

UNITED STATES BANKRUPTCY COURT District of South Carolina		PROOF OF CLAIM
Name of Debtor: The Cliffs at Walnut Cove Golf & Country Club, LLC	Case Number: 12-01227	
NOTE: 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): Urbana Fund I, LLC, its successors and assigns		
Name and address where notices should be sent: c/o Andrew J. White Jr., Haynsworth Sinkler Boyd, P.A. P.O. Box 2048 Greenville, SC 29602 Telephone number: (864) 240-3288 email: awhite@hsblawfirm.com		COURT USE ONLY <input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where payment should be sent (if different from above): Telephone number: _____ email: _____		<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.
<div style="display: flex; justify-content: space-around; align-items: center;"> <div>RECEIVED</div> <div>MAY 23 2012</div> <div>BMC GROUP</div> </div>		
1. Amount of Claim as of Date Case Filed: \$ <u>Unknown</u> 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>See Addendum to Proof of Claim attached hereto</u> (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 the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		
5. Amount of Claim Entitled to 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.		
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B). </div> <div style="width: 30%;"> <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). </div> <div style="width: 30%;"> <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5). </div> </div> <div style="display: flex; justify-content: flex-end; margin-top: 10px;"> Amount entitled to priority: \$ _____ </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> <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). </div> <div style="width: 30%;"> <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8). </div> <div style="width: 30%;"> <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(). </div> </div>		
*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)

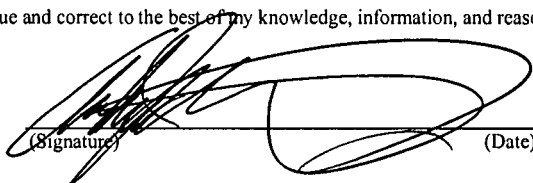
Check the appropriate box.

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

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: Andrew J. White Jr.
Title: Attorney for Creditor
Company: Haynsworth Sinkler Boyd, P.A.
Address and telephone number (if different from notice address above):

Telephone number: _____ email: _____

 05/22/2012
(Signature) (Date)

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.

ADDENDUM TO PROOF OF CLAIM

This Proof of Claim asserts two claims against Debtor in its bankruptcy case:

1. Description of Claim 1: all liabilities of Debtor to Creditor of every kind and nature, if any, arising from or in connection with the Access Fee Agreement dated April 30, 2012 (Exhibit A attached to this Addendum) and/or the Access Fee Subordination Agreement dated April 30, 2010 (Exhibit B attached to this Addendum), and including without limitation all damages sustained by Creditor as a consequence of Debtor's breach of any term or condition of the Access Fee Agreement and/or the Access Fee Subordination Agreement or Debtor's breach of any duty or obligation owed to Creditor thereunder. Creditor is assignee of Synovus Bank (formerly known as The National Bank of South Carolina) as to all Synovus Bank's rights and interests in the Access Fee Agreement and the Access Fee Subordination Agreement.

2. Description of Claim 2: all liabilities of Debtor to Creditor of every kind and nature, if any, arising from or in connection with the Irrevocable Easement of Access, Use and Enjoyment dated April 29, 2010 (Exhibit C attached to this Addendum) and including without limitation damages sustained by Creditor as a consequence of Debtor's breach of any term or condition of the Irrevocable Easement of Access, Use and Enjoyment or Debtor's breach of any duty or obligation owed to Creditor thereunder. Creditor is assignee of Synovus Bank (formerly known as The National Bank of South Carolina) as to all Synovus Bank's rights and interests in the Irrevocable Easement of Access, Use and Enjoyment.

Creditor presently has no actual knowledge of any breach by Debtor of any of the above agreements and files this claim for precautionary reasons.

Note: Documents substantiating Creditor's status as the aforesaid assignee of Synovus Bank will be furnished upon request of Debtor and upon Debtor's entering into a nondisclosure and confidentiality agreement as to such documents.

EXHIBIT A

THE PARTIES AGREE THAT THE PROVISIONS OF THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, § 15-48-10, ET SEQ., OF THE CODE OF LAWS OF SOUTH CAROLINA FOR 1976 (AS AMENDED) SHALL BE APPLICABLE TO THIS AGREEMENT, EXCEPT THAT WHERE THE TERMS OF THIS AGREEMENT CONFLICT WITH THE UNIFORM ARBITRATION ACT, THEN THE TERMS OF THIS AGREEMENT SHALL PREVAIL

ACCESS FEE AGREEMENT

THIS ACCESS FEE AGREEMENT (this "Agreement"), dated and effective as of April 30, 2010, is made by and among The Cliffs Communities, Inc., a South Carolina corporation ("CCI") and The Cliffs Club & Hospitality Group, Inc., a South Carolina corporation ("ClubCo").

WHEREAS, CCI has developed eight separate communities as indicated on Exhibit A (collectively, "The Cliffs Communities", and individually, a "Cliff Community") that offer core amenities, including but not limited to golf courses, clubhouses, and dining and wellness facilities (collectively, the "Clubs", and individually, a "Club"), to the Clubs' members;

WHEREAS, eight separate limited liability companies have been formed for the purpose of owning the Clubs' assets and a limited liability company has been formed for the purpose of providing services to the Clubs' members (collectively the "Subsidiaries", and individually, a "Subsidiary") as indicated on Exhibit A;

WHEREAS, ClubCo has been formed to wholly own the Subsidiaries and CCHG Holdings, Inc. ("CCHG") has been formed to wholly own ClubCo (the "Transition Plan") to ensure cohesion of and continued access to the Clubs' assets by the Clubs' members;

WHEREAS, CCI's subsidiary, The Cliffs Management Services, LLC, intends to continue to provide sales and marketing services, construction services, and engineering and maintenance services to The Cliffs Communities through a management services agreement and to transfer the remainder of the services related to The Cliffs Communities, including the Clubs, to The Cliffs Club & Hospitality Service Company, LLC ("Hospitality Services"), a subsidiary of ClubCo;

WHEREAS, as part of the Transition Plan, on December 30, 2009, CCI transferred ownership of the Subsidiaries to ClubCo, which will enable ClubCo to raise funds through the offering (the "Offering") of senior fixed notes (the "Notes") to certain members of the Clubs that will be secured by the Clubs' assets and that will be repaid with revenues generated by the Subsidiaries through operation of the Clubs and through access fees paid by CCI, which are intended to make available access to the Clubs for the benefit of current members and future purchasers of lots and lot/shelter products within The Cliffs Communities;

WHEREAS, CCI desires to transfer ownership in ClubCo to CCHG to further protect the Clubs' assets from creditors and CCI, Other Sellers, and ClubCo desire that the assets which consist of real and personal property that will be part of each Club are properly transferred (to the extent not already owned by each Club), and will be transferred on a going forward basis, from CCI or its respective affiliates (which for the purposes of this Agreement shall include any company under the control of CCI except for ClubCo, CCHG, and the Subsidiaries) (the "Seller") or from Other Sellers to the appropriate Subsidiary that is to own the assets of a specific Club;

WHEREAS, CCI, Other Sellers, CCHG, ClubCo and the Subsidiaries desire to make certain representations, warranties, covenants, and agreements in connection with, and to prescribe various conditions to, the transactions contemplated by this Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants, and agreements contained in this Agreement, the parties hereto agree as follows:

Access Fee. Until the earliest of Legal Defeasance or Covenant Defeasance in accordance with Article 8 of the Indenture, the Satisfaction and Discharge of the Indenture in accordance with Article 11 of the Indenture, or payment in full in cash of all of the then outstanding Note Obligations, CCI hereby agrees and covenants that CCI will provide for the payment of an access fee from CCI to Hospitality Services equal to 8% of the gross purchase price paid to CCI at the closing of the sale of any company-owned lot or the company owned portion of the lot in the case of the sale of a lot/shelter product to any third party (the "Access Fee").

For purposes of this Agreement, "Indenture" shall mean that certain Indenture, among The Cliffs Club & Hospitality Group, Inc., the Guarantors that are parties thereto, and Wells Fargo Bank, National Association, as trustee, that concerns the Series A Notes due 2017 and Series B Notes due 2017, as amended or supplemented from time to time. Any other capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture.

MISCELLANEOUS

Confidentiality. CCI and ClubCo acknowledge and agree that the matters covered in this Agreement are confidential and no party shall disclose or release any information concerning the negotiations and discussions pertaining to this Agreement to any other person or entity, other than the party's legal, financial, and tax advisors without the prior written consent of the other party. CCI and ClubCo acknowledge and agree to maintain as confidential all information received from each other in connection with this Agreement.

Entire Agreement; Amendments; Waivers. This Agreement and the other documents referred to herein and to be delivered pursuant hereto constitute the entire agreement of the parties hereto pertaining to the subject matter hereof, and supersede all prior and contemporaneous agreements, understandings, negotiations, and discussions of the parties, whether oral or written. No amendment, supplement, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision or breach of this Agreement, whether or not similar, unless or otherwise expressly provided.

Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by overnight courier service to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

if to CCI, to:

Cliffs Communities, Inc.
ATTN: Tim Cherry
Corporate Office
3598 Highway 11
Travelers Rest, SC 29690
Telephone: 864.371.1013
E-mail: tcherry@cliffscommunities.com

if to ClubCo, to:

The Cliffs Club & Hospitality Group, Inc.
ATTN: Scott Carlton
Corporate Office
3598 Highway 11
Travelers Rest, SC 29690
Telephone: 864.371.1003
E-mail: scarlton@cliffscommunities.com

with a copy to:

Nelson Mullins Riley & Scarborough LLP
104 South Main Street
Greenville, SC 29601
Attention: Mr. Neil E. Grayson, Esq.
Telephone: 864-250-2235
Fax: 864-250-2359

Any party may designate a change in address at any time upon written notice to the other party.

Descriptive Headings. The descriptive headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute a single agreement.

No Third Party Beneficiaries. This Agreement, together with the Exhibits and Schedules hereto, is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Arbitration. ANY DISPUTE, CONTROVERSY OR CLAIM, INCLUDING WITHOUT LIMITATION ANY DISPUTES FOR WHICH A DERIVATIVE SUIT COULD OTHERWISE BE BROUGHT, ARISING OUT OF OR IN CONNECTION WITH, OR RELATING TO, THIS AGREEMENT OR ANY BREACH OR ALLEGED BREACH HEREOF SHALL, UPON THE REQUEST OF ANY PARTY INVOLVED, BE SUBMITTED TO, AND SETTLED BY, ARBITRATION IN THE CITY OF GREENVILLE, STATE OF SOUTH CAROLINA, PURSUANT

TO THE COMMERCIAL ARBITRATION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION (OR AT ANY TIME OR AT ANY OTHER PLACE OR UNDER ANY OTHER FORM OF ARBITRATION MUTUALLY ACCEPTABLE TO THE PARTIES SO INVOLVED). ANY AWARD RENDERED SHALL BE FINAL AND CONCLUSIVE UPON THE PARTIES AND A JUDGMENT THEREON MAY BE ENTERED IN THE HIGHEST COURT OF THE FORUM, STATE OR FEDERAL, HAVING JURISDICTION. THE EXPENSES OF THE ARBITRATION SHALL BE BORNE EQUALLY BY THE PARTIES TO THE ARBITRATION, PROVIDED THAT EACH PARTY SHALL PAY FOR AND BEAR THE COST OF ITS OWN EXPERTS, EVIDENCE, AND COUNSEL FEES; EXCEPT THAT IN THE DISCRETION OF THE ARBITRATOR, ANY AWARD MAY INCLUDE THE COST OF A PARTY'S COUNSEL IF THE ARBITRATOR EXPRESSLY DETERMINES THAT THE PARTY AGAINST WHOM SUCH AWARD IS ENTERED HAS CAUSED THE DISPUTE, CONTROVERSY, OR CLAIM TO BE SUBMITTED TO ARBITRATION AS A DILATORY TACTIC.

Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of South Carolina (without regard to conflict of laws principles thereof) as to all matters, including, but not limited to, matters of validity, construction, effect, performance, and remedies.

Publicity. The parties to this Agreement shall consult with each other prior to issuing any press release or making any other public announcement with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public announcement prior to such consultation and execution of this Agreement, except as may be required by applicable law.

Assignment. Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by either of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other party. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns.

Severability of Provisions. In case any one or more of the provisions contained in this Agreement should be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly signed as of the date first written above.

CCI:

THE CLIFFS COMMUNITIES, INC., a
South Carolina corporation

By: 

Name: James B. Anthony
Title: President

ClubCo:

THE CLIFFS CLUB & HOSPITALITY
GROUP, INC., a South Carolina corporation

By: 

Name: J. Scott Carlton
Title: President

Exhibit A

List of Subsidiaries and State of Organization

Name of Subsidiary	State of Organization
The Cliffs at High Carolina Golf & Country Club, LLC	North Carolina
The Cliffs at Mountain Park Golf & Country Club, LLC	South Carolina
The Cliffs at Walnut Cove Golf & Country Club, LLC	South Carolina
The Cliffs at Keowee Springs Golf & Country Club, LLC	South Carolina
The Cliffs at Keowee Falls Golf & Country Club, LLC	South Carolina
The Cliffs at Keowee Vineyards Golf & Country Club, LLC	South Carolina
The Cliffs at Glassy Golf & Country Club, LLC	South Carolina
The Cliffs Valley Golf & Country Club, LLC	South Carolina
The Cliffs Club & Hospitality Service Company, LLC	South Carolina

EXHIBIT B

Execution Version

ACCESS FEE SUBORDINATION AGREEMENT

THIS ACCESS FEE SUBORDINATION AGREEMENT (this "Agreement") is made and entered into this 30th day of April, 2010, by and among THE CLIFFS COMMUNITIES, INC., for itself and on behalf of certain Loan Parties under and as defined in the below-referenced Restructuring Agreement that constitute Sellers under and as defined in the below-referenced Transition Agreement ("CCI"); THE CLIFFS CLUB & HOSPITALITY GROUP, INC. ("ClubCo"); THE CLIFFS CLUB & HOSPITALITY SERVICES COMPANY, LLC, for itself and on behalf of the Subsidiaries under the Transition Agreement referenced below ("CCHSC"); and THE NATIONAL BANK OF SOUTH CAROLINA ("Lender").

WHEREAS, CCHSC and CCI are parties, among others, to that certain Restructuring and Transition Services Agreement, dated as of the date hereof (as the same may be amended, restated or otherwise modified from time to time, the "Transition Agreement"), pursuant to which CCI and certain Loan Parties, as Sellers under the Transition Agreement, will owe to CCHSC the Access Fee that is payable from time to time on the terms and conditions set forth in the Transition Agreement;

WHEREAS, CCI and ClubCo are parties, among others, to that certain Access Fee Agreement, dated as of the date hereof (the "Access Fee Agreement"), which shall evidence the obligation to pay the Access Fee pursuant to the terms thereof (the Access Fee referenced in the Transition Agreement and the Access Fee referenced in the Access Fee Agreement collectively referred to herein as the "Access Fee");

WHEREAS, Lender has agreed to restructure certain existing obligations owed by CCI and certain other Loan Parties (the "Existing Obligations") and extend additional financing to CCI and such Loan Parties, pursuant to the terms and conditions of that certain Restructuring Agreement, dated as of April 30, 2010, by and among Lender, CCI and the other parties thereto (as the same may be amended, restated or otherwise modified from time to time, the "Restructuring Agreement"); capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Restructuring Agreement or in the Transition Agreement, as applicable); and

WHEREAS, to induce Lender to: (i) restructure the Existing Obligations and extend additional financing to CCI and certain other Loan Parties pursuant to the Restructuring Agreement, and (ii) consent to the transactions contemplated by the Transition Agreement, CCHSC is willing to subordinate and suspend all payments of the Access Fee on the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and in order to induce Lender to extend additional financing to CCI and certain other Loan Parties, CCHSC agrees as follows:

1. Subordination.

(a) General. CCHSC, for itself and on behalf of the Subsidiaries under the Transition Agreement, hereby agrees that:

(i) upon the occurrence of a Suspension Event, and notwithstanding the terms of the Transition Agreement, no Access Fee shall be payable by CCI or any Seller to CCHSC upon the Disposition of a lot or lot/shelter product in The Cliffs Communities;

(ii) upon the occurrence of a Suspension Event described in Section 1(c)(v)(B) hereof, no Access Fee shall be payable to CCHSC by the Lender upon the Disposition of a lot or lot/shelter product in The Cliffs Communities by the Lender or an agent or representative thereof;

(iii) the failure of CCI or any Seller (or the Lender) to pay the Access Fee in accordance with this Agreement shall not constitute a default or breach of contract by CCI or such Seller under the Transition Agreement or any other agreement by or between CCI or any Seller and CCHSC and/or CCHG, ClubCo or its Subsidiaries and CCI or any Seller;

(iv) the failure of CCI or any Seller (or the Lender) to pay the Access Fee in accordance with this Agreement shall not extinguish, suspend, alter or modify the right of CCI or any Seller (or the Lender) to offer to purchasers of lots or lot/shelter products in The Cliffs Communities the opportunity to purchase a Membership at the Clubs at the posted initiation fees and dues at the time of such sale and, in this connection, ClubCo and CCHSC, on behalf of itself and the Subsidiaries under the Transition Agreement, agree that such initiation fees and dues applicable to any such purchaser of lots or lot shelter products shall be for amounts that do not exceed those that are generally applicable to all members of the Clubs).

(b) Accrued Access Fee. Upon the occurrence of a Suspension Event, CCI or any Seller shall not pay, and CCHSC, for itself and on behalf of the Subsidiaries under the Transition Agreement, shall not accept or receive, any Access Fee that has accrued and remains unpaid on or prior to the Suspension Event ("Accrued Access Fee"). The payment of such Accrued Access Fee shall be subordinated to the indefeasible payment in full in cash of all Obligations under the Restructuring Agreement. Accordingly, upon the distribution of proceeds of the liquidation or sale of any assets of CCI or any Seller, or of any Bankruptcy Collateral Payment, or of any Enforcement Action or other payment with respect to, or in satisfaction of, claims against CCI or any Seller, such distribution shall be applied: *first*, to the payment in full of all then outstanding Obligations under the Restructuring Agreement until all such Obligations are indefeasibly paid in full in cash; and *second*, to the payment in full of the outstanding Accrued Access

Fee until all of the Accrued Access Fee is paid in full in cash.

(c) Definitions. For purposes of this Agreement, the following terms shall have the following meaning:

(i) "Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as now and hereinafter in effect, or any succession statute.

(ii) "Bankruptcy Collateral Payment" shall mean any adequate protection payment or other distribution of monies paid by CCI or any Seller, as debtor-in-possession, or by a trustee of CCI or any Seller, in any Bankruptcy Proceeding of CCI or any Seller.

(iii) "Bankruptcy Proceeding" shall mean any actions taken by or against any CCI or a Seller whereby such party shall: (a) file with any bankruptcy court of competent jurisdiction, or be the subject of any petition, under the Bankruptcy Code; (b) be the subject for any order for relief issued under the Bankruptcy Code; (c) file or be the subject of any petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors; (d) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator or liquidator; or (e) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal or state law or act relating to bankruptcy, insolvency or relief for debtors.

(iv) "Enforcement Action" means: (a) the commencement of any action or proceeding, whether judicial or otherwise, for the enforcement of such party's rights and remedies with respect to any collateral security securing any obligation or indebtedness, and including commencement of any receivership, foreclosure proceedings or other actions against, or any other sale of, collection on, or disposition of, any collateral, or any exercise of remedies with respect to the collateral; (b) notifying any third-party account debtors of CCI or any Seller to make payment directly to a lender or other obligee; or (c) the exercise of any right of set-off against CCI or any Seller.

(v) "Suspension Event" shall mean the occurrence of any one or more of the following events:

(A) the occurrence of an Event of Default under the Restructuring Agreement by reason of the failure of CCI or another Borrower thereunder to pay an Obligation thereunder when due;

(B) the foreclosure by Lender upon any Collateral securing the Obligations under the Restructuring Agreement (the "Restructuring Agreement Collateral") or the conveyance by CCI or any Seller to Lender of any assets comprising the Restructuring Agreement Collateral in any deed-in-lieu or other conveyance transaction by which Lender obtains outright title to such Restructuring Agreement Collateral, including pursuant to a Bankruptcy Proceeding;

(C) the taking by Lender of any other Enforcement Action against CCI or any Seller under the Restructuring Agreement; or

(D) the commencement of Bankruptcy Proceeding with respect to CCI or any Seller.

(d) Construction. In the event Lender takes title to any lots or lot/shelter products in The Cliffs Communities, whether pursuant to foreclosure or by deed-in-lieu or any other conveyance transaction, including pursuant to any Bankruptcy Proceeding, the reference to a "Seller" in paragraph (a) above shall be deemed to include Lender and Lender shall be entitled to the benefits afforded by such paragraph.

2. Representations and Warranties. CCHSC hereby warrants and represents to Lender that (a) it has neither given nor executed any prior subordination, security agreement or assignment which is presently effective with respect to the Access Fee, (b) the payment of the Access Fee is, and will remain, an unsecured obligation, (c) attached hereto as Exhibit A is a true and complete copy of the Transition Agreement, (d) other than the Transition Agreement, there are no other agreements between CCHSC and any Loan Party relating to the subject matter thereof, (e) it has the requisite power and authority to execute and deliver and to perform its obligations under, and that it has duly authorized by all necessary action the execution, delivery and performance of, this Agreement, and (f) this Agreement is the legally valid and binding obligation of CCHSC and the Subsidiaries under the Transition Agreement, enforceable against each such party in accordance with its terms.

3. Amendments; Waivers. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by any Loan Party, CCHSC or any Subsidiary under the Transition Agreement therefrom, shall in any event be effective unless the same shall be in writing and signed by all parties hereto. This Agreement shall not be affected or impaired by any extension, renewal, release, arrangement or composition which may become effective between Loan Parties and Lender. No delay or failure on Lender's part in the exercise of any right or remedy shall constitute course of dealing or future waiver of such right or remedy or preclude other or further exercises thereof or the exercise of any other right or remedy.

4. Notices. Any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telexed or sent by telefacsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service, upon receipt of telefacsimile or telex, or three (3) business days after

depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the address of each party hereto shall be as set forth under such party's name on the signature pages hereof or, as to any party, such other address as shall be designated by such party in a written notice delivered to the other parties hereto.

5. Successors and Assigns. Lender's rights and privileges hereunder shall inure to the benefit of its successors and assigns, and this Agreement shall be binding upon CCHSC's successors and assigns. For the avoidance of doubt, any reference to Lender hereunder shall include any assignee of Lender under the Restructuring Agreement or any lender or group of lenders that refinances or replaces the Obligations under the Restructuring Agreement, in whole or in part (a "Refinancing"). In this connection, any indebtedness incurred in connection with such Refinancing and all other obligations under or in connection with the loan documents evidencing or securing such Refinancing (the "Refinancing Obligations") shall automatically be afforded the benefits hereby as if such Refinancing Obligations constituted Obligations under the Restructuring Agreement. Further, CCHSC, for itself and on behalf of the Subsidiaries under the Transition Agreement, agrees to enter into such agreements and documents (including, without limitation, amendments or supplements to this Agreement) as the lender or group of lenders providing such Refinancing Obligations (the "Refinancing Lenders") shall reasonably request in order to provide the Refinancing Lenders the rights, remedies, powers and authorities contemplated hereby, in each case consistent with this Agreement.

6. Conflict. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of the Transition Agreement, the Restructuring Agreement or any other document executed in connection therewith, the provisions of this Agreement shall control and govern. For purposes of this Section 6, to the extent that any provisions of any of the Transition Agreement, the Restructuring Agreement or any other document executed in connection therewith provide rights, remedies and benefits to Lender that exceed the rights, remedies and benefits provided to Lender under this Agreement, such provisions of the Transition Agreement, the Restructuring Agreement or any other document executed in connection therewith shall be deemed to supplement (and not to conflict with) the provisions hereof.

7. Expenses. CCHSC and CCI agree, jointly and severally, to pay Lender on demand all expenses of every kind, including reasonable attorney's fees, that Lender may incur in enforcing any of the rights of Lender under this Agreement.

8. Defects Waived. This Agreement is effective notwithstanding any defect in the validity or enforceability of any instrument or document at any time evidencing or securing the whole or any part of the Obligations or Refinancing Obligations, as applicable.

9. Termination. This Agreement shall terminate upon the indefeasible payment in full in cash of the Obligations pursuant to the Restructuring Agreement.

10. Severability. In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or

impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

11. **Counterparts.** This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts (any of which may be delivered via facsimile or other electronic transmission), each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

12. **Headings.** The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

13. **GOVERNING LAW.** THE VALIDITY OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF) OF THE STATE OF SOUTH CAROLINA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

14. **CONSENT TO JURISDICTION.** EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT OF THE DISTRICT OF SOUTH CAROLINA, AND OF ANY STATE COURT OF THE STATE OF SOUTH CAROLINA SITTING IN GREENVILLE, SOUTH CAROLINA AND ANY APPELLATE COURT FROM ANY THEREOF, AND IRREVOCABLY AGREES THAT, SUBJECT TO LENDER'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RESTRUCTURING AGREEMENT AND THE TRANSITION AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO HEREBY EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OR FORUM NON CONVENIENS. EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PARTY AT ITS RESPECTIVE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

15. **WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT, THE RESTRUCTURING AGREEMENT OR THE TRANSITION SERVICES AGREEMENT. EACH OF THE PARTIES HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN

INDUCED TO ENTER INTO THIS AGREEMENT AND, WITH RESPECT TO THE LENDER, THE RESTRUCTURING AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

16. Miscellaneous. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written negotiations, agreements and understandings of the parties with respect to the subject matter hereof, except the agreements embodied in the Restructuring Agreement and the other Loan Documents.

IN WITNESS WHEREOF, the undersigned have executed this Agreement under seal
the day and year first above written.

THE CLIFFS COMMUNITIES, INC.

By: 

Name:

Its:

Address: 3598 Highway 11
Travelers Rest, South Carolina 29690
Attention: Timothy Cherry
Fax: (864) 371-1735
Telephone: (864) 371-1000

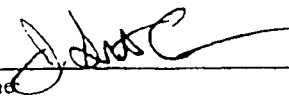
with a copy to:

K&L Gates LLP
Hearst Tower
214 North Tryon Street
47th Floor
Charlotte, North Carolina 28202
Attention: Patrick L. Ridinger
Fax: (704) 353-3248
Telephone: (704) 331-7548

[Signatures Continue on the Following Pages]

[Signature Page to Access Fee Subordination Agreement]

THE CLIFFS CLUB & HOSPITALITY GROUP,
INC.

By: 
Name: _____
Its: _____

Address: Corporate Office
3598 Highway 11
Travelers Rest, South Carolina 29690
Attention: Scott Carlton
Fax: (864) 371-1839
Telephone: (864) 371-1003

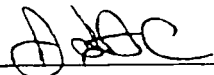
with a copy to:

Wyche Burgess Freeman & Parham
44 East Camperdown Way
Greenville, South Carolina 29601
Attention: Melinda Davis Lux
Fax:
Telephone:

[Signatures Continue on the Following Pages]

[Signature Page to Access Fee Subordination Agreement]

THE CLIFFS CLUB & HOSPITALITY
SERVICES COMPANY, LLC, on behalf of itself
and in its capacity as sole Member of the
Subsidiaries under the Transition Agreement

By: 
Name: _____
Its:

Address: Corporate Office
3598 Highway 11
Travelers Rest, South Carolina 29690
Attention: Scott Carlton
Fax: (864) 371-1839
Telephone: (864) 371-1003

with a copy to:

Wyche Burgess Freeman & Parham
44 East Camperdown Way
Greenville, South Carolina 29601
Attention: Melinda Davis Lux
Fax:
Telephone:


[Signatures Continue on the Following Pages]

[Signature Page to Access Fee Subordination Agreement]

ACKNOWLEDGMENT OF COLLATERAL TRUSTEE

The undersigned, Wells Fargo Bank, National Association, as Collateral Trustee (the "Collateral Trustee"), hereby acknowledges the execution and delivery of this Agreement by the parties hereto and hereby agrees that any mortgage, security deed, lien, encumbrance or security interest in or upon the assets of CCHSC or any Subsidiary thereof in favor of the Collateral Trustee shall be subject and subordinate to the terms and conditions of this Agreement.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Collateral Trustee

By: 
Title: _____

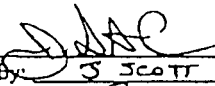
[Signature Page to Access Fee Subordination Agreement]

**ACKNOWLEDGMENT OF SUBSIDIARIES OF
THE CLIFFS CLUB & HOSPITALITY SERVICES COMPANY, LLC**

Each of the undersigned hereby acknowledges the execution and delivery of this Agreement by the parties hereto and hereby agrees to comply with the terms and conditions set forth in Sections 1, 3 and 5 of the Agreement.

THE CLIFFS AT MOUNTAIN PARK GOLF & COUNTRY CLUB, LLC
THE CLIFFS AT KEOWEE VINEYARDS GOLF & COUNTRY CLUB, LLC
THE CLIFFS AT WALNUT COVE GOLF & COUNTRY CLUB, LLC
THE CLIFFS AT KEOWEE FALLS GOLF & COUNTRY CLUB, LLC
THE CLIFFS AT KEOWEE SPRINGS GOLF & COUNTRY CLUB, LLC
THE CLIFFS AT HIGH CAROLINA GOLF & COUNTRY CLUB, LLC
THE CLIFFS AT GLASSY GOLF & COUNTRY CLUB, LLC
THE CLIFFS VALLEY GOLF & COUNTRY CLUB, LLC

By: THE CLIFFS CLUB & HOSPITALITY SERVICES COMPANY, LLC, its sole Member


By: SCOTT CARLTON
Title: PRESIDENT

[Signature Page to Access Fee Subordination Agreement]

Error: Unknown document property name.

EXHIBIT C

This instrument was prepared by:
Smith Moore Leatherwood LLP
P.O. Box 87 (29602-0087)
300 E. McBee Avenue, Suite 500
Greenville, SC 29601

After recording return to:
J. Darryl Holland, Esq.
772 E. McBee Ave.
Greenville, SC 29601

THE CLIFFS AT WALNUT COVE GOLF & COUNTRY CLUB, LLC

(*"Grantor"*)

THE CLIFFS AT WALNUT COVE, LLC AND WATERFALL INVESTMENT GROUP, LLC

(*"Grantee" or "Developer"*)

IRREVOCABLE EASEMENT OF ACCESS, USE AND ENJOYMENT

Walnut Cove

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

IRREVOCABLE EASEMENT OF ACCESS, USE AND ENJOYMENT

THIS IRREVOCABLE EASEMENT OF ACCESS, USE AND ENJOYMENT (this "Agreement") is made this 29 day of April, 2010 (the "Effective Date"), by and between THE CLIFFS AT WALNUT COVE GOLF & COUNTRY CLUB, LLC, a South Carolina limited liability company ("Grantor"), and THE CLIFFS AT WALNUT COVE, LLC, a South Carolina limited liability company, and WATERFALL INVESTMENT GROUP, LLC, a South Carolina limited liability company (individually and collectively, "Grantee" or "Developer").

WITNESSETH:

WHEREAS, Grantor is the owner and operator of Cliffs at Walnut Cove Golf & Country Club (the "Club") and all real property and improvements associated therewith located in Buncombe County, North Carolina, as more fully described on Exhibit A attached hereto (collectively, the "Club Property");

WHEREAS, Grantor is responsible for, among other things, (i) the operation and maintenance of all facilities and other amenities appurtenant to the Club (collectively, the "Club Facilities"), and (ii) the sales and issuance of memberships for the Club ("Club Memberships") together with the administration of all other documents and contract rights related to Club Memberships, including, without limitation, all membership agreements governing existing and future Club members (collectively, the "Membership Plan");

WHEREAS, Developer is the owner of that certain real property also located in Buncombe County, North Carolina, which is contiguous to the Club Property and currently is or may be developed by Developer as a residential community (as more fully described on Exhibit B attached hereto, collectively, the "Development Property"); and

WHEREAS, Grantor and Developer have agreed that the Easement (as defined below) is necessary for the successful development of the Development Property, and also the continued existence and further development of the Club.

NOW, THEREFORE, in consideration of the sum of Ten and No/100 Dollars (\$10.00), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Developer, intending to be legally bound, hereby agree as follows:

1. Grant of Irrevocable Easement of Access, Use and Enjoyment. Grantor does hereby give, grant and convey to Grantee and those successors and assigns in fee title to the Development Property (or portions thereof subdivided into residential lots (individually a "Lot" and collectively the "Lots") that receive their fee interest to the Development Property or a Lot directly from Grantee or NBSC (as defined in Section 4 hereof)(each, a "Subsequent Owner"), an irrevocable and alienable non-exclusive easement for the access, use and enjoyment of the Club Property, the

Club Facilities, and any other improvements now or hereafter located thereon and therein (the "Easement"); provided Grantee and any such Subsequent Owner (but excluding NBSC) purchases an available Club Membership from Grantor and is at all times in compliance with the general membership standards, practices and policies of the Membership Plan, including the payment of necessary initiation fees and dues associated with Club Membership, subject to the terms of Section 14 hereof. Grantee hereby acknowledges and agrees that there are and will be, from time to time, different levels and types of Club Memberships that entitled members to different rights to the Club Property and Club Facilities, that there are limited numbers of each type of Club Memberships, and that the Easement rights granted herein to the owners of Lots shall be limited to the rights and privileges conferred by those Club Memberships which are available for purchase at the time the relevant Club Membership is acquired.

2. Reservation of Rights. Grantor reserves the right for itself, its employees, agents, contractors, invitees, tenants, and successors in title to the Club Property and the Club Facilities, and all current and future members of the Club in good standing pursuant to the Membership Plan (collectively, "Club Members"), to use the Club Property and Club Facilities in any lawful manner which will not materially interfere with the easement rights of Grantee granted herein.

3. Indemnification. Developer (including Developer's successors and assigns (but excluding NBSC)) will pay, and indemnify and save harmless Grantor from and against, all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature arising from any injury to or death of a person or loss of or damage to property, including without limitation, the Grantor's real property, arising out of any use of the Easement (including use by any tenant, licensee, customer, employee, invitee, agent, representative or contractor of Grantee or any owner of a Lot having rights hereunder), except to the extent that such liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments arise as a result of any negligent act or omission of Grantor, or the Grantor's tenants, licensees, invitees, customers, agents or employees.

4. Covenants Running with the Land. Subject to the terms of Section 1 and Section 5 herein, the Easement shall burden all of the Club Property and the Club Facilities, and until otherwise released Pursuant to Section 5 herein, shall forever be appurtenant to and benefit the Development Property. The Easement and all rights granted herein shall constitute covenants running with the land, and shall apply to, inure to the benefit of, and be binding upon Grantor and Grantee, and their respective successors, successors-in-title, and assigns, including, without limitation, The National Bank of South Carolina, together with any successor or assignee thereof (including any assignee or transferee of NBSC's rights, in whole or in part, under the existing promissory note(s) payable to NBSC and secured by any deed of trust or mortgage encumbering the Development Property) with respect to the indebtedness owned by NBSC ("NBSC") as mortgagee in possession of the Development Property subsequent to a foreclosure, deed-in-lieu of foreclosure, or acting under any other right or remedy available to NBSC (each, a "Lender Remedy"), or any other party having or hereafter acquiring any right, title or interest in and/or to all or any portion of the Development Property directly from NBSC following a Lender Remedy.

5. Release. The Easement granted herein shall become effective as of the Effective Date and, except as otherwise set forth herein, may be released in whole or with respect to all or any part of

the Development Property only by a written release recorded in the official records of Buncombe County, North Carolina and signed by Grantee and Grantor, releasing all of Grantee's right, title and interest in and to the Easement and duly acknowledged and consented to by NBSC (the "Release"). Upon the recording of the Release, the Easement granted herein shall only be extinguished with respect to the applicable Grantee and fee owner of title to the portion or portions of the Development Property identified in the Release, without having any effect on the rights granted herein as to any other Grantee and fee owner of title to the remaining portions of the Development Property not otherwise identified in the Release. In addition to the foregoing, the Easement granted herein shall terminate automatically only with respect to a Subsequent Owner's interest in fee title to the Development Property or any portion thereof (including any Lot) upon the earlier of (i) the date upon which a Subsequent Owner of a Lot purchases a Club Membership or (ii) the thirtieth (30th) day following a Subsequent Owner's acquisition of a Lot or any larger portion of the Development Property, or (iii) the recording of any satisfaction (partial or otherwise), release, release deed or any other instrument which releases or terminates the lien securing the NBSC indebtedness with respect only to the fee title owned by the applicable Subsequent Owner (whether prior to the conveyance of the applicable property or at some time thereafter). It is understood and agreed that the consent of any other party (including any Lot owner(s), who, by accepting title to their Lots subject to this Easement and the terms hereof, hereby agree to the automatic termination set forth herein) shall not be required to effectuate a release and termination pursuant to the foregoing terms, notwithstanding the that such satisfaction or release may not be recorded until after such owner's acquisition of the applicable Lot.

6. Estoppel. Each party hereto agrees, at any time and from time to time, upon not less than fifteen (15) day's prior written notice by any other party including NBSC, to execute, acknowledge and deliver to the requesting party a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) (or specifying the ground for claiming that this Agreement is not in force and effect), (b) whether there are then existing any defaults of any of the terms, covenants or conditions hereof upon the part of the other party (and if so, specifying the same) and (c) whether, to the best knowledge of the certifying party, the requesting party is in default in its performance of any covenant, agreement or condition contained in this Easement and, if so, specifying each such default of which the certifying party may have knowledge, and (d) such other matters as the requesting party may reasonably request.

7. Notices. Each notice to any party concerning the subject matter of this Easement shall be in writing and shall be deemed to have been properly given or serviced by (i) the deposit of the same with the United States Postal Service, or any official successor thereto, designated as registered or certified mail, return receipt requested, bearing adequate postage and addressed as hereinafter provided or (ii) delivery by UPS, Federal Express, Airborne or other reputable overnight commercial courier with receipt for delivery obtained by courier. Each notice shall be effective upon being deposited as aforesaid and shall be deemed to have been received three (3) business days from and after such deposit. Each notice may also be served by personal service addressed as hereinafter provided. By giving each of the other parties at least ten (10) days prior written notice thereof, and party shall have the right from time to time to change the address(es) (other than to a post office box) thereof and to specify as the address(es) therefore any other address(es) within the United States of America. Any written notice from a party's attorney-at-law given in the manner

specified herein shall be deemed to constitute notice from such party. Notices shall be addressed as follows:

Grantor: The Cliffs at Walnut Cove Golf & Country Club, LLC
3598 Highway 11
Travelers Rest, South Carolina 29690

Grantee: The Cliffs at Walnut Cove, LLC
Waterfall Investment Group, LLC
3598 Highway 11
Travelers Rest, South Carolina 29690

NBSC: National Bank of South Carolina
201 East McBee Ave.
2nd floor
Greenville, SC 29601
Attn: Karen Speedling

with a copy to: William B. Swent, Esq.
Smith Moore Leatherwood LLP
The Leatherwood Plaza
300 East McBee Avenue
Suite 500
Greenville, South Carolina

8. Authority. Grantor is the lawful owner of fee title to the Club Property and Club Facilities, and has all right and authority to enter into this Agreement and grant the Easement herein. Developer hereby represents and warrants that Developer has the right and authority to enter into this Agreement and accept the benefits of the Easement granted herein. Grantor hereby represents and warrants that Grantor has obtained all necessary consents authorizing the execution of this Agreement, including without limitation, any consents required pursuant to the holder or beneficiary under any encumbrance affecting title to the Club Property that is senior to the Easement.

9. Non-Contravention of Organizational Documents. The execution of this Agreement by Grantor and the Easement granted herein, or Grantor's execution of any other documentation or instruments relating to this Agreement and its respective performance thereunder, will not violate or contravene Grantor's organizational documents, any applicable law or regulation, or any agreement of any kind to which Grantor or affiliates of Grantor is a party.

10. Ownership, Control and Conversion to Equity Member-Owned Club. As of the date hereof, Grantor hereby represents and warrants that the ownership and control of the Club Property and Club Facilities, including, without limitation, the issuance of the Club Memberships, is vested solely with Grantor, and Grantor has not provided written or oral notice to any other person or entity of Grantor's intention to convert the Club to an equity member-owned club (as such action is specifically reserved in the Membership Plan), and Grantor will not take any action to cause the Club to be converted to an equity member-owned club without the prior written consent of

Developer and NBSC (which consent may be withheld in its sole and absolute discretion). Other than the mortgage, deed of trust or other lien granted by Grantor to [Wells Fargo Bank, N.A., as trustee], for so long as Developer has any obligations to NBSC, Grantor will not cause the Club Property or the Club Facilities to be directly or indirectly transferred, conveyed, assigned, mortgaged, pledged, hypothecated, subjected to any liens, options or otherwise divest Grantor's interest therein to any other person or entity.

11. Assignment by Developer. In addition to, and not in limitation of Section 4 above, Developer may directly or indirectly transfer, pledge, assign, hypothecate, collateralize, convey, grant a lien on, or mortgage (collectively "Lien") all or any part of Developer's interest in the Easement granted herein to NBSC, and Grantor will recognize the rights of NBSC under this Agreement upon a foreclosure or exercise of any other remedy available to NBSC under the Lien, including taking title to any Development Property by deed-in-lieu of foreclosure or otherwise.

12. Additional Documents. Grantor shall execute and deliver to Developer or Developer's mortgagee (including NBSC), upon demand, such additional assurances, writings or other instruments as may be reasonably required by Developer to evidence the Easement granted herein.

13. No Amendment of Membership Plan. During the term hereof, for so long as any indebtedness and obligations are owing by Developer to NBSC, Grantor will not, without the prior written consent of NBSC, effect a material change in the terms and conditions by which the owner of a Lot may obtain a Club Membership (including (a) the posted initiation fees and periodic membership dues structure and (b) general membership standards, practices and policies of Grantor relative to the admittance of members to the Club) in a manner that makes it more burdensome or restrictive to become a Member for owners of the Lots upon which the NBSC has a lien, as compared to other property owners who are or may become members of the Club.

14. No Waiver. No consent or waiver, express or implied, by any party to or of any breach or default by any other party in the performance by such other party of the obligations thereof under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this Agreement. Failure on the part of one of the parties hereto to complain of any act or failure to act of any of the other parties or to declare such other party in default, irrespective of how long such failure continues, shall not constitute a waiver of such party of the rights thereof under this Agreement.

15. Severability. If any provision of this Agreement or the application thereof to any entity or circumstance shall be invalid or unenforceable to any extent and such invalid provision does not materially affect the right of the parties hereto, the remainder of this Agreement and the application of such provision to any other entity or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

16. Applicable Law. This Agreement shall be interpreted, construed and enforced in accordance with the substantive laws, not the conflicts laws or choice of law rules, of the State of South Carolina.

17. Rule Against Perpetuities. Grantor and Developer have created the future-interests contained herein by a nondonative transfer, and each intend for this Agreement and the Easement created herein to be exempt from the Uniform Statutory Rule Against Perpetuities (the "Rule") pursuant to N.C.G.S. §41-18. Nevertheless, if a court of competent jurisdiction holds that the Statutory Rule Against Perpetuities applies to this Agreement, then any future interests shall terminate on the later of (i) twenty-one (21) years following the death of James B. Anthony, and (ii) the last day of the period allowed for vesting under the Rule, such that the future interests created herein shall thereby be deemed valid under the Rule.

18. Modification or Amendment. For so long as any obligations from Developer to NBSC remain outstanding, no provision of this Agreement or the Easement granted herein may be released, subordinated, modified, rescinded or amended in whole or in part by Grantor without the prior written consent of Developer, NBSC and, if applicable, any other party (including a Lot owner) who has any rights hereunder.

19. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the easements, licenses, and restrictive covenants contained herein, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein or incorporated herein by reference shall be of any force or effect.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

21. Time of the Essence. Time shall be of the essence of this Agreement and each and every term and condition thereof.

22. Remedies. If any of the parties violates any covenant set forth herein or otherwise defaults under this Agreement after reasonable notice and opportunity to cure (in no event less than 10 business days), the non-defaulting party or parties (as applicable) shall have the right (but not any duty) to exercise, on a cumulative basis, any or all rights or remedies available at law or equity, including, without limitation, the right to obtain restraining orders, injunctions and decrees of specific performance with respect to any such uncured violation or default. Should any party prevail in the enforcement of any rights conferred herein, that party will be entitled to recover the reasonable expenses associated with enforcing those rights from the party or parties (as applicable) that it prevailed against, including but not limited to reasonable attorney's fees. Notwithstanding the foregoing, in no event shall any party hereto be entitled to institute a suit for or otherwise make a claim for money damages in connection with this Agreement except for a suit or claim arising out of the indemnification obligations contained in Section 3.

23. Recitals. The parties hereto hereby represent that, to the best of their knowledge, the recitals set forth at the beginning of this Agreement are true and correct as of the date hereof.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the parties hereto has duly signed, sealed and delivered this Agreement, as of the day and year first above written.

GRANTOR:

THE CLIFFS AT WALNUT COVE GOLF & COUNTRY CLUB, LLC, a North Carolina limited liability company

By: The Cliffs Club & Hospitality Group, Inc., a South Carolina corporation, Member/Manager

Signed, sealed and delivered in the presence of:

[Signature]
Witness

[Signature]
Witness

By: [Signature]
Name: J SCOTT CARLTON
Title: PRESIDENT

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that J SCOTT CARLTON personally appeared before me and, being by me duly sworn, acknowledged that he is a/the PRESIDENT of The Cliffs Club & Hospitality Group, Inc., a South Carolina corporation, the duly authorized Member/Manager of The Cliffs at Walnut Cove Golf & Country Club, LLC, a North Carolina limited liability company (the "Company"), and being authorized to do so, executed the foregoing instrument on behalf of the Company.

WITNESS my hand and notarial stamp or seal this 29 day of April, 2010.

[Signature] (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/12/13

GRANTEE:

THE CLIFFS AT WALNUT COVE, LLC, a South
Carolina limited liability company

Signed, sealed and delivered in the
presence of:

Witness

Witness

By: The Cliffs Communities, Inc., a
South Carolina corporation, Sole Member

By:

James B. Anthony, President

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

ACKNOWLEDGEMENT

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that James B. Anthony, President of The Cliffs Communities, Inc., a South Carolina corporation, a/the Sole Member of The Cliffs at Walnut Cove, LLC, a South Carolina limited liability company (the "Company"), personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said Company.

Witness my hand and office seal or stamp this the 29 day of April, 2010.

Notary Public for the State of South Carolina
My Commission expires: 8/12/13

(SEAL)

Signed, sealed and delivered in the presence of:

Witness [Signature]
Witness [Signature]

WATERFALL INVESTMENT GROUP, LLC, a South Carolina limited liability company

By:

[Signature]
James B. Anthony, Member

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

ACKNOWLEDGEMENT

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that James B. Anthony, as a duly authorized Member of Waterfall Investment Group, LLC, a South Carolina limited liability company (the "Company"), personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said Company.

Witness my hand and office seal or stamp this the 29 day of April, 2010.

[Signature] (SEAL)
Notary Public for the State of South Carolina
My Commission expires: 8/12/13

EXHIBIT A

"Club Property"

Clubhouse/Tavern:

Being all of that property as shown on a plat for The Cliffs at Walnut Cove Golf and Country Club, LLC, which said plat is duly recorded in Plat Book 135 at Page 131 in the Office of the Register of Deeds for Buncombe County, North Carolina reference to which is hereby made for a more particular description.

Wellness Center Tract:

Being all of Lot Area, containing 5.266 acres, more or less, as shown on a survey of the property of The Cliffs at Walnut Cove, LLC Wellness Center Tract which said survey is duly recorded in Plat Book 118 at Page 165 in the Office of the Register of Deeds for Buncombe County, North Carolina, reference to which is hereby made for a more particular description.

EXHIBIT B

"DEVELOPMENT PROPERTY"

ALL THOSE CERTAIN PIECES, PARCELS, TRACTS OR LOTS OF LAND LYING AND BEING IN BUNCOMBE COUNTY, NORTH CAROLINA:

THE FOLLOWING PLATTED LOTS LOCATED WITHIN THE CLIFFS AT WALNUT COVE:

BEING ALL OF LOT 18, PHASE ONE, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 118 AT PAGE 82, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOT 19 AS SHOWN ON A PLAT OF PHASE ONE OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF REGISTER OF DEEDS OF BUNCOMBE COUNTY IN PLAT BOOK 88 AT PAGE 190.

BEING ALL OF LOT 21 AS SHOWN ON A PLAT ENTITLED "EXHIBIT A" AND MORE FULLY DESCRIBED IN DEED BOOK 4505 AT PAGE 1035 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY.

BEING ALL OF LOTS 145, 146, 147, 153, 170 AND 171 AS SHOWN ON A PLAT OF PHASE TWO-B OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY IN PLAT BOOK 94 AT PAGE 48.

BEING ALL OF LOTS 189 AND 236 AS SHOWN ON A PLAT OF PHASE TWO-D (HIGH MEADOWS) OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY IN PLAT BOOK 100 AT PAGE 141.

BEING ALL OF LOTS 209, 224, 225, 226, 227, 229, 230 AND 231 AS SHOWN ON A PLAT OF PHASE TWO-C OF THE CLIFFS AT WALNUT COVE, WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 94 AT PAGE 49.

BEING ALL OF LOT 50, PHASE THREE A, CREEKSIDE, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 116 AT PAGE 67, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOT 33, PHASE THREE A, CREEKSIDE, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 98 AT PAGE 53, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOT 13, PHASE FOUR, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 86 AT PAGE 81, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

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BEING ALL OF LOT 32 AS SHOWN ON A PLAT OF PHASE FOUR-B OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 88 AT PAGE 192.

BEING ALL OF LOTS 43 AND 49 AS SHOWN ON A PLAT OF PHASE FOUR OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 114 AT PAGE 62.

BEING ALL OF LOTS 51, 54, 58, 59, 60, 61, 64, 72, 73B, 74, 77 AND 78 AS SHOWN ON A PLAT OF PHASE FOUR OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 114 AT PAGE 39.

BEING ALL OF LOTS 20A, 29, 30, 31, 32, 33, AND 34, PHASE 5, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 110 AT PAGE 119, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 35B, 36B, 37B, 38, 39, 40, 41, 42, AND 44 PHASE 5, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 120 AT PAGE 85, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 71, 72, 73, 74A, 76, 79, 80, 81, 82, 83, 85, 86, 89, 90, AND 91, PHASE 6, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 110 AT PAGE 132, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 92, 93, 94, 95, 96, 97, 98, 99, 100, 101A, 102, 103, 104, 105, 106, AND 107, PHASE 6, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 114 AT PAGE 63, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETED DESCRIPTION.

BEING ALL OF LOTS 2, 4, 5, 6, AND 20, PHASE 7, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 110 AT PAGE 122, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 21A, 22A, 23, 24, 25, 26, 27, 28 AND 29, PHASE 8, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 112 AT PAGE 18, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 32, 33, 34, 35, 36, 37, 41, 42, 43, 44, 45, 46, 47, 48, 50, 51, 52, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 79, 80, 81, 82, 88, 90, 93, 94, 95, 96, 99, 100, 101, 102, 103 AND 104, COVE PARK, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 122 AT PAGE 122, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 9, 11, 45, 46, 47, 48, 49 AND 50, THE MEADOWS, AS SHOWN ON A PLAT OF THE MEADOWS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 98 AT PAGE 168, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 12, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61 AND 62, THE MEADOWS, AS SHOWN ON A PLAT OF THE MEADOWS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 102 AT PAGE 198, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 22, 23, 24A AND 27 AS SHOWN ON A PLAT OF MILLSTREAM COTTAGES AT THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY IN PLAT BOOK 120 AT PAGE 23.

BEING ALL OF LOTS 28, 29, 34, 36, AND 37, AS SHOWN ON A PLAT OF MILLSTREAM COTTAGES AT THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY IN PLAT BOOK 104 AT PAGE 163.

THE FOLLOWING TRACTS LOCATED AT THE CLIFFS AT WALNUT COVE

BEING ALL OF THAT CERTAIN TRACT KNOW AS THE OTTO TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN DEED BOOK 3053 AT PAGE 826 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND BEING FURTHER IDENTIFIED FOR TAX PURPOSES AS PIN NUMBER 9623-0067-6786 AND BEING MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEGINNING ON A THREE-QUARTER INCH IRON PIPE, WHICH SAID IRON PIPE LIES SOUTH 24°32'04" WEST 2,996.23 FEET FROM N. C. GRID MONUMENT "AVERY CREEK AZ MARK" N=195166.985 METER (NAD 83) E=282937.339 METERS (NAD 83), AND RUNS THENCE FROM SAID BEGINNING POINT THUS ESTABLISHED, AND WITH THE NORTHERN LINE OF THOMAS W. COCHRAN PROPERTY, AS DESCRIBED IN THE DEED RECORDED IN DEED BOOK 818 AT PAGE 185, BUNCOMBE COUNTY, N. C. REGISTRY, NORTH 84°50'51" WEST 702.65 FEET TO A 36-INCH MARKED HICKORY AT A FENCE CORNER. THENCE WITH THE SOUTHWESTERN LINE OF THE PROPERTY OF THE CLIFFS AT WALNUT COVE, LLC AS DESCRIBED IN THE DEED RECORDED IN DEED BOOK 2757, PAGE 227, BUNCOMBE COUNTY, N.C. REGISTRY, THE FOLLOWING FOUR COURSES AND DISTANCES TO WIT: NORTH 30°11'02" EAST 207.34 FEET TO A REBAR; THENCE NORTH 46°41'11" EAST 104.99 FEET TO A REBAR; THENCE NORTH 65°24'41" EAST 381.74 FEET TO TWIN 12-INCH BLACK GUMS IN A FENCE LINE; THENCE NORTH 76°05'45" EAST 224.18 FEET TO A 12-INCH LOCUST SNAG AT A FENCE CORNER. THEN WITH THE WESTERN LINE OF THE AVERY ACRES PROPERTY AS DESCRIBED IN THE DEED RECORDED IN DEED BOOK 1045 AT PAGE 663, BUNCOMBE COUNTY, N.C. REGISTRY, RUNS THENCE WITH SAID AVERY ACRES LINE SOUTH 04°56'24" WEST 436.03 FEET TO A POINT, THENCE SOUTH 04°56'24" WEST 93 FEET TO THE POINT AND PLACE OF BEGINNING. CONTAINING 5.708 ACRES AND BEING THE PROPERTY AS SHOWN ON A SURVEY FOR WATERFALL INVESTMENT GROUP, LLC BY ALPINE LAND SURVEYING, INC. DATED NOVEMBER 21, 2002.

BEING THAT TRACT KNOW AS THE AVERY ACRES TRACT WHICH SAID TRACT IS MORE PARTICULARLY DESCRIBED IN DEED BOOK 4094 AT PAGE 1220 IN THE OFFICE

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OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY. SAID TRACT FURTHER BEING DESCRIBED FOR TAX PURPOSES AS PIN NUMBER 9623-00-78-5606 AND MORE FULLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEGINNING ON A POINT IN THE SOUTHERN MARGIN OF AVERY CREEK ROAD (SR#3486) WHICH SAID POINT LIES SOUTH 06° 09' 53" WEST 208 FEET FROM NC GRID MONUMENT "AVERY CREEK AZ MARK" N=195166.985 METERS (NAD 83) E=282937.339 (NAD 83); RUNS THENCE FROM SAID BEGINNING POINT THUS ESTABLISHED: SOUTH 05° 43' 38" WEST 1730.14 FEET TO A "T" IRON FOUND; THENCE CONTINUING SOUTH 05° 43' 38" WEST 538.47 FEET TO A POINT IN THE CENTER OF A GRAVEL ROAD AS DESCRIBED IN DEED BOOK 1143 AT PAGE 307, BUNCOMBE COUNTY, N.C. REGISTRY; RUNS THENCE WITH THE CENTER OF SAID GRAVEL ROAD THE FOLLOWING 18 COURSES AND DISTANCES TO WIT: NORTH 78° 09' 57" WEST 84.07 FEET; NORTH 72° 29' 00" WEST 28.71 FEET; NORTH 65° 55' 34" WEST 76.18 FEET; NORTH 75° 37' 57" WEST 33.91 FEET; SOUTH 87° 32' 55" WEST 27.15 FEET; SOUTH 72° 07' 18" WEST 28.58 FEET; SOUTH 66° 08' 52" WEST 57.75 FEET; SOUTH 60° 54' 05" WEST 86.10 FEET; SOUTH 53° 45' 58" WEST 36.59 FEET; SOUTH 48° 37' 24" WEST 36.08 FEET; SOUTH 43° 28' 25" WEST 37.66 FEET; SOUTH 48° 06' 12" WEST 81.11 FEET; SOUTH 66° 26' 41" WEST 19.59 FEET; SOUTH 84° 38' 39" WEST 22.17 FEET; NORTH 86° 07' 05" WEST 29.83 FEET; SOUTH 88° 13' 46" WEST 40.64 FEET; SOUTH 76° 43' 15" WEST 63.04 FEET; SOUTH 74° 54' 14" WEST 206 FEET TO A POINT; THENCE NORTH 04° 56' 24" EAST 436.03 FEET TO A 12-INCH LOCUST SNAG AT A FENCE CORNER; THENCE NORTH 05° 40' 15" EAST 1241.02 FEET TO A POINT; THENCE N. 89° 13' 22" EAST 112.88 FEET; THENCE NORTH 61° 02' 22" EAST 74 FEET; THENCE SOUTH 81° 43' 38" EAST 27 FEET; THENCE SOUTH 48° 23' 38" EAST 33 FEET; THENCE NORTH 05° 37' 07" EAST 116.25 FEET; THENCE NORTH 11° 15' 22" EAST 88.13 FEET; THENCE NORTH 50° 15' 07" EAST 90.30 FEET; THENCE NORTH 60° 20' 02" EAST 137.03 FEET; THENCE NORTH 46° 28' 18" WEST 68.46 FEET; THENCE NORTH 54° 37' 48" WEST 30.02 FEET; THENCE NORTH 81° 21' 08" WEST 18.30 FEET TO A POINT IN THE SOUTHERN MARGIN OF AVERY CREEK ROAD; RUNS THENCE WITH AVERY CREEK ROAD THE FOLLOWING 3 COURSES AND DISTANCE TO WIT: NORTH 50° 22' 34" EAST 160.62 FEET; NORTH 49° 23' 34" EAST 328.55 FEET; NORTH 72° 14' 34" EAST 259.52 FEET TO THE POINT OR PLACE OF BEGINNING. CONTAINING 40.143 ACRES BEING THAT PROPERTY AS SHOWN ON A BOUNDARY SURVEY FOR WATERFALL INVESTMENT GROUP, LLC BY ALPINE LAND SURVEYING, INC. DATED NOVEMBER 20, 2002.

BEING THAT TRACT KNOWN AS THE WILSON TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN DEED BOOK 3084 AT PAGE 578 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY WHICH TRACT IS IDENTIFIED FOR TAX PURPOSES AS PIN NUMBER 9624-00-80-1066 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEGINNING AT A STAKE IN THE CENTER OF AVERY'S CREEK ROAD, SAID STAKE BEING IN THE EASTERN LINE OF THE NORTHEAST CORNER OF GLEN LANCE LAND AND RUNS THENCE SOUTH 4 DEG. 45' WEST 202 FEET TO A STAKE WHICH STANDS ABOUT 10 FEET NORTH OF AVERY'S CREEK; THENCE CLOSE TO AND ALONG WITH AVERY'S CREEK, NORTH 48 DEG. 30' EAST 236 FEET TO A LOCUST ON THE NORTH BANK OF AVERY'S CREEK; THENCE NORTH 7 DEG. WEST 155 FEET TO A STAKE IN THE CENTER OF AVERY'S CREEK ROAD; THENCE WITH THE CENTER OF SAID ROAD, SOUTH 42 DEG. 10' WEST 78.8 FEET TO A STAKE; THENCE CONTINUING WITH THE CENTER OF SAID AVERY'S CREEK ROAD, SOUTH 58 DEG. 20' WEST 100 FEET TO THE POINT OF BEGINNING; CONTAINING 0.6 OF AN ACRE, SAME BEING A WESTERN PORTION OF THE C. C. ALEXANDER TRACT.

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BEING THAT TRACT SHOWN AS THE METCALF TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 4197 AT PAGE 149 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND IDENTIFIED FOR TAX PURPOSES AS PIN NUMBER 9623-00-58-8605 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING ALL OF LOTS 1 AND 2 OF THE PROPERTY SHOWN ON A PLAT OF WATERFALL INVESTMENT GROUP, LLC, WHICH SAID PLAT IS DULY RECORDED IN PLAT BOOK 117 AT PAGE 32 IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, NORTH CAROLINA, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

BEING THAT TRACT KNOWN AS THE MNM ELLISTON TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 4224 AT PAGE 1485 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9644-00-74-5469 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEGINNING AT A NAIL IN A MOUND OF STONE LOCATED IN THE SOUTHWESTERN CORNER OF THE PISGAH NATIONAL FOREST PROPERTY TRACT V16, SAID BEGINNING POINT NORTH 84 DEG. 58 MIN 32 SEC. WEST 2308.14 FEET FROM THE NORTHEASTERN CORNER OF THE WALNUT COVE FARM PROPERTY DESCRIBED IN A DEED RECORDED IN THE BUNCOMBE COUNTY REGISTRY OF DEEDS IN DEED BOOK 1187 AT PAGE 733; THENCE FROM SUCH BEGINNING POINT THUS ESTABLISHED SOUTH 23 DEG. 29 MIN. 39 SEC. WEST 873.91 FEET; THENCE SOUTH 85 DEG. 58 MIN. 37 SEC. WEST 157.08; THENCE NORTH 54 DEG 16 MIN. 39 SEC. WEST 89.87 FEET; NORTH 58 DEG 40 MIN. 10 SEC. WEST 267.13 FEET; NORTH 50 DEG. 44 MIN. 02 SEC. WEST 237.88 FEET; THENCE NORTH 18 DEG. 34 MIN. 42 SEC. EAST 450.97 FEET TO AN IRON PIN IN THE NORTHERN MARGIN OF SAID WALNUT COVE FARM PROPERTY DESCRIBED IN DEED BOOK 1187 AT PAGE 733; THENCE WITH THE MARGIN OF SAID WALNUT COVE FARM PROPERTY THE FOLLOWING FIVE COURSES AND DISTANCES: SOUTH 85 DEG. 04 MIN. 05 SEC. EAST 535.59 FEET TO AN IRON PIN; THENCE NORTH 07 DEG. 36 MIN. 31 SEC EAST 245.89 FEET TO AN IRON PIN IN A MOUND OF STONE; THENCE N. 05 DEG. 27 MIN. 43 SEC. EAST 1004 FEET TO A STONE ON THE NORTH EDGE OF A HOLLOW; THENCE NORTH 68 DEG. 11 MIN. 28 SEC. EAST 291.73 FEET TO AN IRON PIN; THENCE SOUTH 03 DEG 53 MIN. 27 SEC WEST 1265.33 FEET TO THE POINT OF BEGINNING. CONTAINING 19.421 ACRES, ACCORDING TO A SURVEY BY J. GLENN HAYNES, R. L. S. DATED OCTOBER 27, 1988, AND BEING A PORTION OF SAID WALNUT COVE FARM PROPERTY.

BEING THAT TRACT KNOWN AS THE BONHAM TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN DEED BOOK 4179 AT PAGE 1796 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-15-3561 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING THAT CERTAIN 18 ACRE TRACT OF LAND AS SHOWN ON A PLAT FOR WATERFALL INVESTMENT GROUP, LLC WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, NORTH CAROLINA IN PLAT BOOK 111 AT PAGE 18; REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

BEING THAT TRACT KNOWN AS THE RANNEY TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 4172 AT PAGE 300 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND BEING IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-35-3503 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING ALL OF PARCEL A SHOWN ON A SURVEY FOR THOMAS & AMIRA RANNEY & WATERFALL INVESTMENT GROUP, LLC AS RECORDED IN PLAT BOOK 102 AT PAGE 40 OF THE BUNCOMBE COUNTY, NORTH CAROLINA REGISTRY, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

BEING THAT PROPERTY IDENTIFIED AS THE ANDERSON TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 4205 AT PAGE 693 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND BEING IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-36-4313 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING ALL OF THAT CERTAIN 8.28 ACRES AS SHOWN ON A PLAT FOR WILLIAM L. ANDERSON AND WATERFALL INVESTMENT GROUP, LLC WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 117, PAGE 80, REFERENCE TO WHICH IS MADE FOR A MORE PARTICULAR DESCRIPTION.

BEING THAT TRACT KNOWN AS THE JOAN DUBOSE SCHELLY TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 2935 AT PAGE 277 AND BEING IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-39-6332 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING ALL OF THE PROPERTY DESIGNATED A "PORTION OF TRACT 4, JOAN DUBOSE SCHELLY" AS SHOWN ON A PLAT ENTITLED "WATERFALL INVESTMENT GROUP, LLC" RECORDED IN PLAT BOOK 84, PAGE 187 OF THE BUNCOMBE COUNTY, NORTH CAROLINA REGISTER OF DEEDS OFFICE, REFERENCE TO WHICH PLAT IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY; LESS AND EXCEPT THE PROPERTY DESIGNATED AS "OUTPARCEL A" ON SAID PLAT.

BEING THAT PROPERTY DESCRIBED AS THE DUBOSE ENTERPRISES TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED IN DEED BOOK 2935 AT PAGE 226 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND BEING IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-07-9417 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING ALL OF THE PROPERTY DESIGNATED AS "PORTION OF TRACT 3, DUBOSE ENTERPRISES LTD" AS SHOWN ON A PLAT ENTITLED "WATERFALL INVESTMENT GROUP, LLC" RECORDED IN PLAT BOOK 84 AT PAGE 187 OF THE BUNCOMBE COUNTY, NORTH CAROLINA REGISTER OF DEEDS OFFICE, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY; LESS AND EXCEPT THE PROPERTY DESIGNATED AS "OUTPARCEL B" ON SAID PLAT.

BEING THAT TRACT KNOWN AS THE DUBOSE TRACT AS MORE FULLY DESCRIBED IN A DEED RECORDED IN THE DEED BOOK 4098 AT PAGE 512 IN THE OFFICE OF THE REGISTER

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OF DEEDS OF BUNCOMBE COUNTY AND BEING IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-26-5039 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING ALL OF LOT 1 AS SHOWN ON A PLAT OF THE PROPERTY OF DUBOSE ENTERPRISES, LTD. WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 95 AT PAGE 182; REFERENCE TO WHICH IS HEREBY MADE FOR PARTICULAR DESCRIPTION:

BEING THAT PROPERTY IDENTIFIED AS THE SAVAGE TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 4393 AT PAGE 1445 IN THE OFFICE OF THE REGISTER OF DEEDS OF BUNCOMBE COUNTY AND BEING IDENTIFIED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-46-0802 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEING THAT PROPERTY AS SHOWN ON A PLAT OF A SURVEY FOR KAREN A. HUNT WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, NORTH CAROLINA PLAT BOOK 83 AT PAGE 40 REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULARLY DESCRIPTION. SAVING AND EXCEPTING THEREFROM THOSE PROPERTIES PREVIOUSLY CONVEYED BY PETER R. SAVAGE RECORDED IN DEED BOOK 1776, PAGE 322 TO MICHAEL D. RUSSELL; THAT PROPERTY RECORDED IN DEED BOOK 2483 AT PAGE 266 TO KAREN A. HUNT AND THAT PROPERTY RECORDED IN DEED BOOK 2713 AT PAGE 197 TO KAREN A. HUNT.

BEING THAT TRACT IDENTIFIED AS THE ALLEN TRACT WHICH SAID TRACT IS MORE FULLY DESCRIBED IN A DEED RECORDED IN DEED BOOK 2953 AT PAGE 236 AND BEING DESCRIBED FOR PROPERTY TAX PURPOSES AS PIN NUMBER 9633-01-47-2675 AND MORE PARTICULARLY DESCRIBED IN SUCH DEED AS FOLLOWS:

BEGINNING ON A POINT IN THE MIDDLE OF THE RIGHT OF WAY OF BREVARD ROAD (N.C. HIGHWAY #191) WHICH SAID POINT LIES SOUTH 84° 19' 21" EAST 12.63 FEET FROM A 2 INCH IRON PIPE (A CONTROL CORNER) SAID BEGINNING POINT FURTHER MARKING THE SOUTHEASTERN CORNER OF THE JOE EBLEN PROPERTY AS DESCRIBED IN DEED RECORDED IN DEED BOOK 2349 AT PAGE 269 BUNCOMBE COUNTY, N.C. REGISTRY AND RUNS THENCE FROM SAID BEGINNING POINT THUS ESTABLISHED AND WITH THE MIDDLE OF THE RIGHT OF WAY OF BREVARD ROAD SOUTH 14° 14' 15" WEST 75.84 FEET TO A REBAR; THENCE A NEW LINE NORTH 84° 19' 21" WEST 1127.82 FEET TO A REBAR; THENCE NORTH 61° 14' 13" WEST 26.10 FEET TO A REBAR; THENCE NORTH 65° 25' 39" WEST 27.62 FEET TO A REBAR; ;THENCE NORTH 88° 18' 01" WEST 25.33 FEET TO A REBAR; THENCE SOUTH 61° 15' 34" WEST 21.76 FEET TO A REBAR; THENCE SOUTH 28° 57' 26" WEST 52.10 FEET TO A REBAR; THENCE SOUTH 20° 57' 33" EAST 131.01 FEET TO A REBAR; THENCE SOUTH 34° 34' 58" EAST 150.95 FEET TO A REBAR; THENCE SOUTH 27° 24' 27" EAST 216.49 FEET TO A REBAR; THENCE SOUTH 22° 03' 31" EAST 187.10 FEET TO A REBAR; THENCE SOUTH 26° 54' 00" EAST 146.75 FEET TO A REBAR; THENCE SOUTH 27° 42' 41" EAST 96.91 FEET TO A 2 INCH IRON PIPE; THENCE NORTH 85° 12' 28" WEST 694.86 FEET TO A PLANTED STONE; THENCE NORTH 89° 38' 34" WEST 725.23 FEET TO A REBAR FOUND AT THE BASE OF A LOCUST; THENCE NORTH 86° 13' 43" WEST 158.02 FEET TO A 12 INCH MARKED CHESTNUT OAK; THENCE

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NORTH 53° 39' 22" EAST 182.39 FEET TO A POINT; THENCE NORTH 28° 19' 45" EAST 83.14 FEET TO A POINT; THENCE NORTH 8° 30' 42" EAST 401.68 FEET TO A REBAR; THENCE NORTH 48° 14' 31" EAST 1029.86 FEET TO AN AXLE (A CONTROL CORNER); THENCE SOUTH 08° 03' 24" WEST 374 FEET TO AN AXLE (A CONTROL CORNER); THENCE SOUTH 84° 19' 21" EAST 1465.51 FEET TO THE POINT OR PLACE OF BEGINNING. CONTAINING 25.989 ACRES AND BEING THAT PROPERTY AS SHOWN ON A SURVEY FOR THE CLIFFS AT WALNUT COVE, LLC BY ALPINE LAND SURVEYING, INC. DATED MAY 15, 2002.

BEING ALL OF TRACT "2A" CONTAINING 1.82 ACRES, MORE OR LESS, AND TRACT "2B" CONTAINING 0.90 ACRE, MORE OR LESS, ALL AS SHOWN ON A SURVEY OF THE PROPERTY OF JOAN DUBOSE SCHELLY WHICH SAID SURVEY IS DULY RECORDED IN PLAT BOOK 113 AT PAGE 72 IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

BEING ALL OF LOT 2 AS SHOWN ON A PLAT FOR DUBOSE ENTERPRISES, LTD., WHICH SAID PLAT IS DULY RECORDED IN PLAT BOOK 95 AT PAGE 182 IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, NORTH CAROLINA, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

BEING ALL OF LOT 3 AS SHOWN ON A PLAT FOR DUBOSE ENTERPRISES, LTD., WHICH SAID PLAT IS DULY RECORDED IN PLAT BOOK 95 AT PAGE 182 IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, NORTH CAROLINA, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

LESS AND EXCEPT, FROM THE COLLECTIVE TRACTS DESCRIBED ABOVE, LOTS 1, 8, 9, 10, 11, 12, 13, 14, 15 AND 16, PHASE 3A, AS SHOWN IN PLAT BOOK 94 AT PAGE 47, BUNCOMBE COUNTY REGISTRY. LOTS 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 AND 29A, PHASE 3A, AS SHOWN IN PLAT BOOK 114 AT PAGE 111, BUNCOMBE COUNTY REGISTRY. LOTS 31A, 40, 41, 42, 43, 44, 45, 46, 47, 48 AND 49, PHASE 3A, AS SHOWN IN PLAT BOOK 116 AT PAGE 67, BUNCOMBE COUNTY REGISTRY. LOTS 32, 33, 34, 35, 36, 37, 38, AND 39, PHASE 3A, AS SHOWN IN PLAT BOOK 98 AT PAGE 53, BUNCOMBE COUNTY REGISTRY. LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21 AND 22, PHASE 4, AS SHOWN IN PLAT BOOK 86 AT PAGE 81, BUNCOMBE COUNTY REGISTRY. LOTS 23, 24, 25, 26, 27, 28, 29, 30, 31, 33, 34, 35, 36, 37 AND 38A, PHASE 4, AS SHOWN IN PLAT BOOK 88 AT PAGE 192, BUNCOMBE COUNTY REGISTRY. LOTS 39, 41, 42, 44, 45, 46, 47, AND 48, PHASE 4, AS SHOWN IN PLAT BOOK 114 AT PAGE 62, BUNCOMBE COUNTY REGISTRY. LOTS 50, 52, 53, 55, 56, 57A, 62, 63, 64, 65 AND 66, PHASE 4, AS SHOWN IN PLAT BOOK 114 AT PAGE 39, BUNCOMBE COUNTY REGISTRY. LOTS 1, 2, 3, 4, 5, 6, 7, 12, 13, 14, 15, 16, 17, 18A, 23, 24, 25, 26, 27, AND 28, PHASE 5, AS SHOWN IN PLAT BOOK 110 AT PAGE 119, BUNCOMBE COUNTY REGISTRY. LOTS 77, AND 78, PHASE 6, AS SHOWN IN PLAT BOOK 110 AT PAGE 132, BUNCOMBE COUNTY REGISTRY. LOTS 3, 7, 8, 9, 10, 13, 15, 16, 17, 18, 19, AND 21, PHASE 7, AS SHOWN IN PLAT BOOK 110 AT PAGE 122, BUNCOMBE COUNTY REGISTRY. LOTS 1A, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18A, 19, 20 AND 21, MILLSTREAM, AS SHOWN IN PLAT BOOK 102 AT PAGE 69, BUNCOMBE COUNTY REGISTRY. LOTS 25A AND 26, MILLSTREAM, AS SHOWN IN PLAT BOOK 120 AT PAGE 23, BUNCOMBE COUNTY REGISTRY. LOTS 30, 31, 32, 33, 35, 38 AND 39, MILLSTREAM, AS SHOWN IN PLAT BOOK 104 AT PAGE 163, BUNCOMBE COUNTY REGISTRY. LOT 89, COVE PARK, AS SHOWN IN PLAT BOOK 122 AT PAGE 122, BUNCOMBE COUNTY REGISTRY. LOTS 26, 32, 43 THE MEADOWS, AS SHOWN IN PLAT BOOK 98 AT PAGE 168, BUNCOMBE COUNTY REGISTRY. LOT 21, THE

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MEADOWS AS SHOWN IN PLAT BOOK 102 AT PAGE 199, BUNCOMBE COUNTY
REGISTRY

AND LESS AND EXCEPT:

COMMON AREA #10:

BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND KNOWN AS POA TRACT
#10 AS SHOWN ON A SURVEY FOR WALNUT COVE OWNERS' ASSOCIATION, INC.,
RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN
PLAT BOOK 118 AT PAGE 126, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A
MORE COMPLETE DESCRIPTION.

COMMON AREA #18:

BEING ALL OF THOSE CERTAIN TRACTS OR PARCELS OF LAND KNOWN AS COMMON
AREA 1, COMMON AREA 2, COMMON AREA 3, AND COMMON AREA 4 AS SHOWN ON
A SURVEY FOR THE CLIFFS AT WALNUT COVE, LLC, RECORDED IN THE OFFICE OF
THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 114 AT PAGE 64,
REVISED IN PLAT BOOK 118 AT PAGE 189, REFERENCE TO SAID PLATS IS HEREBY
MADE FOR A MORE COMPLETE DESCRIPTION.

COMMON AREA #19:

BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND KNOWN AS COMMON
AREA AS SHOWN ON A SURVEY FOR THE CLIFFS AT WALNUT COVE, LLC,
RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN
PLAT BOOK 100 AT PAGE 122, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A
MORE COMPLETE DESCRIPTION. LESS AND EXCEPT THAT CERTAIN 0.226 ACRE
TRACT OR PARCEL OF LAND AS SHOWN ON A SURVEY FOR CITY OF ASHEVILLE
BOOSTER PUMP SITE, RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR
BUNCOMBE COUNTY IN PLAT BOOK 114 AT PAGE 40, REFERENCE TO SAID PLAT IS
HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

COMMON AREA #20:

BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND KNOWN AS COMMON
AREA AS SHOWN ON A SURVEY FOR THE CLIFFS AT WALNUT COVE, LLC,
RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN
PLAT BOOK 114 AT PAGE 63, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A
MORE COMPLETE DESCRIPTION.

COMMON AREA #26:

BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND KNOWN AS "COMMON
AREA" AS SHOWN ON A SURVEY FOR THE CLIFFS AT WALNUT COVE, LLC,
RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN
PLAT BOOK 143 AT PAGE 112, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A
MORE COMPLETE DESCRIPTION.

ELLISTON TRACT:

BEING ALL OF THAT CERTAIN 12.34 ACRE TRACT OF LAND AS SHOWN ON A SURVEY FOR
CLIFFS AT WALNUT COVE, LLC, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE
COUNTY IN PLAT BOOK 118 AT PAGE 146, REFERENCE TO SAID PLAT IS HEREBY MADE FOR
A MORE COMPLETE DESCRIPTION.

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CLARK TRACT:

BEING ALL THAT CERTAIN PROPERTY KNOWN AS THE CLARK TRACT AND DESCRIBED AS FOLLOWS: BEGINNING AT AN IRON PIN LOCATED ON THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND CONVEYED TO DAVID L. LINGELBACH AND WIFE, SHARON C. LINGELBACH, BY DEED RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY, NORTH CAROLINA, IN DEED BOOK 1311 AT PAGE 412 AND RUNS THENCE WITH THE NORTHERN LINE OF SAID TRACT OF LAND SOUTH 84 DEGREES 04' 42" WEST 438.82 FEET TO AN IRON PIN AT THE NORTHWEST CORNER OF SAID TRACT OF LAND; THENCE WITH THE WESTERN LINE OF THE CANNON PROPERTY NORTH 1 DEGREE 45" WEST 445.5 FEET TO AN IRON PIN IN THE SOUTHERN LINE OF THE ELLISON PROPERTY; THENCE WITH THE SOUTHERN LINE OF SAID PROPERTY SOUTH 86 DEGREES EAST 550.20 FEET TO AN IRON PIN THENCE SOUTH 8 DEGREES 36' 48" EAST 306.76 FEET TO AN IRON PIN; THENCE SOUTH 51 DEGREES 32' 12" WEST 100.74 FEET TO AN IRON PIN; THENCE SOUTH 7 DEGREES 14' 18" EAST 27 FEET TO AN IRON PIN; THENCE SOUTH 80 DEGREES 37' 20" WEST 109.94 FEET TO AN IRON PIN; THENCE NORTH 13 DEGREES 53' 09" EAST 50.60 FEET TO THE POINT OF BEGINNING.

CANNON TRACT:

BEING ALL OF THAT CERTAIN 8.670 ACRE TRACT OF LAND AS SHOWN ON A SURVEY FOR WATERFALL INVESTMENT GROUP, LLC, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 108 AT PAGE 90, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

SUTTON TRACT:

BEING ALL OF THAT CERTAIN 2.37 ACRE TRACT OF LAND AS SHOWN AS TRACT A ON A SURVEY FOR CLIFFS AT WALNUT COVE, LLC, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 112 AT PAGE 195, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

LYONS TRACT:

BEING ALL OF THAT CERTAIN LOT B, CONTAINING 5.47 ACRES, MORE OR LESS, AS SHOWN ON A SURVEY FOR CLIFFS AT WALNUT COVE, RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 131 AT PAGE 125, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

YOUNG TRACT:

BEING ALL OF LOT 55, CONTAINING 1.163 ACRES, MORE OR LESS, BLOCK I, SHEET 3 OF THE HIGH VISTA COUNTY CLUB, INC. PROPERTY AS SHOWN ON THAT PLAT RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 42 AT PAGE 174, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

CUTTER TRACT:

TRACT I: BEING ALL OF LOT 57, BLOCK I, SHEET 3, OF HIGH VISTA COUNTRY CLUB, INC., AS SHOWN ON A PLAT RECORDED IN PLAT BOOK 42 AT PAGE 172 THROUGH 174 OF THE BUNCOMBE COUNTY, NC REGISTRY, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION AND BEING THE SAME PROPERTY CONVEYED TO ALAN B. CUTTER AND JOYCE M. DAVIS, TRUSTEES OF THE ALAN B. CUTTER LIVING TRUST DATED JANUARY 10, 2005, AND ANY AMENDMENTS THERETO BY DEED DATED MAY 16, 2005 AND RECORDED IN BOOK 4017 AT PAGE 565 OF THE AFOREMENTIONED REGISTRY.

TRACT II: BEING ALL OF LOT 56, BLOCK I, SHEET 3, OF HIGH VISTA COUNTRY CLUB, INC., AS SHOWN ON A PLAT RECORDED IN PLAT BOOK 42 AT PAGE 172 THROUGH 174 OF THE BUNCOMBE COUNTY, NC REGISTRY, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION AND BEING THE SAME PROPERTY CONVEYED TO ALAN B. CUTTER AND JOYCE M. DAVIS, TRUSTEES OF THE ALAN B. CUTTER LIVING TRUST DATED JANUARY 10, 2005, AND ANY AMENDMENTS THERETO BY DEED DATED MAY 16, 2005 AND RECORDED IN BOOK 4017 AT PAGE 570 OF THE AFOREMENTIONED REGISTRY.

TRACT III: BEING ALL OF LOT C AS SHOWN ON A PLAT FOR ALAN B. CUTTER LIVING TRUST & WATERFALL INVESTMENT GROUP, LLC RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS, BUNCOMBE COUNTY, NC, IN PLAT BOOK 115 AT PAGE 162, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION AND BEING THE SAME PROPERTY CONVEYED TO ALAN B. CUTTER AND JOYCE M. DAVIS, TRUSTEES OF THE ALAN B. CUTTER LIVING TRUST DATED JANUARY 10, 2005 BY DEED DATED MARCH 6, 2006 AND RECORDED IN BOOK 4189 AT PAGE 479 AND RE-RECORDED IN BOOK 4301 AT PAGE 1364 OF THE AFOREMENTIONED REGISTRY.

TRACT IV: BEGINNING AT AN IRON PIN LOCATED AT THE TERMINUS OF THE FOURTH CALL OF PROPERTY DESCRIBED IN DEED BOOK 1335 AT PAGE 426 AND THE TERMINUS OF THE THIRD CALL OF PROPERTY DESCRIBED IN DEED BOOK 1246 AT PAGE 367, BUNCOMBE COUNTY REGISTRY, SAID POINT ALSO BEING THE WESTERN MOST CORNER OF THE EUGENE C. JOHNSTON, JR. PROPERTY AS SHOWN ON A PLAT RECORDED IN PLAT BOOK 55 AT PAGE 89, BUNCOMBE COUNTY REGISTRY, AND RUNS WITH THE WESTERN BOUNDARY OF SAID JOHNSTON PROPERTY SHOWN ON THE AFORESAID PLAT THE FOLLOWING THREE COURSES AND DISTANCES: NORTH 61° 13' 51" EAST 142.72 FEET TO AN IRON PIN, NORTH 61° 12' 48" EAST 180.56 FEET TO A 30" MARKED HICKORY AND NORTH 34° 05' 59" EAST 226.55 FEET TO A REBAR; THENCE SOUTH 05° 28' 59" WEST 380.88 FEET TO AN IRON PIN LOCATED IN THE SOUTHERN BOUNDARY OF THE SAID JOHNSTON PROPERTY AS SHOWN ON THE AFORESAID PLAT; THENCE WITH THE SOUTHERN BOUNDARY OF SAID JOHNSTON PROPERTY NORTH 84° 31' 00" WEST 375.69 FEET TO THE POINT AND PLACE OF BEGINNING, CONTAINING 1.259 ACRES, MORE OR LESS, AND BEING SHOWN ON A SURVEY DATED JULY 21, 1998 ENTITLED "A TRANSFER OF PROPERTY FROM EUGENE S. JOHNSTON, JR. TO ALAN B. CUTTER AND WIFE, CAROL S. CUTTER" BY HIGH PASTURE LAND SURVEYING (FILE B-72398), AND BEING THE SAME PROPERTY CONVEYED TO ALAN B. CUTTER AND CAROL S. CUTTER BY DEED DATED SEPTEMBER 4, 1998 AND RECORDED IN BOOK 2046 AT PAGE 240 OF THE AFOREMENTIONED REGISTRY, LESS AND EXCEPTING THAT PROPERTY CONVEYED TO WATERFALL INVESTMENT GROUP, LLC BY DEED DATED MARCH 6, 2006 AND RECORDED IN BOOK 4189 AT PAGE 481 OF THE AFOREMENTIONED REGISTRY AND MORE PARTICULARLY DESCRIBED AS LOT B AS SHOWN ON A PLAT FOR ALAN B. CUTTER LIVING TRUST & WATERFALL INVESTMENT GROUP, LLC RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS, BUNCOMBE COUNTY, NC, IN PLAT BOOK 115 AT PAGE 162.

TOGETHER WITH RIGHTS IN AND TO THE USE AND EXERCISE OF ANY EASEMENT WHICH BENEFITS THE PROPERTY DESCRIBED HEREIN FOR ACCESS, INGRESS AND EGRESS, UTILITIES, DRAINAGE, AND WATER RIGHTS, INCLUDING BUT NOT LIMITED TO THE USE OF ALL PRIVATE ROADS WITHIN THE CLIFFS AT WALNUT COVE DEVELOPMENT.

CERTAIN OF THE TRACTS DESCRIBED ABOVE OR PORTIONS THEREOF HAVE BEEN SUBDIVIDED AND CONTAIN WITHIN THE BOUNDARIES OF THE DESCRIBED TRACTS ARE THE FOLLOWING NUMBERED LOTS:

BEING ALL OF LOTS 300, 301, 302, 303, 304, 305, 306, 307, 308, 314, 315, 316, 317, 318, 319, 320 AND 321, PHASE TWO E, COUNTRY VIEW, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 120 AT PAGE 189, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

BEING ALL OF LOTS 309, 310, 311, 312 AND 313, PHASE TWO E, COUNTRY VIEW, AS SHOWN ON A PLAT OF THE CLIFFS AT WALNUT COVE RECORDED IN THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 120 AT PAGE 189, REFERENCE TO SAID PLAT IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.

THE FOLLOWING PLATTED LOTS LOCATED WITHIN THE CLIFFS AT WALNUT COVE.

BEING ALL OF LOT 41 AS SHOWN ON A PLAT OF SECTION FOUR OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 114 AT PAGE 62.

BEING ALL OF LOTS 322 AND 323 AS SHOWN ON A PLAT OF COUNTRY VIEW OF THE CLIFFS AT WALNUT COVE WHICH SAID PLAT IS DULY RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BUNCOMBE COUNTY IN PLAT BOOK 120 AT PAGE 84.

~~TRACTS LOCATED CLIFFS AT WALNUT COVE~~

LYING AND BEING IN BUNCOMBE COUNTY, NORTH CAROLINA, AND BEING THE FOLLOWING TRACTS AT THE CLIFFS AT WALNUT COVE:

PROPERTY OF WATERFALL INVESTMENT GROUP, LLC:

KER-PLUNK PROPERTIES TRACT:

BEGINNING ON A REBAR SET IN THE NORTHERN LINE OF THE MILLIENT B. ARTHUR PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1260, PAGE 8, BUNCOMBE COUNTY, NC REGISTRY, SAID REBAR FURTHER MARKING THE SOUTHWESTERN CORNER OF THE KER-PLUNK PROPERTIES, LLC PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 2315, PAGE 115, BUNCOMBE COUNTY, NC REGISTRY, SAID REBAR FURTHER LYING NORTH 88 DEG. 56' 46" WEST 463.20" FEET TO A REBAR MARKING THE SOUTHWESTERN CORNER OF THE CLIFFORD & WILLIS, INC., PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1735, PAGE 225, BUNCOMBE COUNTY, NC REGISTRY AND RUNS THENCE FROM SAID BEGINNING POINT THUS ESTABLISHED NORTH 04 DEG. 28' 54" EAST 719.59 FEET TO A REBAR; THENCE NORTH 64 DEG. 59' 39" EAST 49.99 FEET TO A REBAR, THENCE SOUTH 3 DEG 05' 16" WEST 266.11 FEET TO A REBAR, THENCE SOUTH 30 DEG. 44' 35" EAST 236.56 FEET TO A REBAR, THENCE SOUTH 03 DEG. 46' 09" EAST 274.31 FEET TO A

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REBAR, THENCE NORTH 88 DEG 55' 46" WEST 226.20 FEET TO A REBAR THE POINT OF PLACE OF BEGINNING.

THE ABOVE DESCRIBED PROPERTY WAS CONVEYED TO WATERFALL INVESTMENT GROUP, LLC BY DEED OF KER-PLUNK PROPERTIES, LLC RECORDED JANUARY 29, 2003 IN DEED BOOK 3076, PAGE 469, BUNCOMBE COUNTY, NC REGISTRY.

PARKS TRACT:

BEGINNING ON A POINT IN THE MIDDLE OF THE 60-FOOT RIGHT-OF-WAY OF COMMERCE WAY, WHICH SAID POINT MARKS THE NORTHEASTERN CORNER THEREON ON THE KER-PLUNK PROPERTIES, LLC PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 2315, PAGE 115, BUNCOMBE COUNTY, NC REGISTRY, SAID POINT FURTHER MARKING THE NORTHWESTERN CORNER THEREON ON THE CLIFFORD & WILLS, INC. PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1735, PAGE 225, BUNCOMBE COUNTY, NC REGISTRY; AND FURTHER MARKING THE MOST SOUTHERN CORNER THEREON ON THE METALCRAFT MANUFACTURING, INC. PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1778, PAGE 513, BUNCOMBE COUNTY, NC REGISTRY; AND RUNS THENCE FROM SAID BEGINNING POINT THUS ESTABLISHED, AND WITH THE MIDDLE OF A 45-FOOT RIGHT-OF-WAY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1664, PAGE 224, BUNCOMBE COUNTY, NC REGISTRY, IN A NORTHWESTERLY DIRECTION, ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 131.50 FEET, A DISTANCE OF 142.15 FEET, A CHORD DISTANCE OF NORTH 77 DEG. 04' 48" WEST WITH AN ARC LENGTH OF 135.33 FEET; THENCE LEAVING THE MIDDLE OF SAID 45-FOOT RIGHT-OF-WAY, AND WITH THE NORTHWESTERN AND WESTERN LINE OF THE KER-PLUNK PROPERTY, THE FOLLOWING TWO COURSES AND DISTANCES, TO-WIT: SOUTH 64 DEG. 59' 39" WEST 300.13 FEET TO A REBAR; SOUTH 04 DEG. 28' 54" WEST 719.59 FEET TO A REBAR IN THE NORTHERN LINE OF THE MILLICENT B. ARTHUR PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1260, PAGE 8, BUNCOMBE COUNTY, NC REGISTRY; AND RUNS THENCE WITH SAID ARTHUR PROPERTY THE FOLLOWING THREE COURSES AND DISTANCES, TO-WIT: NORTH 88 DEG. 55' 46" WEST PASSING A CONCRETE MONUMENT FOUND AT 132.48 FEET, A TOTAL DISTANCE OF 898.02 FEET TO A REBAR; THENCE NORTH 00 DEG. 53' 04" WEST 303.56 FEET TO A REBAR; THENCE NORTH 83 DEG. 58' 50" WEST 605.76 FEET TO A ONE-INCH IRON PIPE IN THE EASTERN LINE OF THE RICHARD N. MASHBURN PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1142, PAGE 447, BUNCOMBE COUNTY, NC REGISTRY; AND RUNS THENCE WITH SAID MASHBURN EASTERN LINE, NORTH 02 DEG. 46' 29" EAST 834.92 FEET TO A ONE-INCH IRON PIPE; AND RUNS THENCE WITH THE SOUTHERN LINE OF THE DONALD E. HOLCOMBE PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1601, PAGE 294, BUNCOMBE COUNTY, NC REGISTRY, SOUTH 88 DEG. 53' 11" EAST 521.80 FEET TO A HALF-INCH IRON PIPE; THENCE WITH THE SOUTHERN LINE OF THE RICHARD G. HENDRIX PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 2057, PAGE 238, BUNCOMBE COUNTY, NC REGISTRY, SOUTH 88 DEG. 53' 11" EAST 226.30 FEET TO A HALF-INCH IRON PIPE; THENCE WITH THE SOUTHERN LINE OF THE RICKY C. EMORY PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1960, PAGE 31, BUNCOMBE COUNTY, NC REGISTRY, SOUTH 88 DEG. 53' 11" EAST 229.55 FEET TO AN ONE-HALF INCH IRON PIPE; THENCE WITH THE SOUTHERN LINE OF THE CHARLES E. EMORY PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 2148, PAGE 816, BUNCOMBE COUNTY, NC REGISTRY, SOUTH 88 DEG. 53' 11" EAST, PASSING A REBAR AT A 100.07 FEET, A TOTAL DISTANCE OF 295.47 FEET TO A POINT; THENCE WITH THE SOUTHERN LINE OF THE CHARLES E. EMORY PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 2148, PAGE 820, BUNCOMBE COUNTY, NC REGISTRY, SOUTH 88

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DEG. 53' 11" EAST 208.50 FEET TO A ONE-HALF INCH IRON PIPE; THENCE WITH THE SOUTHERN LINE OF THE MICHAEL V. GILBERT PROPERTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1708, PAGE 298, BUNCOMBE COUNTY, NC REGISTRY, SOUTH 88 DEG. 53' 11" EAST 38.98 FEET TO A ONE-INCH IRON PIPE IN THE WESTERN LINE OF THE PROPERTY OWNED BY BUNCOMBE COUNTY AS DESCRIBED IN A DEED RECORDED IN DEED BOOK 1664, PAGE 224; THENCE WITH THE SOUTHERN LINE OF THE BUNCOMBE COUNTY PROPERTY AND THE AFOREMENTIONED METALCRAFT MANUFACTURING PROPERTY, SOUTH 48 DEG. 28' 02" EAST 524.16 FEET TO A REBAR; THENCE SOUTH 24 DEG. 13' 12" EAST 29.24 FEET TO THE POINT OR PLACE OF BEGINNING. CONTAINING 39.225 ACRES AND BEING THAT PROPERTY AS SHOWN ON A SURVEY FOR THE CLIFFS AT WALNUT COVE, LLC, DATED OCTOBER 30, 2002, MAP 9634-00-01.

THE ABOVE DESCRIBED PROPERTY WAS CONVEYED TO WATERFALL INVESTMENT GROUP, LLC BY DEED OF ANNABELLE H. PARKS, TRUSTEE RECORDED NOVEMBER 26, 2002, IN BOOK 3008, PAGE 165, BUNCOMBE COUNTY REGISTRY.

Haynsworth
Sinkler Boyd, P.A.

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May 22, 2012

VIA FEDERAL EXPRESS

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

Re: The Cliffs Club & Hospitality Group, Inc., 12-01220
The Cliffs at Mountain Park Golf & Country Club, 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
The Cliffs Club & Hospitality Service Company, LLC, 12-01237

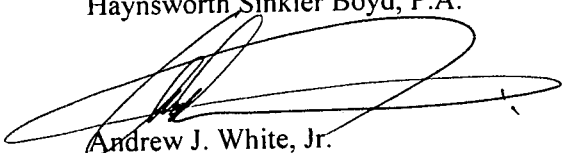
Ladies and Gentlemen:

Enclosed are a total of ten (10) proofs of claim, one for each of the above bankruptcy cases. Please file each proof of claim in its respective bankruptcy case.

Also enclosed are extra copies of each claim. Please clock in and return the extra copies to me in the FedEx envelope provided.

Yours truly,

Haynsworth Sinkler Boyd, P.A.



Andrew J. White, Jr.

AJW:kk
Enclosures (as stated)

From: (864) 240-3275
 Kim Karr
 Haynsworth Sinkler Boyd
 75 Beattie Place
 11th Floor
 Greenville, SC 29601

Origin ID: LQKA



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