this Agreement, the Lender agrees to lend and to make available to the Borrower and the Borrower agrees to accept and borrow from the Lender the amount of \$ \_\_\_\_\_, which indebtedness shall be evidenced by the Note executed and delivered by the Borrower this date to the Lender.

2.3 INTEREST RATE. During the term of the Loan, the interest rate under the Note shall be [12%, 13%, or 14%]. Interest shall accrue only upon funds actually advanced by Lender to and for the benefit of Borrower pursuant to the terms of the Note and this Loan Agreement, based upon a 365-day year.

2.4 ADVANCES. The maximum Advance on the Loan shall not exceed fifty percent (50%) of the value of the Property which is Collateral for the Loan, as appraised by the Appraiser.

2.5 TERM. The term of the Loan shall end [one (1), two (2) or three (3) years] from the date of the Loan.

2.6 REPAYMENT. Interest payments will be due and payable by the Borrower within five (5) business days following the end of each calendar quarter. Principal will be payable by the Borrower immediately upon the expiration of the Term, but the Loan may be repaid by Borrower in whole or in part at any time upon thirty (30) days' written notice to the Lender.

2.7 NOTE. The sums advanced hereunder shall be evidenced by the Note and shall be payable to the order of Lender in the principal amount and pursuant to the terms set forth in this Agreement.

2.8 COMMITMENT FEE. At the time of the Loan by Lender to Borrower pursuant to this Agreement, Borrower will pay to Lender a commitment fee equal to one percent (1%) of the loan proceeds.

2.9 COLLATERAL AND APPRAISAL. The Note and all other Obligations shall be secured by the Deed of Trust and the Guaranty Agreements, all in accordance with the terms and provisions of this Agreement. The appraised value of the real estate securing the Loan will be equal to at least 200% of the total principal amount of the loans secured by the Deed of Trust. A single Deed of Trust may secure more than one loan so long as the appraised value of the real estate securing such loan is equal to at least 200% of the aggregate principal amount of the loans secured by the Deed of Trust. From time to time, real estate may be released from a Deed of Trust so long as the appraised value of the real estate securing any loan will be equal to at least 200% of the total principal amount of the loans secured by the Deed of Trust. In each case, the value of the real estate securing the Loan will be based on the most recent appraisal of such real estate prior to the Loan. The Third Party Administrator will designate the Appraiser, with input from the manager of the Lender, to conduct annual appraisals of the Property. The initial appraisal is dated \_\_\_\_\_, 2009, and subsequent appraisals will occur not less frequently than March 31 of each year.

2.10. GUARANTEES. The Loan and the Obligations will be secured by the irrevocable guarantees of Longview and Anthony. The Guarantees will terminate upon the repayment of principal and accrued interest due from Borrower to the Lender on all loans from the Lender to the Borrower.

\*

2.11 CLUB MEMBERSHIPS. Upon an Event of Default, in addition to the Lender's right to enforce its rights and remedies pursuant to this Loan Agreement, the Lender will be entitled to exercise the right to offer and sell (at the then prevailing membership rates), the number of Full Golf Club Memberships to golf and country clubs located within The Cliffs Communities controlled by Borrower or its Affiliates equal to the number of residential lots that may be reasonably and customarily platted within the foreclosed real estate. The Lender will have the right to offer and sell the Full Golf Club Memberships to potential purchasers as part of any future sales of such residential lots.



G O L D E N  
CAPITAL MANAGEMENT

Five Resource Square  
10715 David Taylor Drive  
Suite 400  
Charlotte, NC 28262

*Jeff Moser*

RECEIVED  
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BMC GROUP

BMC Group, Inc

Attn: Cliffs Claims Processing

18675 Lake Drive East

Chanhassen MN 55317-3020

553173020

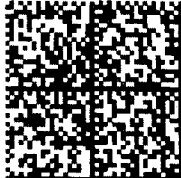
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