


<b>UNITED STATES BANKRUPTCY COURT</b>		<b>District of South Carolina</b>	<b>PROOF OF CLAIM</b>
Name of Debtor: The Cliffs at Keowee Springs Golf & Country Club, LLC		Case Number: 12-01230	
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): Jack Molenkamp			
Name and address where notices should be sent: Jack Molenkamp 10908 Laken Woods Drive Bumpass, VA 23024		<div style="border: 1px solid black; padding: 5px; margin: 0 auto; width: 150px;"> <b>RECEIVED</b>   <b>MAY 24 2012</b>   <b>BMC GROUP</b> </div>	<div style="text-align: center;"><b>COURT USE ONLY</b></div> <input type="checkbox"/> Check this box if this claim amends a previously filed claim.  Court Claim Number: _____ (If known)  Filed on: _____
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.
Name and address where payment should be sent (if different from above):			
Telephone number: _____ email: _____			
<b>1. Amount of Claim as of Date Case Filed:</b> \$ <u>150,000.00</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.			
<b>2. Basis for Claim:</b> <u>membership deposit</u> (See instruction #2)			
<b>3. Last four digits of any number by which creditor identifies debtor:</b>		<b>3a. Debtor may have scheduled account as:</b> <u>s14300</u> (See instruction #3a)	
		<b>3b. Uniform Claim Identifier (optional):</b> _____ (See instruction #3b)	
<b>4. Secured Claim</b> (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.  <b>Nature of property or right of setoff:</b> <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other <b>Describe:</b> promissory note  <b>Value of Property:</b> \$ <u>49,598.63</u> (as of petition date)  <b>Annual Interest Rate</b> _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		<b>Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any:</b> \$ _____  <b>Basis for perfection:</b> <u>set-off</u>  <b>Amount of Secured Claim:</b> \$ <u>49,598.63</u>  <b>Amount Unsecured:</b> \$ <u>100,401.37</u>	
<b>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.</b>			
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).		<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	
<input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).		<input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	
		<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).	
		<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)( ).	
		<b>Amount entitled to priority:</b> \$ _____	
Cliffs POC  00900			
*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.			
<b>6. Credits.</b> The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			

**7. Documents:** Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted".)

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

If the documents are not available, please explain:

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

Check the appropriate box.

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

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

Print Name: Jack Molenkamp

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

Company: \_\_\_\_\_

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

10908 Laken Woods Drive

Bumpass, VA 23024

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

email: \_\_\_\_\_

Jack A Molenkamp  
(Signature)

5-23-12  
(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.

## DEFINITIONS

**Debtor**

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

**Creditor**

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

**Claim**

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

**Proof of Claim**

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

**Secured Claim Under 11 U.S.C. § 506 (a)**

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

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

**Unsecured Claim**

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

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

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

**Redacted**

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

**Evidence of Perfection**

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

## INFORMATION

**Acknowledgment of Filing of Claim**

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system ([www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov)) for a small fee to view your filed proof of claim.

**Offers to Purchase a Claim**

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

ATTACHMENT TO PROOF OF CLAIM  
OF JACK MOLENKAMP

**Reservation of Rights.** This proof of claim is filed with full reservation of rights, including the right to assert additional, supplementary and/or amended proofs of claim and requests for administrative expense reimbursements based on events, information and/or documents obtained from the Debtor or others through discovery or otherwise. Without in any way limiting the foregoing, the Claimant reserves the right to assert this claim by way of setoff, recoupment or defense to any claim asserted by the Debtor and/or its affiliates against the Claimant. Without in any way limiting the foregoing, the Claimant reserves the right to assert any claim it may have against the Debtor or against any other party or property other than the Debtor or the property of its estate. This proof of claim is not intended, nor should it be construed, as the Claimant's consent to jurisdiction in the Bankruptcy Court, or as a waiver of the Claimant's right to a trial by jury in any action or proceeding.

# Exhibit 1

## Master Membership Plan

# **THE CLIFFS CLUB & HOSPITALITY GROUP, INC.**

## **MASTER MEMBERSHIP PLAN**

### **PROLOGUE**

#### **PURPOSE OF THIS PLAN**

The Membership Plan for the Cliffs Clubs detailed herein, the Rules and Regulations of The Cliffs Clubs from time to time adopted by the Clubs, and the Application for Membership (collectively, the "Membership Plan"), together offer property owners in the Cliffs at Glassy, Cliffs Valley, Cliffs Valley North, Cliffs at Keowee Falls (North), Cliffs at Keowee Vineyards, Cliffs at Keowee Falls South, Cliffs at Walnut Cove, Cliffs at Keowee Springs, Cliffs at Mountain Park and Cliffs at High Carolina (hereinafter collectively referred to as the "Cliffs Communities") an opportunity to obtain membership privileges at one or more of the golf and country club facilities operated under the banner, "Cliffs Clubs."

Cliffs at Glassy Country Club, Inc., Cliffs Valley Country Club, Inc., Keowee Vineyards Country Club, Inc., Keowee Falls Country Club, Inc., The Cliffs at Keowee Springs Country Club, Inc., The Cliffs at Glassy Golf & Country Club, LLC, The Cliffs Valley 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 Mountain Park Golf & Country Club, LLC, The Cliffs at Keowee Falls Golf & Country Club, LLC, The Cliffs at Keowee Springs Golf & Country Club, LLC, and The Cliffs at High Carolina Golf & Country Club, LLC (hereinafter collectively referred to as the "Cliffs Clubs"); affiliates of The Cliffs Club & Hospitality Group, Inc., own the club facilities in the Cliffs Communities and are all operated by The Cliffs Club & Hospitality Group, Inc. for the use and benefit of its members and any others accorded use and access privileges by the Cliffs Clubs. When used herein, the term "Home Club" refers to the membership club located in or adjacent to and serving the Cliffs Community where a property owner's property is located

Each membership permits the Member, in exchange for a membership deposit, periodic dues and product charges and service fees, to use such of the recreational, dining and social facilities of the Home Club as are accorded use privileges pursuant to the Member's membership classification and the product and service offerings at the facility. In addition, a Home Club Member may also enjoy reciprocal usage privileges of the amenities and facilities located within other Cliffs Communities, as specifically granted for the Member's membership classification by and outlined in this Membership Plan.

#### **OWNERSHIP AND USE OF THE CLUB FACILITIES**

Each Home Club's facilities are operated through the club management services division of The Cliffs Club & Hospitality Group, Inc. These facilities may include a golf course and related practice facilities, as well as tennis, swimming, fitness, wellness, dining and other recreational facilities and amenities which may be available for use by Members according to the access and use rights conferred by a member's membership classification under this Membership Plan. We will refer to all the facilities owned by the Home Clubs collectively as the "Clubs Facilities."

The membership privileges of use of the Clubs Facilities are granted by a non-exclusive, revocable license. By acquiring a membership, the Member does not acquire any ownership interest in the Home Club or in any Cliffs Club or any Club Facilities. By the same token, a Member is not subject to special assessments or any deficit-funding requirement, which remain the sole responsibility of the Cliffs Clubs.

## **MEMBERSHIP PRIVILEGES**

Membership in a Home Club is an opportunity to belong to an outstanding recreational, dining, and social club. Certain membership classifications are only guaranteed to be made available to persons purchasing property from the company for a limited period of time, commencing with the individual's closing on the property, and is only guaranteed to be made available to a resale purchaser if the resale seller holds a Membership classification that confers such guaranteed availability.

Each individual Member and business designee is permitted certain privileges to use the Club Facilities in accordance with this Membership Plan and the membership classification acquired, as the same may exist from time to time.

## **MEMBERSHIP OFFICE IS AVAILABLE TO ANSWER INQUIRIES**

Should there be any questions concerning the Membership Plan or the membership opportunities at the Cliffs Clubs, please contact the Membership Office. The Membership Office for the Cliffs Clubs is located at the address listed on the Membership Application form.

## **FOLLOW THESE PROCEDURES TO MAKE APPLICATION FOR MEMBERSHIP PRIVILEGES**

Eligible applicants are extended an opportunity to acquire a membership in a Home Club by invitation only. Eligible applicants for certain membership classifications must comply with the following requirements:

- Complete and sign the required Application for Membership form;
- Complete and sign the required Membership Agreement form;
- Mail or deliver to the Membership Office the completed and signed required forms and a check in the amount of the membership deposit.

Eligibility for membership is described in this Membership Plan and, if applicable, the Real Estate Purchase Agreement, including applicable addenda thereto, by which a person acquires residential property in a Cliffs Community and thereby the opportunity to acquire a membership.

## **RELY ONLY ON INFORMATION IN THE MEMBERSHIP PLAN**

No one is authorized to give any information or make any representation to an applicant not contained in this Membership Plan, and if anyone has given any information or made any representation or promise that doesn't appear in this Membership Plan, the applicant may not rely upon it as having been authorized by the Cliffs Clubs.

Membership is being offered exclusively for the purpose of permitting persons obtaining membership privileges to use the Home Club facilities (as outlined in this Membership Plan). Membership privileges

should not be viewed or obtained as an investment, and no one obtaining membership privileges should expect to derive any economic benefits or profits from membership in a Home Club.



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# **THE CLIFFS CLUBS MEMBERSHIP PLAN**

## **INTRODUCTION**

1. **Membership Opportunity.** Each Home Club offers an applicant an opportunity to become a member of a recreational, dining and social club. The Home Clubs will provide quality facilities and services. The privilege to use the Home Club Facilities is available to members, guests of members, and other persons permitted by this Membership Plan.
2. **Home Club's Reserved Right to Convert to Equity Club.** The Cliffs Clubs reserves the right, but not the obligation, to convert any or all of the Home Clubs to an equity membership form of ownership. The Cliffs Clubs makes no commitments or promises to the current membership except for the future invitation to all Members in good standing, at the time of conversion, the equal opportunity to acquire an equity membership on such terms and conditions and payment of such additional fees as may be specified at that time.
3. **Facilities Located Within Each Cliffs Community.** The facilities of the Cliffs Clubs are referred to collectively as the "Club Facilities" and include the privately owned facilities for golf, tennis, swimming, fitness and wellness, spa, dining and other recreational activities located in each Cliffs Community.

## **MEMBERSHIP CLASSIFICATIONS**

4. **Memberships** - A description of the types of membership classifications and their privileges are set forth below. Property owners will apply to the Cliffs Clubs for membership in the Home Club associated with the Cliffs Community where their property is located. If someone owns property in more than one of the Cliffs Communities, the Home Club will be the Club associated with that person's first purchase in a Cliffs Community for which a membership is issued or the Cliffs Community in which the purchaser has a completed home.

- 4.1 **Cliffs Family Membership** - A Cliffs Family Membership, previously referred to as a Social Athletic Membership, allows a Member and the Member's family as defined in Section 10 of this Plan, to have access to all Club Facilities. The Cliffs Family Member's golf privileges are limited to ten (10) rounds per calendar year at their Home Course and five (5) rounds per calendar year at each Cliffs Club golf course through the payment of appropriate use fees. A Cliffs Family Membership may be available to property owners in all of the Cliffs Communities who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Cliffs Family Membership, a property owner must apply for and pay all required deposits either (i), in the case of a purchaser of company inventory, within thirty (30) days following the closing of previously unsold company property, or (ii), in the case of a purchaser of a Cliffs property in a resale transaction, at the closing of a resale property from a seller who holds a Cliffs Family Membership that can be resigned and reissued to the resale purchaser. Resignation by a Cliffs Family Member and re-issuance of the resigned Cliffs Family Membership to a resale purchaser is the only means provided for a Cliffs property purchaser in a resale transaction to be guaranteed the ability to

obtain a Cliffs Family Membership. In the event a purchaser of a resale property does not elect to have the seller's Cliffs Family Membership reissued to the purchaser, the Cliffs Family Member shall resign the membership and be entitled to a refund of initiation deposit paid at the time the Member joined the Club. A Cliffs Family Member who sells his/her Cliffs property and purchases another property in the same community within thirty (30) days following the closing of such sale may retain the Cliffs Family Membership, as long as the membership is active and in good standing. Acquisition of a Cliffs Family Membership is always based on availability, which is not guaranteed, as determined by the Cliffs Clubs and management.

- 4.2 Cliffs Golf Membership** – A Cliffs Golf Membership, previously referred to as an "A" or Full Golf Membership, allows a Member and the Member's family, as defined in Section 10 of this Plan, to have access to all Club Facilities. A Cliffs Golf Membership may be available to property owners in all of The Cliffs Communities who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Cliffs Golf Membership, a property owner must apply for and pay all required deposits either (i), in the case of a purchaser of company inventory, within thirty (30) days following the closing of previously unsold company property, or (ii), in the case of a purchaser of a Cliffs property in a resale transaction, at the closing of a resale property from a seller who holds a Cliffs Golf Membership that can be resigned and reissued to the resale purchaser. Resignation by a Cliffs Golf Member and re-issuance of the resigned Cliffs Golf Membership to a resale purchaser is the only means provided for a Cliffs property purchaser in a resale transaction to be guaranteed the ability to obtain a Cliffs Golf Membership. In the event a purchaser of a resale property does not elect to have the seller's Cliffs Golf Membership reissued to the purchaser, the Cliffs Golf Member shall resign the membership and be entitled to a refund of initiation deposit paid at the time the Member joined the Club. A Cliffs Golf Member who sells his/her Cliffs property and purchases another property in the same community within thirty (30) days following the closing of such sale may retain the Cliffs Golf Membership, as long as the membership is active and in good standing. If a Cliffs Golf Member elects to retain his/her Cliffs Golf Membership upon the sale of his/her property and purchase of another property in the same community as described above, the Member will be considered to have joined after June 1999 for the purpose of the initiation deposit set out in 11.1 below, and will have paid a 100% initiation deposit.
- 4.3 Cliffs Corporate Membership** - A Cliffs Corporate may be available to any corporation, partnership, or other legal entity, at the discretion of the Cliffs Clubs. The "Corporate Member Designee" program allows a Member Designee and additional Designees as determined by the Club to have access to designated club facilities and golf courses. The Corporation may change the Member Designees from time to time as provided for in the Membership Plan. The number of Cliffs Corporate Memberships is limited at all times. The Club reserves the right to provide additional course access to Corporate Memberships under modified membership programs and special use requests.
- 4.4 Marina Membership** - Marina Membership is included in the Keowee Vineyards Cliffs Family Membership, Keowee Vineyards Cliffs Golf Membership, Keowee Falls South Cliffs Family Membership, Keowee Falls South Cliffs Golf Membership, Keowee Falls North Cliffs Family Membership, Keowee Falls North Cliffs Golf Membership, Keowee Springs Cliffs Family Membership and Keowee Springs Cliffs Golf Membership and entitles the Member and his/her family to unlimited use of the marina facilities located within The Cliffs at Keowee Vineyards Community, The Cliffs at Keowee Falls South Community, The Cliffs at Keowee

Falls North Community, and The Cliffs at Keowee Springs Community. Marina privileges include use of the boat access ramps, club-owned wet slips and any other general marina services. Use of wet slips, boat storage facilities and marina services provided by a dockmaster are available at additional fees. Keowee Marina Memberships entitling the Member to the marina privileges set forth above may be available to other membership classifications through the "add on" privileges outlined in this Membership Plan.

- 4.5 Cliffs Temporary Membership** - The Cliffs Clubs has the plenary right to offer Cliffs Temporary Memberships at any Home Club to non-property owners. The Temporary Memberships are subject to recall by the Cliffs Clubs at anytime. This membership class provides individuals with temporary access to designated Club Facilities.
- 4.6 Cliffs Charter Membership** - A Cliffs Charter Membership is a classification originally made available to the first fifty (50) Property Owners in The Cliffs at Glassy and The Cliffs Valley communities, all which have been issued. The Cliffs Charter Membership allows a Member and the Member's family, as defined in Section 10 of this Plan, to have access to all of the Club Facilities with the same rights and privileges of use as a Cliffs Golf Member. A Cliffs Charter Member who sells his/her property in the said community and purchases another property in the same community within thirty (30) days of the closing of such sale may retain his/her Cliffs Charter Membership, as long as the membership is active and in good standing. If a Cliffs Charter Member elects to retain his/her Cliffs Charter Membership upon the sale of his/her property and purchase of another property in the same community as described above, the Member will be considered to have joined after June 1999 for the purpose of the initiation deposit set out in Section 11.1. In the event of a resale transaction, a Cliffs Charter Member may resign his/her Cliffs Charter Membership to his/her Home Club and the Cliffs Clubs guarantees to make available a Cliffs Golf Membership to the purchaser of the said property. The issuance of the Cliffs Golf Membership must take place at the resale closing of such property. Issuance of a Cliffs Golf Membership for a resigned Cliffs Charter Membership by the purchaser's resale seller is the only manner in which a purchaser of a Cliffs Charter Member's Cliffs property is guaranteed the availability of a Cliffs Golf Membership at the subject Home Club. If a Cliffs Charter Member sells his/her property, the Cliffs Charter Member may elect to retain the membership, without remaining a property owner. In that event, the Cliffs Clubs will not guarantee the resale purchaser of the Cliffs Charter Member electing to retain his/her membership the availability of a membership. The Cliffs at Glassy and The Cliffs Valley Charter Memberships are closed categories and are no longer available.
- 4.7 Cliffs Sports Membership** - A Cliffs Sports Membership is a classification that is no longer offered at this time to new purchasers of previously unsold company inventory. A holder of a Cliffs Sports Membership entitles the Member and his/her family, as defined in Section 10 of this Plan, to unlimited use of the Home Club and golf course facilities. The Cliffs Sports Membership is guaranteed to be available for re-issuance to the purchaser of a member's Cliffs property in a resale transaction, which guarantee is only available to a Member holding a Cliffs Sports Membership. In the case of a purchaser of a Cliffs property in a resale transaction, at the closing of a resale property from a seller who holds a Cliffs Sports Membership, the Cliffs Sports Membership can be resigned and reissued to the resale purchaser. Resignation by a Cliffs Sports Member and re-issuance of the resigned Cliffs Sports Membership to a resale purchaser is the only means provided for a Cliffs property purchaser in a resale transaction to be guaranteed the ability to obtain a Cliffs Sports Membership. In the event a purchaser of a resale property does not elect to have the seller's Cliffs Sports Membership reissued to the

purchaser, the Cliffs Sports Member shall resign the membership and be entitled to a refund of initiation deposit paid at the time the Member joined the Club. A Cliffs Sports Member who sells his/her Cliffs property and purchases another property in the same community within thirty (30) days following the closing of such sale may retain the Cliffs Sports Membership, as long as the membership is active and in good standing. A Cliffs Sports Member has unlimited play at their home course through the payment of an established greens fee in addition to cart fees. Cliffs Sports Members pay a greens fee in addition to a reciprocal fee or tournament fee.

**4.8 Cliffs Wellness Membership** - A Cliffs Wellness Membership is available to property owners within all Cliffs Communities that allows a Member and the Member's family, as defined in Section 10 of this Plan, to have access to all Club Facilities with the exception of golf courses and golf practice facilities. A Cliffs Wellness Membership may be available to property owners in all of the Cliffs Communities who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Cliffs Wellness Membership, a property owner must apply for and pay all required deposits either (i), in the case of a purchaser of company inventory, within thirty (30) days following the closing of previously unsold company property, or (ii), in the case of a purchaser of a Cliffs property in a resale transaction, at the closing of a resale property from a seller who holds a Cliffs Wellness Membership that can be resigned and reissued to the resale purchaser. Resignation by a Cliffs Wellness Member and re-issuance of the resigned Cliffs Wellness Membership to a resale purchaser is the only means provided for a Cliffs property purchaser in a resale transaction to be guaranteed the ability to obtain a Cliffs Wellness Membership. In the event a purchaser of a resale property does not elect to have the seller's Cliffs Wellness Membership reissued to the purchaser, the Cliffs Wellness Member shall resign the membership and be entitled to a refund of initiation deposit paid at the time the Member joined the Club. A Cliffs Wellness Member who sells his/her Cliffs property and purchases another property in the same community within thirty (30) days following the closing of such sale may retain the Cliffs Wellness Membership, as long as the membership is active and in good standing. Acquisition of a Cliffs Wellness Membership is always based on availability, which is not guaranteed, as determined by the Cliffs Clubs and management.

**4.9 Cliffs Residence Club Membership** - A Cliffs Residence Club Membership allows a Member and the Member's family, as defined in Section 10 of this Plan, to have access to all Club Facilities while in residence. A Cliffs Residence Club Member must have a confirmed reservation at the Residence Club and be physically present in order to have access to all Club Facilities and privileges. A Cliffs Residence Club Membership may be available to Cliffs Residence Club owners who apply for and are accepted for membership at their Home Club. To be guaranteed acceptance and issuance of a Cliffs Residence Club Membership, a Cliffs Residence Club property owner must apply for and pay all required deposits either (i), in the case of a purchaser of a Cliffs Residence Club property, within thirty (30) days following the closing of previously unsold company property, or (ii), in the case of a purchaser of a Cliffs Residence Club property in a resale transaction, at the closing of a resale property from a seller who holds a Cliffs Residence Club Membership that can be resigned and reissued to the resale purchaser. Resignation by a Cliffs Residence Club Member and re-issuance of the resigned Cliffs Residence Club Membership to a resale purchaser is the only means provided for a Cliffs Residence Club property purchaser in a resale transaction to be guaranteed the ability to obtain a Cliffs Residence Club Membership. In the event a purchaser of a resale Residence Club property does not elect to have the seller's Cliffs Residence Club Membership reissued to the purchaser, the Cliffs Residence Club Member shall resign the membership and be entitled

to a refund of initiation deposit in the amount which was paid at the time the Member joined the Club. A Cliffs Residence Club Member who sells his/her Cliffs Residences Club property and purchases another Residence Club property in the same community within thirty (30) days following the closing of such sale may retain the Cliffs Residence Club Membership, as long as the membership is active and in good standing. Acquisition of a Cliffs Residence Club Membership is always based on availability, which is not guaranteed, as determined by the Cliffs Clubs and management.

### **MEMBERSHIP LIMITATIONS**

**5. Right To Reserve Memberships** - The Cliffs Clubs may, in the exercise of its absolute discretion, reserve memberships for sale to future purchasers of company inventory. Memberships that are reserved will not be considered to be available memberships, and the Cliffs Clubs may not be compelled to issue them. In the event memberships are not available, a priority waiting list will be established for each membership classification at a Home Club. When resigned memberships of a membership classification become available for re-issuance, the resigned memberships will be refunded on a first in, first out basis. A resigned Cliffs Golf Membership to be reissued to a resale purchaser will not be deemed available.

**6. Number of Memberships** - The Cliffs Charter Membership classifications for property owners within The Cliffs at Glassy and the Cliffs Valley Clubs are no longer available. The Cliffs Sports Membership and Cliffs Social Athletic Membership classifications are no longer available to property owners except in the event of re-issuance to the purchaser of a member's Cliffs property in a resale transaction. The remaining classifications of memberships for property owners within the Cliffs Communities remain available. The maximum number of memberships available in each category of membership is not limited at this time to a specific number per Home Club, but the Club is committed to a maximum number of memberships that will accommodate member utilization and protect the members' usage of his/her Home Club.

**7. Right to Change Membership Classification Privileges** - The Cliffs Club has the plenary power to create a class of membership other than those specified, and may subdivide any or every membership classification into reasonable sub-classifications. When a limit in a certain membership classification is determined, the Club will advise the membership of the limit so established. The Cliffs Clubs reserves the right to modify playing privileges and reservation policies for each classification of membership at a Home Club, in order to provide the utmost enjoyment and services for all Members at the Home Club. In addition, the Cliffs Clubs reserves the right to change, decrease or increase membership roster limitations previously estimated for a Home Club.

## **MEMBERSHIP "ADD-ON" PRIVILEGE**

8. **A Member's Add-on Privilege** - Members may be offered from time to time the opportunity to acquire an "add-on" membership privilege at a Cliffs Clubs facility other than the Members' Home Club. The Cliffs Clubs determines availability of such memberships, and acquisition of a specific membership add-on privilege is subject to a Member's current membership classification.

8.1 **Golf Add-on** - Cliffs Golf Members, previously known as "A" or Full Golf Members, were previously and may continue to be given the opportunity to acquire an "add-on" Cliffs Golf Membership, (previously known as an "A" or Full Golf Membership Add-on privilege) at a Club facility other than a Member's Home Club based on availability and through the payment of the applicable membership deposit and additional dues.

8.2 **Marina Add-on** - Members of Home Clubs other than Keowee Vineyards, Keowee Falls South, Keowee Falls North, and Keowee Springs have been and may continue to be offered the opportunity to add-on marina privileges at the marina facilities located within the Cliffs at Keowee Vineyards Community, the Cliffs at Keowee Falls South Community, the Cliffs at Keowee Falls North Community, and the Cliffs at Keowee Springs Community, based on availability at all times, and through the payment of the applicable membership fees and additional dues.

8.3 **Add-on Resignation** - Cliffs Golf Members who hold Cliffs Golf Membership Add-on privilege may resign their Cliffs Golf Membership Add-on at the time of the sale of their Cliffs property and the Cliffs Clubs will reissue the Cliffs Golf Membership Add-on privilege to the member's resale purchaser through the prescribed resignation and re-issuance process previously outlined in this Membership Plan. The re-issuance of a Cliffs Golf Membership Add-on privilege is contingent upon the simultaneous re-issuance of the former member's Home Club Cliffs Golf Membership to the resale purchaser desiring to have add-on privileges reissued.

8.4 **Add-on Refund Policy** - The refund policy for a resigned Cliffs Golf Membership Add-on privilege and marina add-on privilege is the same as applies to other membership classifications based on the amount of deposit paid and program at the time of purchase.

## **RECIPROCITY – USE PRIVILEGES**

9. **Use Reciprocity** - Certain membership classifications have reciprocal access of Club Facilities in the other Home Clubs within The Cliffs Communities. Reciprocity and the scope of privileges subject to reciprocity are subject to change from time to time as determined by The Cliffs Clubs.

9.1 **Golf Reciprocity** - Cliffs Charter, Cliffs Golf, Cliffs Corporate, Cliffs Sports, and Cliffs Residence Club Members while in residence, enjoy reciprocal golf privileges at all Cliffs Club golf courses. The reciprocal program provides these membership categories with unlimited play at the other Cliffs Club golf courses through an established advance tee time and access policy. Cliffs Sports and Cliffs Residence Club Members pay a greens fee and a reciprocal fee



in addition to a cart fee for reciprocal play. Certain member preferred home course tee times may not be accessed for reciprocal play tee times. Reciprocal golf privileges are provided for the Member, a designated Adult and the Member's children as defined in Section 10 of this Membership Plan.

- 9.2 Non Golf Related Reciprocity** - Cliffs Golf, Cliffs Sports, Cliffs Corporate, Cliffs Family, Cliffs Wellness, and Cliffs Residence Club Members enjoy access to Clubhouses, tennis, swimming, fitness and wellness, spa and other non-golf recreational amenities at the other Cliffs Clubs facilities.

## **MEMBERSHIP FAMILY PRIVILEGES**

- 10. Definition of Family and Selection of Designated Adult** - A membership permits the Member and his/her family to all of the privileges of the membership classification obtained, subject to the right of The Cliffs Clubs to deny such privileges to any person upon the request of the responsible Member or for violation of this Membership Plan. The term "family" shall include the Member and one Designated Adult and the unmarried children of the Member and/or the Designated Adult who are each 23 years of age or younger and either (1) maintain the same principle residence as the Member or (2) are serving in the armed forces or attending school on a full-time basis. The "Designated Adult" may be the Member's spouse or any person 18 years of age or older who maintains the same principal residence as the Member. The Member shall identify in writing to the Membership Office the person who shall be the "Designated Adult" for such Member's membership. There shall be only one Designated Adult at a time per membership; provided, a Member may change the Designated Adult by written notice to the Membership Office, upon payment of such reasonable administrative fees as may be established by the Cliffs Clubs from time to time and subject to the right of the Cliffs Clubs to impose reasonable limitations on the frequency of such changes. If a Designated Adult ceases to maintain the same principle residence as the Member, such person shall cease to qualify as a Designated Adult and the Cliffs Clubs may deny access and use privileges to such person; provided, the Member shall remain responsible for all actions and charges of such person unless and until the Membership Office receives written notice from the Member to cancel such person's status as the Designated Adult, and then only as to charges arising following receipt of such written notice, all previously incurred charges remaining the sole obligation of the Member. From time to time, The Cliffs Clubs may offer some extended family privilege programs, which are always subject to availability as established by the Cliffs Clubs, and said programs will be subject to change based on the total number of outstanding memberships and member usage factors.

## **MEMBERSHIP FEES, DUES AND CHARGE PRIVILEGES**

- 11. Membership Fees** - Each individual making initial application for membership is required to pay the then existing membership deposit established by the Cliffs Clubs for the requested classification of membership. In the event that the individual's application for membership is rejected, the membership deposit will be refunded in full without interest.

**11.1 Initiation Deposit** - Members who joined prior to June 1, 1999 under the original master membership program paid a membership amount that consisted of 80% initiation deposit and 20% non-refundable membership fee. Members joining after June 1, 1999 paid a 100% initiation deposit. The initiation deposit portion of the membership fees paid is the refundable portion through the resignation and reissuing of a membership or voluntary resignation of membership through the required process outlined in the Membership Plan.

**11.2 When Initiation Deposits Will Be Refunded** - A Member paying an initiation deposit, as outlined in Section 11.1 is due a refund thirty (30) years following the date the Member joined in an amount equal to the initiation deposit paid, or according to the refund policy as outlined in this Membership Plan, whichever comes first. If one is still a Member at the end of thirty (30) years, such Member will be allowed to continue his/her membership by paying the applicable periodic dues and charges incurred until the Member subsequently resigns from the Club. A Member who elects to continue his or her membership at the end of the 30-year period will not be counted toward any cap or limits on the total number of Members or the number of Members in any category of membership. Refunds occurring as a result of a Member who sells his/her property, resigns their membership and subsequent re-issuance of membership to their resale buyer will be paid within 30 days following such re-issuance of the membership to the resale buyer at closing. Voluntary resignations will be refunded consistent with The Cliffs Clubs processing of accounts payable, and will be processed only on the basis of one (1) refund for every five (5) memberships issued by the Cliffs Club from its previously unissued memberships within the same classification as the resigned membership. Voluntary resignation refunds occurring at Home Clubs within Cliffs Communities where the remaining previously unsold company inventory is less than 15% of total lots available within the Cliffs Community will be processed only on the basis of one (1) refund for every three (3) memberships issued by the Cliffs Club within the same classification as the resigned membership.

**11.3 Membership Classification Downgrade** - A Member who chooses to downgrade to a different membership classification shall resign their current membership classification and provide the Club with appropriate notice as outlined in this Membership Plan. The Member will receive a refund, if applicable, equal to the difference in the amount of the original membership's initiation deposit previously paid and the amount of the prevailing new membership's initiation deposit. All reclassifications of membership are subject to eligibility, requirements, availability and applicable reclassification fees at the time.

**12. Dues** - All classifications of membership require the payment of periodic dues. Periodic dues are charged for the basic privileges accorded a Member by the membership classification acquired. Payment of dues does not cover purchases and charges for products and services offered at a Club Facility ordered by a Member, for example, merchandise, food and beverage, greens and cart fees, guest and tournament fees, and miscellaneous service and rental fees. The frequency of periodic dues and the amount of dues per membership classification is determined by the Cliffs Clubs, which has the sole authority and discretion to modify and change dues amounts and payment schedules upon management's determination. All dues billed are due and payable upon receipt. The payment of dues will not be abated for any reason, including, without limitation, any extended absences of the Member from the area, or any temporary disability preventing the Member's use of the club facilities. The Club may, but shall not be obligated, to offer dues levels that require the payment of greens fees and other usage fees for certain membership classifications. Members who have been issued Cliffs Golf Membership Add-on privileges at another Cliffs course may be charged additional dues. Members who have been issued marina add-on privileges may be charged additional dues. Members who own multiple properties and multiple memberships of the

same classification or different classifications may be charged additional dues. Certain dues levels may have some restricted privilege as they relate to club access, advance tee times, and reciprocal golf at the golf courses; contingent upon their particular membership classification privileges. Dues levels and amounts are subject to change from time to time at the sole discretion of the Cliffs Clubs' management.

- 12.1 Food and Beverage Minimum** - All classifications of membership require participation in the Food and Beverage Minimum program as defined by the Club and may be modified from time to time.

### **MEMBERSHIP CARDS, CHARGE PRIVILEGES AND ACCOUNTS**

- 13. Membership Cards** - Each Member shall be assigned a membership account number, evidenced by the issuance of a membership card imprinted with the Member's name and account number. Additionally, a Cliffs Community may issue automobile identification decals, which must be displayed at all times. Membership cards or other evidence of use and access privileges issued by the Club should be presented, and/or displayed when using any Club Facilities or making club charges; and upon request of management. A lost or stolen card must be reported in writing to management immediately following discovery of its lost or stolen status. A Member is responsible for all charges on his/her account until the Cliffs Clubs receives written notification that the card is lost or stolen and then only as to charges arising following receipt of such written notice, all previously incurred charges remaining the sole obligation of the Member. The Member will be issued a new account number and membership card in this event. Members may be charged an administrative fee for the re-issuance of a card.
- 14. Charge Privileges** - Members are entitled to charge privileges for merchandise, food and beverage, greens and cart fees, guest and tournament fees, and miscellaneous service and rental fees, so long as the membership is in good standing.
- 15. Accounts** - A Member is fully responsible for the Member's Club account, as further described in Section 16 of this Membership Plan.

### **MEMBERS' FINANCIAL RESPONSIBILITIES/INDEBTEDNESS**

- 16. Members' Financial Responsibilities; Delinquent Accounts** - Each Member shall be responsible for the performance and prompt discharge of all obligations and indebtedness to the Cliffs Clubs imposed upon, or incurred by the Member, members of his/her family, and his/her guests. The Cliffs Clubs, in the exercise of absolute discretion, may expel, suspend, fine, or otherwise limit the use of any club facilities for any Member, who fails or neglects to promptly discharge or fulfill his indebtedness to the club. The Cliffs Clubs reserves the right to require Members to provide a credit card, check or cash deposit as security for payment of a Club account. A Member's Club account, which is billed monthly, will include monthly dues owed, and club charges. A Member is required to maintain a valid credit card on file with the Cliffs Clubs. Any balance on the member account not received by the last day of the billing month, a late fee equal to 1.5% of the outstanding balance owed may be charged. If payment is not received within the last day of the billing month, a Member's account will be deemed delinquent, and the Club may temporarily suspend all charge and use privileges. If payment of a delinquent account is not received

within thirty (30) days of the date of delinquent notification and billing, the Cliffs Clubs reserves the right to continue temporary suspension until the delinquent Club account is settled, and paid in full. Continued delinquency for a period of forty-five (45) days from the date of billing may result in formal expulsion, or termination of the membership. This process is at the sole discretion and authority of the Cliffs Clubs management. The Cliffs Clubs reserves the right to take whatever action it deems necessary to collect in full the amount owed on delinquent Members' accounts. If the Cliffs Clubs engages an attorney to collect a past-due Club account, the delinquent Member will be liable for all attorney costs and expenses incurred in pursuing collection, including, but not limited to, costs and expenses of non-judicial processes, as well as court fees and costs through all appeal levels. If payment of the delinquent account is received in full prior to the official termination of the Membership, the Member may be reinstated as a Member in good standing. The payment of a reinstatement fee as determined by the Cliffs Clubs may be due at that time.

### **TRANSFER, CHANGE OF MEMBER DESIGNEE, RESIGNATION OR REVOCATION OF MEMBERSHIP**

**17. Transfers Prohibited: Membership Resignation Only** - A Member may not transfer his/her membership to any person, including a purchaser of the Member's Cliffs property in a resale transaction. Such prohibited transfer includes a prohibition upon any sale, pledge, hypothecation, assignment, transfer or encumbrance of a membership except in accordance with this Membership Plan. A Cliffs Charter or Cliffs Golf Member (previously known as "A" or Full Golf Memberships) may resign the membership and the Cliffs Clubs may reissue the membership as a Cliffs Golf Membership in accordance with the following provisions:

A. Upon the sale of the Member's Cliffs property in a resale transaction, a Cliffs Charter or Cliffs Golf Member may resign the membership and the Cliffs Clubs may reissue the membership as a Cliffs Golf Membership to the resale purchaser at the closing of said property. The resale purchaser must first, however, apply and be approved for membership.

B. At the time of re-issuance of the membership to a resale purchaser of the Member's Cliffs property, the Cliffs Charter or Cliffs Golf Member who is resigning the membership shall be entitled to receive a refund. With respect to Cliffs Golf Memberships (previously known as "A" or Full Golf Memberships) issued on or after June 1, 1999, the amount of the refund shall be the original initiation deposit paid by such Member at the time the Member joined the Club. With respect to Cliffs Charter or Cliffs Golf Memberships (previously known as "A" or Full Golf Memberships) issued prior to June 1, 1999, the refund shall be the greater of the original amount of initiation deposit paid by such Member at the time he/she joined the Club, or; eighty percent (80%) of the membership deposit being charged at the time of resignation and re-issuance to a new Member for the same membership classification.

C. A Cliffs Charter or Cliffs Golf Member whose membership is not to be reissued to a resale purchaser of the resigning Member's property may tender their

resignation to their Home Club and be eligible for a refund as provided for in this Membership Plan.

D. A formal written letter of resignation and/or a membership addendum, which outlines the resignation and re-issuance, must be processed before the re-issuance of any Cliffs Golf Membership is finalized.

E. The new Member of a reissued Cliffs Golf Membership must submit a completed application form and enrollment form with the required initiation deposit before new membership cards and an account number will be processed.

F. All account balances owed by the resigning Cliffs Charter or Cliffs Golf Member must be paid in full before the Cliffs Clubs acts upon the requested membership resignation and re-issuance.

G. Resigning Members must return their membership card(s), and return any locker key(s) before the Cliffs Clubs acts upon the requested membership resignation and re-issuance. Upon return of a resigning Members' cards and locker keys, and upon complete satisfaction of all outstanding account balances, the resigning Member shall be issued the refund due within a reasonable period of time following such resignation and re-issuance, consistent with the Cliffs Clubs processing of accounts payable.

H. A Cliffs Charter or Cliffs Golf Member may not resign the membership and be entitled to have the membership reissued to another Cliffs property owner except in connection with the transfer of the member's property to the new owner requesting membership re-issuance. Neither a resigned Cliffs Charter nor Cliffs Golf Membership will be reissued to an individual who is not a property owner within The Cliffs Communities.

I. A Cliffs Charter or Cliffs Golf Member (previously known as "A" or Full Golf Memberships) who has a Cliffs Golf Membership Add-on privilege must resign the add-on privilege at the same time as the Member resigns his/her Home Club membership. The resigned Member's Cliffs Golf Membership Add-on privileges will be reissued to the Member's resale purchaser requesting such re-issuance. The resignation and re-issuance of the add-on privileges must be processed in the same manner as the resigned Home Club Cliffs Charter or Cliffs Golf Membership (previously known as "A" or Full Golf Memberships). The re-issuance of add-on privileges is, however, contingent upon first having the Cliffs Charter or Cliffs Golf Membership (previously known as "A" or Full Golf Memberships) for the Member's Home Club reissued. In the event the resale purchaser of the property of a Member with add-on privileges does not elect to have the add-on privileges reissued, the resigned add-on privileges will be processed for refund in accordance with the resignation policies and procedures outlined in this Membership Plan. Upon the re-issuance of add-on privileges to the Cliffs Charter or Cliffs Golf Member's resale purchaser of the Member's Cliffs property, the resigning Member will be entitled to receive a refund for the resigned add-on privileges in addition to the refund due for the resigned Cliffs Charter or Cliffs Golf Membership (previously known as "A" or Full Golf Memberships) in the Member's Home Club set forth in paragraph B above.

With respect to any add-on privileges issued on or after June 1, 1999, the amount of the add-on privilege refund will be the initiation deposit paid by such Member at the time he/she acquired the add-on privilege. With respect to add-on privileges issued prior to June 1, 1999 the refund shall be the greater of the original amount of the deposit paid by such Member at the time he/she acquired the add-on privilege, or; eighty percent (80%) of the membership deposit being charged at the time of resignation and re-issuance to a new Member for the same membership classification.

J. A resigned Cliffs Golf Membership or Cliffs Golf Membership Add-on privilege awaiting a refund cannot reactivate the resigned membership in order to later again resign the membership and have the Cliffs Clubs reissue the membership to a subsequent purchaser of his/her property.

**18. Membership Acquisition with Purchase of Property from the Developer** - The Club may, and from time to time in its sole discretion, allow a purchaser of previously unsold company inventory wishing to acquire a Membership simultaneously with the property closing, to collaterally assign to its lender such amounts as may be due upon resignation of Membership hereunder, subject to the following conditions:

A. The lender must be a bank, trust company, insurance company, or other recognized lending institution and the holder of a first lien and encumbrance on the Cliffs property as security for the purchase thereof and the funding of the Membership Deposit.

B. In case the lender forecloses its lien or takes a deed in lieu of foreclosure, dues will abate for no more than 6 months or until the property is transferred to another owner, whichever occurs first. If the lender is still the owner of the property after 6 months, dues will commence with respect thereto, and the membership will be deemed a Cliffs Corporate Membership classification under this Membership Plan.

C. Upon the sale of the property to a third party purchaser by the lender, the Membership Deposit will be refunded to the lender, less any unpaid dues or charges of the Member which may be offset by the Club against the Membership Deposit, pursuant to the refund policies of this Membership Plan, and the resigned Membership shall terminate.

D. If the Membership with respect to which a lender holds a collateral assignment of the Membership Deposit is a Cliffs Golf Membership, and if the purchaser of the foreclosed property or the purchaser of the property from the lender acquiring same by deed in lieu of foreclosure wishes to acquire a Cliffs Golf Membership, the Club will accord such purchaser the right, if accepted for Membership following application therefore, to acquire a Cliffs Golf Membership at the closing of the foreclosure sale or such sale by the Lender, subject to such purchaser's completion of all applications and Membership agreements and payment of the then current initiation deposit therefore on or before the closing, and without the necessity that such purchaser be placed on a waiting list for the availability of a Membership. In the event a purchaser of a such foreclosed property or such property acquired from a Lender holding same by deed in lieu of foreclosure does not elect to

have the Cliffs Golf Membership reissued to the purchaser, the former foreclosed owner will have no rights to any such Membership, even if such former owner purchases another property in the same community within thirty (30) days following the closing of such foreclosure sale or grant to Lender by deed in lieu of foreclosure, and notwithstanding any contrary provision of this Membership Plan. Such Membership will be deemed resigned and the Membership Deposit Refund will be paid to the lender, subject to offset, as provided in subparagraph C above. If a Member defaults under the Membership Plan, the Club will endeavor to notify the lender of such default, but the Club shall not have any liability to the lender due to its failure to provide such notice.

**19. Change of Membership Designee** - Cliffs Corporate Memberships and memberships owned by more than one property owner may have appointed designees. The designees may be changed as described below.

**19.1 Cliffs Corporate Membership** - Cliffs Corporate Memberships may change the Corporate Member Designee(s) to another individual in the corporation only once per calendar year. The change from one designee to another must be made by the corporation and acknowledged and approved by the Cliffs Clubs in writing. The corporation may be required to pay an administrative fee for such Member Designee change, as determined by the Cliffs Clubs at the time the change is requested. All Club account balances of the previous Corporate Member Designee's account must be paid in full prior to the change to another designee becoming effective. All membership cards and locker keys in the possession of the former Corporate Member Designee must be returned prior to the finalization of the membership designee change. Cliffs Corporate Memberships may not change the Corporate Member Designee to another individual outside the company for which the Cliffs Corporate Membership is issued.

**19.2 Multiple Property Owners** - Multiple owners of a Cliffs property, whether as tenants in common or otherwise as determined by the Cliffs Clubs, who collectively own a Cliffs Charter, Cliffs Golf, Cliffs Family, Cliffs Wellness, Cliffs Sports, Cliffs Corporate or Cliffs Temporary Membership, may change the one (1) Member Designee. Such multiple property owners may change the one (1) Member Designee to another co-owner of the Cliffs property only once per calendar year. An administrative fee determined by the Club may be charged at the time of a Member Designee change. All Club account balances of the current property owner Member Designee must be paid in full before the Cliffs Clubs processes the Member Designee change. All membership cards and locker keys in the possession of the former Member Designee must be returned prior to the finalization of the membership change. The Member Designee being changed must surrender his/her membership card. A new account number will be assigned to the new Member Designee and a new membership card issued. A multiple property owner membership may not change the Member Designee to an individual without an ownership interest in the multiple owner property.

**20. Resignation of Member** - A Member may voluntarily resign his/her membership in his/her Home Club by delivering a twelve month written notice of his/her resignation to the Membership Office. Verbal notice does not constitute formal resignation, and until written notice is received, the initiation deposit refund shall not be placed in the priority waiting list. Member is obligated to pay all dues and club account billings for the duration of the twelve month notice period and shall continue to have club usage and privileges. A Member who resigns is due the refund for the initiation deposit portion of the total membership fee paid. The refundable amount is equal to the initiation deposit paid at the time the

Member joined his/her Home Club. A resigned Member will be paid the refund due within a reasonable period of time following such resignation and re-issuance of the resigned membership, consistent with the Cliffs Clubs processing of accounts payable. In the event the membership classification of the resigned membership has not reached its full complement of members and the resignation does not involve the allowed re-issuance of a Cliffs Golf Membership in a qualifying resale transaction, the initiation deposit refund will be processed only on the basis of one (1) refund for every five (5) memberships issued by the Club from its previously unissued memberships within the same classification as the resigned membership. In the event there is more than one resigned Member awaiting payment of the refund, a repayment priority list will be established, and the refunds will be issued on a first-resigned, first-refunded basis, in accordance with the one for five membership issuance rule for the resigned membership classification for which refund is due. Voluntary resignations in Home Clubs within Cliffs Communities where the remaining previously unsold company inventory is less than 15% of total lots available within the Cliffs Community will be processed only on the basis of one (1) refund for every three (3) memberships issued by the Cliffs Club within the same classification as the resigned membership. A separate waiting list will be established for each membership classification and for each Club. The Club's refund policy applies to all voluntary resignations of the Cliffs Charter, Cliffs Golf, Cliffs Sports, Cliffs Corporate, Cliffs Family, Cliffs Wellness, Cliffs Residence Club, Cliffs Social and Cliffs Temporary Membership classifications from time to time offered and issued by the Cliffs Clubs. Resigning Members must return all membership cards and locker keys and pay all Club account balances due and payable before any refund will be processed; and in the case where a resigned membership is to be placed on a waiting list, placement on the waiting list will be withheld pending such settlement of cards, keys and accounts in full. A Member that voluntarily resigns his/her membership may not reactivate the resigned membership.

21. **Revocation of Membership; No Refund Due** - A membership that is revoked due to disciplinary action shall not be entitled to any refund of the initiation deposit paid at the time of the membership application, nor is any refund due for any membership usage fees or any dues paid by the revoked Member.
22. **Recall of Membership; Refund Due** - Temporary memberships that are recalled or not renewed are due a refund of 80% of the amount of original membership initiation deposit paid by the temporary Member upon joining the Home Club. The refund is payable to the temporary Member within a reasonable period of time following such recall, consistent with the Cliffs Clubs processing of accounts payable.

### **DEATH/DIVORCE OF MEMBER**

23. **Death of a Member** - Upon the death of a Member, the spouse of the deceased Member or a child of the deceased Member who is eighteen (18) years or older is eligible to have the deceased Member's membership reissued in the name of such survivor. Re-issuance of the deceased Member's membership is subject to compliance with the will of the deceased, and must be communicated in writing to the Membership Office by the legal representative of the estate. The Club may require proof the survivor's entitlement to re-issuance. In the event the deceased Member's legal representative of the estate communicates that the membership is not to be reissued to a survivor, as above provided, the representative shall also provide written notification of resignation, and refund of the initiation deposit paid by the Member will be paid to the estate of the deceased Member in the same manner as a voluntarily resigned membership pursuant to this Membership Plan. The amount of refund due is the



amount of initiation deposit paid at the time the deceased Member joined the Home Club. In the event the legal representative of a deceased Member fails to provide written notice of a survivor entitled to membership re-issuance or that the membership is resigned, the Cliffs Club may, on its own and following written notice to the estate of the deceased Member declare the membership resigned and recalled, and any refund of the initiation deposit paid by the Member will be paid to the estate of the deceased Member in the same manner as a voluntarily resigned membership pursuant to this Membership Plan.

24. **Divorce of a Member** - In the event that a Member is divorced, the membership is retained by or reissued to the individual who pursuant to agreement of the parties or by legal process is identified as entitled to the membership privileges represented by the divorced Member's membership classification. Until receipt by the Club of such written notice, the named Member shall remain entitled to all membership privileges.
25. **Rights of a Deceased or Divorced Successor** - In all respects, the membership rights of a deceased or divorced Member will only be reissued to a person otherwise eligible for the deceased or divorced Member's membership classification. In the event that a request is made that a membership of a deceased or divorced Member be reissued to an individual who does not qualify for that particular classification of membership, the request will be denied, and said membership considered resigned (for instance if the surviving spouse does not succeed to ownership of the Cliffs property with respect to which the membership was issued), and refund of the initiation deposit paid as provided for in this Membership Plan. Other options which the Club may, but shall not be required to, offer under these circumstances include an upgrade or downgrade of membership classification, based on availability, eligibility requirements and payment of any appropriate fees. The Club also reserves the right, but shall have no obligation to, reclassify a membership, but not the privileges or obligation appurtenant thereto, to take into account underlying property ownership change instituted for estate planning purposes, and upon written request for and consideration and presentation of such documentation and legal opinions as may be requested by the Club as a condition of any such reclassification.

### **MEMBERSHIP YEAR**

26. **Membership Year** - The membership year of each Home Club shall begin January 1<sup>st</sup> and end the following December 31<sup>st</sup>. All membership classifications shall comply with this membership year schedule.

### **GUEST**

27. **Guest Privileges** - The following provisions outline the escorted or unescorted privileges afforded Day Guests, Corporate and Executive Guests, Family Guests, Houseguests, Lessees, and Residence Club Guests.

- 27.1 **Member Day Guests** - A day guest of the Member is required to be accompanied by the Member, unless otherwise permitted by the Cliffs Clubs. A day guest may use the Club Facility under and in accordance with the following provisions:

A. A "local" day guest may not use the dining, golf facilities, tennis, swimming and other recreational facilities of the Cliffs Clubs more than four (4) times during a membership year. A local day guest is defined as an individual who resides within a seventy-five (75) mile radius of the Member's Home Club (whether full time or seasonal).

B. A day guest's use is further restricted as to the number of times of use, as it relates to the same individual being a day guest of more than one Member during the same calendar year.

C. A Member will be responsible for guest fees for the Member's day guest, as determined by the Cliffs Clubs. Payment may be processed through charges to the Member's account, or through credit card. Day guest fees will apply to use of all club facilities including the golf courses, tennis courts, swimming pools and other social and recreational activities, as determined by the Cliffs Clubs. A Member must personally call the Club and make dining reservations or reserve tee times for any unescorted guests and authorize charge privileges or indicate to the Club staff that the guest will be solely responsible for the guest's charges while visiting the Club unescorted by the Member.

D. Day guests will be entitled to use the Club Facilities only in accordance with the privileges of membership as provided for by the sponsoring Member's classification.

E. The sponsoring Member shall be responsible for all charges incurred by the day guest.

F. A sponsoring Member shall be responsible for the conduct and appearance of his day guest, and shall, at the request of the Cliffs Clubs, require the day guest to leave the Club premises if the day guest is determined by the Club to be in violation of the rules and regulations.

G. Day guests must register with the Home Club personally upon arrival and may be required to carry a temporary membership card issued by the Club.

H. Day guest usage and fee policies apply to all membership classifications as set forth in the Club's Rules and Regulations, which may be modified from time to time at the sole discretion of the Club's management.

**27.2 Corporate Guests** - Corporate Member Designees are extended the privilege of hosting day guests at the Club according to the following guidelines:

A. A Cliffs Corporate Membership does not allow for unlimited use of the Club Facilities by all individuals who are employed by the company or business.

B. Corporate Member Designees must pre-register their day guests with the Home Club.

C. Corporate Member Designees must personally call and reserve tee times for any unescorted guests and authorize charge privileges or indicate to the Club staff that the guest will be solely responsible for the guest's charges while visiting the Club unescorted by the Member.

D. The "local" day guest rules above apply equally to the number of times per year that a Corporate Designee's day guest may be sponsored.

E. The maximum number of unescorted day guests of a Corporate and Executive Designee is limited at all times. Club management reserves the right to make exceptions. At all times, unescorted guest tee times are subject to availability. The Home Club's on-site manager shall have the right to deny privileges to any unescorted guest.

**27.3 Family Guests** - From time to time, the club may offer preferential guest fee rates for family members of the Member. These guest fee rates apply to family members playing with the member and include adult children and their spouses and children, parents, and grandparents.

**27.4 House Guests** - Family and friends staying within the home of a Member within the community are not subject to the Member Day Guest rules outlined in 27.1.A above.

**27.5 Lessees** - As to a Lessee of a Member's home, club access is contingent upon the membership classification of the Member, and subject to the Club Lessee Rules and Policies. Members should inquire with the Membership Office for program outline and application.

**27.6 Residence Club Guests** - An "Escorted Guest" shall be defined as any guest who resides with a Residence Club Member during their stay in residence. An "Unescorted Guest" shall be defined as any guest who resides in a Residence Club property without the Residence Club Member being present. Guests of a Residence Club Member may use the Club Facilities under and in accordance with the following provisions:

A. Residence Club Members shall be responsible for the conduct and appearance of their guests, and shall, at the request of the Cliffs Clubs, require the guest to leave the Club premises if the guest is determined by the Club to be in violation of the rules and regulations.

B. Residence Club Members must pre-register Unescorted Guests in writing at least fourteen (14) days prior to their arrival date.

C. Unescorted Guests shall be permitted to use the Residence Club Member's Home Club Facilities only and will be responsible for any charges and fees incurred. Any unpaid charges or fees of an Unescorted Guest will be charged to the sponsoring Residence Club Member's account.

D. Escorted Guests are permitted to use non Cliffs Home Club Facilities only while in the presence of the sponsoring Residence Club Member.

E. Residence Club Members will be responsible for any Escorted Guest fees for the Member's guest, as determined by the Cliffs Clubs. Payment may be processed through charges to the Member's account, or through a credit card.

Escorted Guest fees may apply to use all club facilities including the golf courses, tennis courts, swimming pools and other social and recreational activities, as determined by the Cliffs Clubs.

F. Exchange Guests of Residence Club Members shall be permitted to use the Member's Home Club Facilities only and will be solely responsible for any charges and fees incurred during their use of the Home Club.

- 28. Other Guest Usage And Privileges** - The Cliffs Clubs may grant use and access privileges to persons other than Members at any or all facilities of the Cliffs Clubs. Such other designated users may include, but shall not be limited to, persons who are employed by the Cliffs Clubs, the development company and its exclusive sales broker, prospective purchasers of property, resort guests and other non-members subject to compliance with strict guidelines, schedules and fee structures as determined by the Cliffs Clubs. The Cliffs Clubs may permit persons to use the facilities for special outings and events, according to guidelines, schedules and fee structures established by the Cliffs Clubs.

### **DISCIPLINE OF MEMBERS**

- 29. Reasons for Discipline** - A Member, or any of his/her family or guests may be subject to disciplinary action by the Cliffs Clubs for any of the following reasons, or any other action deemed to be "Conduct unbecoming a Member of the Cliffs Clubs:"

- A. Submission of false information on a membership application, or application for guest or lessee privileges.
- B. Permitting a membership card or Club account to be used by anyone other than the designated Member, or as otherwise allowed in accordance with this Membership Plan.
- C. Non-payment of any fees, dues, charges and other indebtedness due and owing the Cliffs Clubs within the time required.
- D. Exhibiting conduct that is prejudicial to the good order, harmony, reputation, health, safety, morals or general welfare of the Cliffs Clubs, or its Members and their families, as determined solely by the Cliffs Clubs.
- E. Exhibiting conduct that is disruptive, abusive, incompatible with, or offensive or disagreeable to the Members of the Club, their families and guests, as determined solely by the Cliffs Clubs.
- F. Displaying conduct which, in the sole and absolute discretion and opinion of the Cliffs Clubs, is abusive to management or staff or an affiliate's employees.
- G. Exhibiting behavior which is considered lewd or vulgar, including the excessive use of profane language, or which constitutes or evidences habitual or repeated drunkenness, or use of drugs or controlled substances, as determined solely by the Cliffs Clubs.

H. Solicitations of any kind, including but not limited to, mail, telephone or email, made by use of the published membership directory or the Club's website.

I. The violation of any rules and regulations of the Cliffs Clubs, including, without limitation, this Membership Plan, and other rules and regulations promulgated by a Cliffs Clubs, at any time governing Member conduct and use of Club property or facilities.

J. The Cliffs Clubs, taking into account the nature and gravity of the conduct involved, may in its sole and absolute discretion, reprimand, place on probation, suspend, expel or refuse to renew the membership of any Member who is in violation of the offense.

K. The Cliffs Clubs may restrict, suspend, or terminate any Member's right to use any or all of the Cliffs Clubs' facilities at the discretion of the Cliffs Clubs.

L. A Member who is suspended due to disciplinary action, is not entitled to any refunds of initiation fees or dues, and is liable for full payment of outstanding club account balances.

M. A Member, who is temporarily suspended from use of Club Facilities, is liable for payment of monthly dues and other charges in a proper and timely matter. The temporarily suspended Member cannot be reinstated as a Member in good standing, until all outstanding account balances are paid in full.

N. In the event a membership is permanently terminated by the Cliffs Clubs, constituting an involuntary resignation, the Member waives all rights to any guaranteed membership re-issuance in accordance with this Membership Plan or the right of refund of initiation deposit as herein provided.

O. A permanently suspended former Member shall not, under any circumstances, be entitled to consideration for membership application in the future, and may be prohibited from being admitted to use Club Facilities under any circumstances, including as a day guest or lessee.

## **PERSONAL INJURY AND LOSS OR DESTRUCTION OF PROPERTY**

**30. Member Responsibilities and Indemnities** - Each Member, as a condition of membership, and each guest as a condition of invitation to the Cliffs Clubs Facilities, assumes sole responsibility for his/her personal property and acknowledges and understands the following:

A. Neither the Cliffs Clubs nor club staff are responsible for any loss or damage to any private property used or stored on the premises of the Cliffs Clubs, whether in lockers or elsewhere.

B. Any personal property left in, or on Club property, for more than six (6) months, without payment due for any applicable storage facilities, will be sold by the Cliffs Clubs, with or without notice, at a public or private sale, or may be otherwise disposed of, and the proceeds, if any, shall be retained by the Cliffs Clubs.

C. No person shall remove, or rearrange any property or fixtures belonging to the Cliffs Clubs to a different location or position, without proper authorization from the Cliffs Clubs' management.

D. All Members are liable for any property damage or personal injury at the Club Facilities, whether during normal usage, or at any activity or function which is sponsored by the Cliffs Clubs, if such damage or injury is caused in whole or in part by the Member, his/her family, or guests. The cost of such damage shall be charged to the Member's account. Persons responsible for any damage are subject to suspension or termination for the refusal to make restitution therefore.

E. All Members, guests, and other persons who in any manner, make use, or accept use of any apparatus, appliance, facility, or privilege or service provided by the Cliffs Clubs, or who engages in any contest, game, function, exercise, competition, or other activity operated, organized, arranged or sponsored by the Cliffs Clubs, shall do so at his/her own risk, and shall hold the Cliffs Clubs, its management and employees, affiliates, directors, representatives and agents harmless from any and all loss, cost, claim, injury, damage or liability sustained or incurred by him/her resulting therefrom, or from any act or omission, including the negligence, of the Cliffs Clubs, its management and its employees, affiliates, directors, representatives and agents.

F. Should any party bound by these rules and regulations bring suit against the Club, its management and/or employees, affiliates, directors, representatives and agents in connection with any event operated, organized, arranged or sponsored by the Cliffs Clubs or any other claim or matter in connection with membership in the Club, and fail to obtain judgment therein against them, said party shall be liable to the Cliffs Clubs, its management and employees, affiliates, directors, representatives and agents for all costs and expenses incurred by the action in the defense of such suit.

## **TRANSFER OF CLUB OR CLUB FACILITIES**

- 31. Sale of Club to a Third Party** - The Cliffs Clubs reserves on behalf of itself, its successors, successors-in-title to the Club Facilities, and assigns, the right, in its sole discretion, to sell, convey or otherwise transfer ownership of the Cliffs Clubs or any of the Cliffs Clubs' Facilities to any entity whatsoever, subject to the rights of Members set forth in this Membership Plan.

The Cliffs Clubs hereby reserves the right, on behalf of itself, its successors, successors-in-title to any and all Club Facilities, and assigns, in connection with the sale or transfer of any or all Club Facilities, to terminate all memberships without liability, except payment of any refund that would be due and payable, as hereinafter provided, at any time upon sixty (60) days prior written notice to all Members. Nothing herein shall obligate the Cliffs Clubs to terminate memberships upon sale or transfer of any or all Club Facilities, nor shall any Member be entitled to any refund of membership fees due to such sale or transfer except in the event of termination as provided herein.

In the event of termination of memberships in connection with the sale or transfer of any or all Club Facilities, all membership classifications shall be entitled to a refund of the initial initiation deposits actually paid by such Members for membership in the terminated Home Club.

Any membership dues or other charges due from the terminated Member may be offset against any refund to which such Member may be entitled. Any periodic dues paid by a Member that are applicable to the period after such termination shall be refunded to the Member.

This Paragraph shall apply only to involuntary termination of memberships in connection with a sale or transfer of a Cliffs Clubs' Facilities by the Cliffs Clubs and shall not apply to termination of membership privileges under any other circumstances.

- 32. Sale of Club to Members** - The Cliffs Clubs, on behalf of itself, its successors, successors-in-title to Club Facilities, and assigns, hereby reserves the right to, but shall be under no obligation to, offer to sell any or all of the Club Facilities to the Members, or a group thereof, or convert, in whole or in part, the Cliffs Clubs to an "equity" club or similar arrangement whereby the Members, or an entity owned or controlled by the Members, becomes the owner or operator, or both, of the Club Facilities. The acquisition price of the Club Facilities, if any is established, or the Cliffs Clubs, acting either alone or in conjunction with the entity group the Members may select to represent themselves, will establish the acquisition price of a membership in any such "equity" club. In such event, the Cliffs Clubs, on behalf of itself, its successors, successors-in-title to the Club Facilities, and assigns, reserves the right to:

- (1) terminate all memberships without liability at any time upon sixty (60) days' prior written notice to all the Members of the sold Club Facilities and;
- (2) refund, or credit towards the acquisition of a membership in an equity club established for the Club Facilities, such portion of the initiation deposit paid by a Member for membership in the Cliffs Clubs, which the Cliffs Clubs shall determine, in the exercise of its sole discretion.

Nothing herein shall obligate the Cliffs Clubs to terminate memberships upon sale or transfer of Club Facilities to the Members or conversion of the Cliffs

Clubs, in whole or in part, to an "equity" club, nor shall any Member be entitled to any refund of initiation deposits or other membership fees as a result of such sale, transfer, or conversion except as determined in the sole discretion of the Cliffs Clubs. Any membership dues or other charges due from the terminated Member may be offset against any refund to such Member. Any periodic dues paid by a Member that are applicable to the period after such termination shall be refunded to the Member.

33. **Dissolution of the Club** - The Cliffs Clubs hereby reserves the right, on behalf of itself, its successors, successors-in-title to the Club Facilities, and assigns to terminate all memberships and proceed to dissolve the Cliffs Clubs, without liability, at any time upon sixty (60) days' prior written notice to all Members.

In the event of such termination of memberships, all membership classifications of the terminated Club shall be entitled to a refund of the initiation deposit actually paid by such Member for that membership classification.

Any membership dues or other charges due from the terminated Member may be offset against any refund to which such Member may be entitled. Any periodic dues paid by a Member that are applicable to the period after such termination shall be refunded to the Member.

### **ADVISORY BOARD**

34. **Advisory Board** - The Cliffs Clubs may establish a process for the appointment or election of an Advisory Board for each Home Club consisting of Members of the Home Club. The Advisory Board will serve in an advisory capacity only, and will have no duty or power to act on behalf of the Cliffs Clubs, the Home Club or the Home Club's Members, whether individually, or collectively.
35. **Advisory Board Meetings With Club Management** - The Cliffs Clubs' management will designate the General Manager, Head Golf Professional, Director of Golf, Head Superintendent, and Members of Senior Management, or any one or a committee of them, to meet with the Advisory Board to discuss the operation of the Home Club Facilities.



## **RULES AND REGULATIONS**

It is the intent of the Cliffs Clubs to limit these Rules and Regulations to the minimum required for the mutual enjoyment of a Home Club's Facilities by all the Home Club's Members and their guests.

The obligation of enforcing these Rules and Regulations for the good of all Members is placed primarily in the hands of a carefully selected and trained staff whose principal responsibility is to assure you of all the courtesies, comforts, and services to which you, as a Member of a Home Club, are entitled.

It is further the responsibility of the membership of the Home Club to know these Rules and Regulations and to cooperate in their enforcement.

For purposes of these Rules and Regulations, "Club" will refer to any one of the Home Clubs as defined in this Membership Plan.

### **SECTION I. GENERAL CLUB RULES**

- A. **HOURS OF OPERATION** - The hours of operation of the Club, and any or all of the Club's facilities will be established, posted and published by the Club, and may be adjusted seasonably or otherwise, as member usage and other conditions may require.
- B. **DRESS STANDARDS** - Members of the Club and their families and guests shall at all times be in attire appropriate for the area of the Club in which they are located. The term "appropriate attire" shall mean and be defined as clean, presentable clothing in good condition and not to be offensive to other Members of the Club. The Club Ownership and Management shall have the authority to determine what constitutes "inappropriate attire", and may request anyone who is in violation of this provision to leave the Club premises, or particular area of the Club.

Shirts and shoes are required at all times on the Club premises. Bathing suits may be worn only in the designated pool areas.

Exceptions to the standard dress code or additional dress requirements will be published and posted for notification.

Denim is permitted in select locations within each Clubhouse as described below:

Glassy Clubhouse – Bar, Patio and Grill  
Valley Clubhouse – Bar and Patio  
Keowee Vineyards Clubhouse – Bar and Patio  
Keowee Falls Clubhouse – Bar and Patio  
Keowee Springs Turnhouse – Turnhouse

Denim is not allowed in the dining room areas or on the golf courses. The Cliffs Valley Bar is defined as the dining area nearest the bar and in front of the stone archways. Jeans are defined as denim of any color, and/or any shorts or pants of denim material that are riveted and of a western cut and style.

Casual attire is permitted in locations other than the Clubhouse and Golf Course, i.e. Wellness Centers. Gentlemen are requested to remove hats and keep their shirt tails tucked in inside the Clubhouse.

Children under the age of 16 are permitted to wear cargo shorts. The Club's definition of cargo shorts excludes shorts with billowing pockets, frayed edges, holes, multiple pockets and pockets that are stitched on the exterior of the shorts.

- C. ALCOHOLIC BEVERAGES - All Members acknowledge, agree and understand that at all times, the Member, his/her family and guests, and all employees of the Club will comply with the applicable laws, rules and regulations, concerning the possession, sale, distribution and consumption of alcoholic beverages, according to the laws of the state of the applicable facility's location.
- D. FOOD AND BEVERAGE - All food and beverage consumed at the Club Facilities shall be furnished by the Club. Employees of the Club are not permitted to deliver any food and beverage outside areas designated by the Club.
- E. SOLICITATION - Except as expressly permitted by the Club, no commercial advertisements shall be posted, or circulated in the Club or on the Club's website, nor solicitations of any kind be made at the Club Facilities, or on Club stationery. Other than as permitted by the Club, no petition shall be organized, solicited, circulated or posted at the Club Facilities. No solicitations of any kind, including but not limited to, mail, telephone or email, shall be made by use of the published membership directory or any other membership information.
- F. EMPLOYEES - Matters of staff and employee discipline are the sole responsibility of the Club Ownership and management. Accordingly, a Member, his/her family or guest shall not be permitted to reprimand, discipline or abuse, whether verbally or otherwise, any staff member of the Club. Complaints regarding the conduct or mannerisms of any staff member should be reported to the ownership or management immediately.

Members, their family or guests shall not interfere in the administration or performance of employees' duties. Employees may not be sent from the premises for personal errands or business of the Members. Members, their family or guests may not request special personal services or favors from employees.

- G. ENTERTAINMENT - No performance by entertainers will be permitted at the Club Facilities without permission of the Club.
- H. VEHICLES/PARKING - Vehicles must be parked in such areas as designated by the Club. Vehicles should not be parked on grass lawns, at the front entrance or delivery areas of the Club, or any place that interferes with the normal flow of traffic, unless the Club grants special permission. Unlicensed vehicles are not permitted on Club property without the permission of the Club. In particular, GEM and/or NEV cars are low speed vehicles pursuant to South Carolina law and not a form of golf cart, and require proof of insurance, permit from the South Carolina Department of Transportation, a License Tag, and operation by a licensed driver.

- I. COMPLAINTS - All complaints concerning the normal operations of the Club, its employees and other matters must be directed to the appropriate senior manager. All complaints concerning a manager or Club Director should be made in writing, to the General Manager, or appropriate Vice President of The Cliffs Communities, Inc., specifying the particular offense or concerns, and signed and dated by the complainant.
- J. PETS - Dogs and other pets (with the exception of Seeing Eye dogs) are not permitted at the club facilities, except under special circumstances, or where authorized by the Club. When dogs are permitted on Club property, they must be leashed.
- K. FIREWORKS - Fireworks of any type are not permitted anywhere on Club property, or adjacent areas, unless a fireworks display or exhibit is organized and conducted by the Club.
- L. OFF-LIMIT AREAS - Members, their families or guests, are not permitted in the kitchen and service areas of the Club, or in certain maintenance areas located on club property.
- M. GROUP FUNCTION - Use of the club facilities may be restricted or reserved by the Club or General Manager for special group functions and activities. All group functions must be reserved in accordance with reservations and usage policies, and through the Club management.
- N. AUTHORITY - The Club personnel has full authority to enforce all rules and regulations, and any infractions will be reported to Club Ownership or management. All rules and regulations are subject to amendment or modification at the sole discretion of Club Ownership.
- O. SMOKING - In recognition of the health, safety and comfort benefits of smoke-free air and the responsibility to provide and maintain an optimally healthy environment for our Members, Associates and Guests, the Cliffs Clubs does not permit smoking within any Club Facility or adjacent to a Club dining venue.

## **SECTION II. AUTOMOBILE AND BOAT DECALS**

Access onto the property of the Club will be granted upon obtaining a decal or appropriate guest pass from the Public Safety office. Proof of vehicle registration is required for a permanent automobile decal. Vehicles must be registered in the name of the Member or eligible family members.

## **SECTION III. SERVICE CHARGES AND TAXES**

A standard service charge is added to all food and beverage purchases, and for services provided according to the schedules as determined by the Club. The Club is required to add state sales tax to food and beverage totals including service charges. The Club is required to charge state sales tax on all purchases. A state admissions tax may be required on all guest and greens fees.

## **SECTION IV. MAILING ADDRESSES**

Each Member shall be responsible for filing his/her correct and current mailing address, and any changes, with the Club in written form. All notices and statements from the Club will be sent to the address on file. Failure to receive such billings and notices on time, does not justify the excuse for late payment to the Club.

## **SECTION V. CLUB SERVICES AND ACTIVITIES**

- A. The Club provides a variety of social, cultural and recreational events in which Members are entitled to participate, except in the event of a private party function, not considered open to all Members, or an event sponsored for or by guests. All Membership functions will be published in the Club bulletin, newsletters or web page.
- B. Certain events at the Club may have limited reservations available. Reservations will be required for most events, and are accepted on a first-come basis by the appropriate personnel in charge of reservations.
- C. Reservations made by a Member for accommodations, meals, festivities, etc. may be charged to the Member making the reservation regardless of whether the reservation was used; unless it was cancelled not less than 24 hours prior, or as noted for Special Functions, prior to the date for which it was scheduled.
- D. Use of the Club for private parties and functions is encouraged, providing these events do not interfere with the normal operation of the Club, or with the services regularly available to all Members. Private parties are not permitted without prior approval from the General Manager. The Member who reserves a private party is held responsible for the conduct of the guests, for all charges incurred by the guests, and any damage caused by the guests. The Club may require a security deposit prior to the function.

## **SECTION VI. CHILDREN**

- A. Children under the age of sixteen (16) years old, are not allowed in the Members' locker rooms and must be accompanied and supervised by an adult when using the Club's facilities. Children under the applicable drinking age are not allowed in any bar area, unless accompanied by an adult. Children under the age of sixteen (16) are allowed to use the golf course and other club recreational facilities only at the discretion of the Club management and when accompanied by an adult. Children are not allowed to play on the golf course and cart paths. Children under the age of twelve (12) are not permitted in the fitness areas and must be accompanied by the Member when using the locker facilities and steam rooms.

## **SECTION VII. GOLF RULES**

To preserve the freedom and to maximize the enjoyment of all Members of the Club, their families and guests in their use and enjoyment of the golf courses, golf practice facilities, and other golf-related equipment and amenities, the Club has the sole responsibility and authority to enforce certain rules and regulations. Members of the Club and all staff members are to report any violations to the General Manager who has the authority to enforce and discipline offenders. Members of the Club shall have no authority to enforce the rules and regulations, and are not requested to do so. The following rules and regulations shall be in effect, and are subject to change from time to time:

#### A. STARTING TIMES

All players must have a designated starting time assigned prior to commencement of play. All players must register in the golf shop before each round of play. All play will start from the 1<sup>st</sup> tee unless otherwise directed by the golf shop personnel. Starting is not permitted on any other hole, by anyone, unless so directed by the golf shop personnel. Registration is required ten (10) minutes prior to the reserved tee time. Members should present their membership card upon registering. Twosomes and singles will be grouped with other players, if available, and by decision of the golf shop personnel. Twosomes have no priority over foursomes, regarding play through, or dictating speed of play.

#### B. CANCELLATIONS

It is necessary to cancel your reserved tee time as soon as possible. Members repeatedly failing to use reserved tee times without giving sufficient notice to the golf shop, may be billed the retail value of such times, and shall be subject to denial of future reservation privileges.

#### C. RAIN CHECK POLICY

When inclement weather prevails and causes termination of play, as determined by the golf shop personnel, a credit for all, or a portion of that day's greens fees and cart fees may be given. Credit will only be issued on that day of play, and it is the responsibility of the player to apply for a rain check from the golf shop. No play is allowed during dangerous weather conditions as determined by the golf shop personnel.

#### D. CONTROL/RULES OF PLAY

The use of and play on the golf courses shall at all times be subject to the control of the Club's Head Golf Professional and his/her designated assistants. The Golf Course Superintendent in consultation with the Head Golf Professional shall determine when weather and other conditions dictate the closing of portions, or the entire course; or the prohibition of, or imposition of limitations upon the use of golf carts. Player Assistants may be on duty to help regulate play and to enforce golf cart regulations, and have the full authority vested in them by Club management to enforce all rules and regulations, speed of play and course etiquette. "Course closed", and "hole closed" signs are to be adhered to without exception. Practice is not allowed on the golf courses. The practice ranges and practice greens should be used for practice. Range balls provided by the golf shop are only to be used on the practice ranges. A player cannot hit his own shag balls. The United States Golf Association rules shall govern all play, except when modified by local rules. Players should play to pace, or invite the following group through, should they fall one clear hole behind the group in front of them. If a group stops at the turn, and allows the following group to overtake, and pass them, the group stopping at the turn shall forfeit its place and must return to the 1<sup>st</sup> tee and continue play in the next available tee time.

#### E. GOLF COURSE ETIQUETTE

All players are expected to observe customary golf course etiquette including, but not limited to: raking bunkers, replacing divots, repairing ball marks, proper disposal of litter, abstention from use of loud or abusive language, proper attire, and basic safety regarding timing of shots. All players must be ready to make their shot when it is their turn, and should play out of turn, if doing so will contribute significantly to the progress of their group. When the play of a hole has been completed, players should immediately leave the green. Scoring for the hole can be done while others in the group are playing at the next tee. Players searching

for a lost ball should allow others to play through. A player should ensure that, when dropping bags or the flagstick, no damage is done to the green. A player should ensure that any turf that is cut or displaced by him/her is replaced and/or repaired.

To ensure the enjoyment of all Members, it is important that groups play to the Cliffs Clubs' established pace of 4 hours and 15 minutes.

If a group is not playing to pace or has fallen out of position, they will first be asked to regain their position on the golf course. If a group fails to do so, they will then be asked by a Golf Professional to increase their pace and regain their position on the golf course and be warned that failing to do so could result in letting trailing groups play through or picking up and moving to the proper position on the golf course.

If a group is approached a third time and still has not regained their position on the golf course, they could be asked to let a following group play through or pick up and move to their proper position on the golf course.

#### F. HANDICAPS

Handicaps are computed under the supervision of the Head Golf Professional in accordance with current USGA recommendations. Accurate records are to be kept of scores turned in and recorded for all applicable rounds played.

#### G. EQUIPMENT

All players must have a golf bag, a set of golf clubs, and wear appropriate golf shoes, as established by the Head Golf Professional and posted in the golf shop, when on the golf course. Two or more players may not play out of the same bag, or otherwise with a single set of clubs.

#### H. DRESS CODE

All players must be appropriately attired on the golf courses and at the practice facilities at all times. Members are responsible for informing their family members and guests of the proper dress code prior to their visiting the Club. Anyone not complying with the dress code may be asked to change his attire before gaining access to the course, or be asked to leave the premises due to lack of cooperation with the rules and regulations regarding appropriate attire.

The following are considered appropriate dress code regulations:

**MEN** - Shirts with a regular collar or mock turtleneck collar and sleeves, slacks or golf shorts. Shirt tails must be tucked in at all times. No tank tops, t-shirts, cut-offs, cargo shorts or pants, sweat pants, bathing suits, jeans or athletic shorts are permitted. Gentlemen are requested to keep shirt tails tucked in at all times and remove hats inside the Clubhouse.

**WOMEN** - Dresses, skirts, slacks, golf shorts, and golf shirts (collar or mock turtleneck) and blouses. No tank tops, t-shirts, bathing suits, sweat pants, athletic shorts, jeans or short shorts are permitted.

## I. GOLF TEE TIMES

Golf Shop personnel will assign the tee times upon Member request and is based upon availability. Golf Shop personnel have the sole authority to reserve tee times for Members to best accommodate a Member request. Reserved tee time policies are provided for certain membership classifications. All players must have a reserved tee time, and all four (4) players' names are to be recorded. Singles and twosomes play at the discretion of the Golf Shop staff. Fivesomes are not permitted unless otherwise directed by a Golf Professional.

The Golf Shop staff must approve tee time changes. Failure to register within 10 minutes of your tee time may result in forfeiting the tee time. Cancellation without proper notice, or not showing up for a designated, reserved tee time, is cause for forfeiture of future reservation privileges. Additionally, the Club may impose a cancellation fee, which may, in the Club's sole discretion, be billed directly to the Member's Club account without notice.

## J. PRACTICE FACILITIES

All players must register with the golf shop prior to using the practice facilities. Range balls are for use on the practice range only. Range balls are not permitted for use on the golf course. Range balls must be acquired through the payment of a fee, if any, as set forth by the Club. Range balls must be hit from the designated areas only. No hitting is permitted from the rough or sides of the range. Proper attire is required at all times on the practice range and practice green.

## K. GOLF CART RULES

A Member or guest player without proper assignment and registration in the golf shop shall not use golf carts. Each operator of a golf cart must be at least sixteen (16) years of age and have a legal driver's license. Rental golf carts, or privately owned golf carts, or golf cars are not permitted on the courses. No more than two (2) people and no more than two (2) sets of clubs per cart are permitted on a single golf cart. Golf carts should not be driven off course property, into heavily wooded areas, onto casual water, or "soft" areas, or on newly seeded areas. Golf carts must stay on the cart paths, unless permitted off the path by the Clubs. All "carts on path" signs must be adhered to, and all traffic signs obeyed.

Operation of a golf cart is at the risk of the operator. Any cart damages or malfunctions must be reported to the golf shop immediately. Members, their families and guests are responsible for the cost of repairs and damages to carts if it is determined that the damage was caused due to failure to comply with rules and regulations, and basic safety.

Players are permitted to walk on the courses, the playing times of which are at the discretion of the golf shop personnel.

## L. CLUB STORAGE

All golf equipment items, such as bags and clubs, are to be stored in the club storage facilities, and not in locker rooms.

**M. MISUSE OF GOLF COURSE**

The use of the golf courses and all golf practice facilities for any other purpose than golf is prohibited, unless otherwise pre-approved by Club management.

No fishing, swimming or boating shall be permitted on the ponds and lakes associated with the golf course.

**N. PERSONAL COMMUNICATION DEVICES**

The use of cellular telephones, PDAs and personal radios must be set to silent and should not be used in areas that would affect the experience of Members and their guests.

**SECTION VIII. TENNIS RULES**

- A. Hours of operation for the tennis courts will be determined by the Clubs, and adjusted according to seasons. Hours of operation will be published and posted for notification to the Members.
- B. Management has the authority to prohibit play on the tennis courts at any time due to inclement weather, or other poor playing conditions.
- C. All tennis players must have a reserved court time, and must register with the Wellness Center prior to play. Players are required to present their membership or guest card when registering. All names in the playing party must be given at the time of reservation. Advance reservation times may vary seasonally.
- D. Play is limited to ninety (90) minutes for singles and/or doubles. If there are no players waiting to play, players do not have to vacate the court. After starting play, playtime may not be extended by adding players to your party, if others are waiting. Players may not sign up for additional court time before their initial court time is over. Practice time is limited to ninety (90) minutes for a single.
- E. Waiting players must secure their court at the designated time. Late arrivals are cause for cancellation of the reserved time, which may be awarded to another player. Court reservations will be held for fifteen (15) minutes before being awarded to other players who are waiting.
- F. Cancellations without proper advance notice, or not showing up for a designated reserved court time are cause for forfeiting future reservation privileges. Additionally, the Club may impose a cancellation fee, which can be billed directly to the Member's account.
- G. If the courts are not playable, notice will be posted.
- H. All players must wear regulation tennis shoes. Basketball or other sport shoes are not allowed. Proper tennis attire is required at all times, and for all ages of players. Shirts must be worn at all times. Bathing suits, tank tops, cut-offs, jeans and other non-tennis apparel as determined by the Club are not permitted.



- I. Adults have certain priority playing times as determined by management. Individuals sixteen (16) years of age and older are considered adults as it relates to priority playing times.
- J. Courts may be reserved for special tennis lessons and clinics, and socials as determined by management.
- K. Members must register their guests in the wellness center, and pay the appropriate guest fees, if applicable. All local guest rules apply as outlined in the Club Membership Plan.
- L. Members are responsible for the conduct and etiquette of their family members, children and guests.
- M. Children under the ages six (6) years of age are not allowed in the tennis court areas at any time. Parents are not allowed to play tennis while children are unattended at the court and club site.
- N. A practice ball machine is available for Member use and must be reserved with the Wellness Center prior to use. Children under the age of 16 are not permitted to use the ball machine without adult supervision.

#### **SECTION IX. SWIMMING POOL RULES**

- A. Hours of operation for the swimming pool will be consistent with the hours of operation for the adjacent wellness facility or club amenity as determined by the Club, and adjusted according to seasons. Hours of operation will be published and posted for notification of the Members.
- B. Swimmers are required to wear shirts and footwear when walking between any of the Club's facilities and pool.
- C. Swimming attire is not allowed to be worn in the clubhouse area, unless in designated access areas to showers and locker rooms. Proper swimming attire must be worn in the swimming pool. No cut-off pants, tennis shorts or other inappropriate clothing are allowed.
- D. At all times, a Member shall use the pool facilities at his/her own risk.
- E. Non-swimmers and novices will not be allowed in deeper water or in the diving area. They are not allowed in the pool area unless supervised by a parent.
- F. A Member must accompany all guests, and guest fees may be charged. All guest rules apply as outlined in the Club Membership Plan. Members and guests must register with the club personnel before entering the pool area. All local guest rules apply as outlined in the Club Membership Plan.
- G. Small children must be accompanied by adults in any pool area. Pets are not allowed in any pool area. Children ages 12 and under are required to have an adult chaperone with them at all times.
- H. Non-swimming equipment is not allowed in the pool. A club staff member has full authority to determine what types of swimming apparatus are permitted.

- I. Members shall be responsible for the conduct of their family members and guests.
- J. No food or beverage is to be brought to the pool from the outside.
- K. All Members and guests are to comply with any additional posted rules and regulations at all times. Participants not in compliance with rules and regulations may be asked to leave the club premises, and are subject to disciplinary action as outlined in the Club Membership Plan.
- L. Infants must be in swim specific diapers. Please refrain from changing diapers on the pool deck or dining tables. Changing tables are available for Member use.
- M. Glass bottles, glasses and breakable materials or sharp objects are not permitted in the pool area.
- N. Out of consideration for others, no radios will be permitted in the pool area except those being listened to by headphones.
- O. Dogs and other pets are not permitted in the pool area or on the club grounds at any time.
- P. Parents shall be responsible for the conduct of their children at all times. Running, horse play or any other hazardous activities are not permitted in the pool area.

#### **SECTION X. WELLNESS CENTER**

- A. All Members using the fitness area and equipment must register with the Wellness Center.
- B. Children under the age of sixteen (16) may not use tennis and fitness equipment without parental supervision. Children under the age of twelve (12) are not permitted in the fitness areas and must be accompanied by the Member when using the locker rooms and steam rooms.
- C. Use of the fitness equipment is at the sole risk of the participant. Members are advised to seek medical advice regarding their individual physical ability and use of fitness equipment.
- D. Proper exercise attire is required of all Members and guests. The Club reserves the right to determine if workout outfits are neat and tastefully appropriate. Shirts and shoes are required at all times. Members must wear proper shoes when using the fitness equipment. No sandals, hard soles such as cleats or other shoes that damage flooring in the wellness center.
- E. Food and beverage items are not allowed in the fitness area.
- F. Proper etiquette is required at all times from Members and their guests. Members are ultimately responsible for the conduct and dress of their guests.
- G. All local guest rules apply as outlined in the Club Membership Plan.

## Exhibit 2

### Promissory Note

**CLIFFS CLUB MEMBERSHIP  
PROMISSORY NOTE**

\$ 45,000.00 USD

CKS 1 / 102

(Note Principal)

10/16/09(Date)

Travelers Rest, South Carolina

Borrower(s): Jack A. and Sally M. Molenkamp

FOR VALUE RECEIVED, the below subscribing individual(s) (individually or collectively, "Borrower") promises to pay to the order of Cliffs Golf & Country Club ("Lender") with an address at 3598 Highway 11, Travelers Rest, S.C. 29690, Attention: Cliffs Golf & Country Club (or at such other place or places as the Lender may designate) the above identified Note Principal under the terms and conditions of this Cliffs Club Membership Promissory Note (this "Note").

1. Interest. Interest shall accrue on the outstanding principal balance of this Note until paid (whether at stated maturity, on acceleration or otherwise) at the rate of 6.00% per annum. Interest is computed daily based on a 365 day year on the entire outstanding principal balance, and this Note and all interest payments are due precisely on the dates specified below; provided, however, that if the terms of this Note require the payment of any monies to occur on a Saturday, Sunday or any other day on which banks in the State of South Carolina are not open for the purpose of receiving deposits, such payment shall be timely if made on the next succeeding day when such banks are open.

Regardless of any other provision of this Note, if for any reason the effective interest should exceed the maximum lawful interest, the effective interest shall be deemed reduced to, and shall be, such maximum lawful interest, and (i) the amount which would be excessive interest shall be deemed applied to the reduction of the principal balance of this Note and not to the payment of interest, and (ii) if the loan evidenced by this Note has been or is thereby paid in full, the excess shall be returned to the party paying same, such application to the principal balance of this Note or the refunding of excess to be a complete settlement and acquittance thereof.

2. Payments.

- (a) *Payment One.* Twelve Months from the date hereof, Borrower will pay Lender the principal amount of \$0 plus interest in the amount of \$0.00.
- (b) *Payment Two.* Twenty-four Months from the date hereof, Borrower will pay Lender the principal amount of \$45,000.00 plus interest in the amount of \$2,700.00.
- (c) Payments may be paid by check, wire transfer, money order, cashier's check, or credit card. However, Borrower will be responsible for the payment of a processing fee in the amount of \$500.00 if payments are made by credit card.

- (d) All payments of principal and interest on this Note shall be payable to Lender in lawful currency of the United States of America in immediately available funds in the manner and location indicated above or wherever else Lender may specify.

If payment of principal and any fees due hereunder in respect of Payment One shall be made when due or within five days thereafter, Lender shall forgive Borrower all interest due and owing in respect of the Payment One principal amount. If payment of principal and any fees due hereunder in respect of Payment Two shall be made when due or within five days thereafter, Lender shall forgive Borrower all interest due and owing in respect of the Payment Two principal amount. Lender shall not be responsible for and hereby disclaims any liability to Borrower (including, without limitation, applicable state and federal tax liability) accruing to Borrower as a result of any such forgiveness of interest.

3. Prepayment. This Note may be prepaid in whole or in part at any time without any premium or penalty.

4. Late Charges. If any payments are not timely made, Borrower shall also pay to Lender a late charge equal to 2.00% of each payment past due for 30 or more days. This late charge shall not apply to payments due at maturity or by acceleration of the loan evidenced by this Note, unless such late payment is in an amount not greater than the highest periodic payment due hereunder.

5. Events of Default. An "Event of Default" shall mean any one or more of the following events:

- (i) The Borrower fails to pay any principal or accrued interest on this Note when it is due and payable, and the failure continues for a period of five days after notice of non-payment is delivered to the Borrower by the Lender;
- (ii) The Borrower commences any voluntary proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, dissolution, or liquidation law or statute, of any jurisdiction, whether now or subsequently in effect; or the Borrower is adjudicated insolvent or bankrupt by a court of competent jurisdiction; or the Borrower petitions or applies for, acquiesces in, or consents to, the appointment of any receiver or trustee of the Borrower or for all or substantially all of its property or assets; or the Borrower makes an assignment for the benefit of creditors; or the Borrower admits in writing its inability to pay its debts as they mature; or
- (iii) There is commenced against the Borrower any proceeding relating to the Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, dissolution, or liquidation law or statute, of any jurisdiction, whether now or subsequently in effect, and the proceeding remains undismissed for a period of sixty (60) days or the Borrower by any act indicates its consent to, approval of, or acquiescence in, the proceeding; or a receiver or trustee is appointed for the Borrower or for all or substantially all of its property or assets, and the receivership or trusteeship remains undischarged for a

period of sixty (60) days; or a warrant of attachment, execution, or similar process is issued against any substantial part of the property or assets of the Borrower, and the warrant or similar process is not dismissed or bonded within sixty (60) days after the levy; or an order, order for relief, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority approving or ordering any of the foregoing actions.

If an Event of Default shall have occurred and be continuing, then the entire amount of this Note, plus all accrued interest, shall be due and payable immediately at the election of the Lender. Lender may bring suit against Borrower to collect the obligations owed under this Note, exercise any remedy available to Lender hereunder or at law and take any action or exercise any remedy provided herein or under applicable law. No remedy shall be exclusive of other remedies or impair the right of Lender to exercise any other remedies.

It is further agreed that the acceptance after maturity of any payment or payments shall not constitute a waiver of the right of the Lender to demand payment in full of any unpaid balance. The Lender may exercise this option to accelerate during any Event of Default regardless of any prior forbearance. If suit is brought to collect this Note, the Lender shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorney's fees and court costs.

No delay or failure on the part of the Lender in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. The remedies herein provided are cumulative and are in addition to any other remedies provided by law, under this Note or otherwise. The Lender shall be under no duty to exercise any or all of the rights and remedies given by this Note, and the Borrower shall not be discharged from any of its obligations or undertaking hereunder (a) should the Lender release or agree not to sue any person against whom the Borrower has, to the knowledge of the Lender, a right of recourse or (b) should the Lender agree to suspend its rights to enforce this Note or otherwise discharge such person.

6. Failure to Perform Note. Upon the occurrence of any Event of Default, Lender may immediately suspend Borrower's membership at any Cliffs Club, and Borrower shall lose all membership rights and privileges as of such date unless membership principal, interest and fees are paid in full within sixty (60) days of the Event of Default. Further, in Lender's sole discretion, Borrower may be precluded from joining any Cliffs Club at any time in the future.

7. Application of Payments. All sums received by the Lender for application to the loan evidenced by this Note may be applied by the Lender to late charges, expenses, costs, interest, principal and other amounts owing to the Lender in connection with the loan evidenced by this Note in the order selected by the Lender in its sole discretion.

8. Security Interest; Set-Off. Borrower hereby grants to Lender a lien on and security interest in all property or assets (including Borrower's Cliffs Clubs Membership Deposits ("Deposits") and other credits) of Borrower at any time in the possession or control of (or owing to) the Lender under The Cliffs Clubs Membership Plan (the "Membership Plan") as security for Borrower's obligations to Lender under this Note, the Membership Plan,

membership dues or expenses, or any other obligation of any kind whatsoever now or hereafter owed by Borrower to Lender. In addition to any other remedy available under contract or applicable law, Lender may debit any accounts or Deposits held by Lender and apply such amounts to the payment of interest, fees, expenses and other amounts to which Lender may be entitled from time to time, and Lender is hereby irrevocably authorized to do so without the consent of Borrower. Any expulsion or termination of Borrower's membership at any Cliffs Club may, at the option of Lender, be treated as a membership revoked due to disciplinary action under paragraph 21 of the Membership Plan, and Borrower shall not be entitled to any refund of any Deposit or any refund for membership usage fees or any dues paid by Borrower.

9. Waiver. Borrower waives demand, notice, presentment, protest, demand for payment, notice of dishonor, notice of protest and diligence of collection of this Note. Borrower consents to any and all extensions of time, renewals, waivers, or modifications that may be granted by the Lender with respect to the payment or other provisions of this Note. Borrower agrees that makers, endorsers, guarantors and sureties may be added or released without notice and without affecting Borrower's liability hereunder. The liability of Borrower shall be absolute and unconditional and without regard to the liability of any other party hereto. To the fullest extent permitted by applicable law, upon the occurrence of any Event of Default, neither Borrower nor anyone claiming by or under Borrower will claim or seek to take advantage of N.C.G.S. 26-7, et seq. or any other similar law in any other jurisdiction requiring Lender to attempt to realize upon any collateral for the obligations evidenced hereby or collateral of any surety or guarantor, or any appraisal, evaluation, stay, extension, homestead, redemption or exemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Note. Borrower, for itself and all who may at any time claim through or under Borrower, hereby expressly waives to the fullest extent permitted by law the benefit of all such laws. All rights of Lender and all obligations of Borrower hereunder shall be absolute and unconditional irrespective of (i) any change in the time, manner or place of payment of, or any other term of, all or any of such obligations, or any other amendment or waiver of or any consent to any departure from any provision of this Note, (ii) any exchange, release or non-perfection of any other collateral given as security for such obligations, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of such obligations, or (iii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Borrower or any third party, other than payment and performance in full of such obligations.

10. Notices. All notices and other communications provided for herein shall be in writing, signed by the sender or an authorized representative of the sender, and addressed to the receiver as follows: If to the Lender, to the address set forth in the introductory paragraph of this Note. If to the Borrower, at the address set forth on the signature page hereof. Any notice or other communication hereunder shall be deemed given and effective upon the first to occur of the following: (i) upon delivery by hand to the receiver at the receiver's notice address by personal delivery or recognized overnight courier, or (ii) three days after being deposited in the U.S. Mail, certified, return receipt requested, directed to the receiver's notice address.

11. Assignment. The Note and the rights of Lender under this Note may be assigned by Lender in whole or in part at any time or from time to time. This Note may not be assigned by Borrower without Lender's prior written consent.

12. Jurisdiction. Borrower hereby consents that any action or proceeding against it be

commenced and maintained in any court within the State of South Carolina by service of process on any such owner, partner and/or officer, and Borrower agrees that the courts of such State shall have jurisdiction with respect to the subject matter hereof and the person of Borrower. Borrower agrees not to assert any defense to any action or proceeding initiated by the Lender based upon improper venue or inconvenient forum.

13. Governing Law. This Note was executed and delivered in the State of South Carolina and shall be governed by and construed in accordance with the laws of the State of South Carolina without reference to conflict of laws principles.

14. Miscellaneous. In case any one or more of the provisions contained in this Note 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. This Note shall not be modified or amended except by written instrument signed by both parties hereto. The section and paragraph headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of this Note. Terms such as "hereof," "hereunder," "hereto," "herein," and words of similar import shall refer to this Note in its entirety, unless the context clearly requires otherwise. This Note shall be binding upon the Lender, the Borrower, and its respective successors/heirs and permitted assigns, as applicable; and shall inure to the benefit of the Lender and its successors and permitted assigns, and the Borrower and its successors/heirs and permitted assigns. If more than one person is named as Borrower hereunder, all obligations set forth herein to which such person is a party shall be joint and several. Lender shall have the right to deal with any individual of any Borrower with regard to all matters concerning the rights and obligations of Lender hereunder and pursuant to applicable law with regard to the transactions contemplated hereby. All actions or inactions of any Borrower with regard to the transactions contemplated hereunder shall be deemed made with full authority and binding upon all Borrowers hereunder. Each Borrower hereby appoints each other Borrower as its true and lawful attorney-in-fact, with full right and power, for purposes of exercising all rights of such person hereunder and under applicable law with regard to the transactions contemplated under hereby. The foregoing is a material inducement to the agreement of Lender to enter into the terms hereof and to consummate the transactions contemplated hereby.

[remainder of page intentionally left blank]



15. Waiver of Jury Trial. BORROWER AND THE LENDER AGREE THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY SUIT, ACTION OR PROCEEDING, WHETHER CLAIM OR COUNTERCLAIM, BROUGHT BY THE LENDER OR BORROWER, ON OR WITH RESPECT TO THIS NOTE OR THE DEALINGS OF THE PARTIES WITH RESPECT HERETO SHALL BE TRIED ONLY BY A COURT AND NOT BY A JURY. THE LENDER AND THE BORROWER EACH HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND INTELLIGENTLY AND WITH THE ADVICE OF THEIR RESPECTIVE COUNSEL, WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. FURTHER, BORROWER IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. BORROWER ACKNOWLEDGES AND AGREES THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS NOTE AND THAT THE LENDER WOULD NOT EXTEND CREDIT TO BORROWER IF THE WAIVERS SET FORTH IN THIS SECTION WERE NOT A PART OF THIS NOTE.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed as of the day and year first above written.

BORROWER:

\_\_\_\_\_  
Name: Jack A. Molenkamp  
Social Security No. Or EIN:

\_\_\_\_\_  
Name: Sally M. Molenkamp  
Social Security No. Or EIN:

Address for Notices:

10908 Laken Woods Drive  
Bumpass, VA 23024

Jack A. Molenkamp  
10908 Laken Woods Drive  
Bumpass, Virginia 23024

May 23, 2012


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

Cliffs at Keowee Springs

Ladies and Gentlemen:

I have enclosed the original and copy of two proofs of claim in connection with the above-referenced bankruptcy. Please date stamp the copy and return it to me in the enclosed self-addressed, stamped envelope. Thank you.

Sincerely yours,

A handwritten signature in cursive script that reads "Jack A. Molenkamp".

Jack A. Molenkamp

Enclosures

RECEIVED

MAY 24 2012

BMC GROUP

MICHELLE L. WELSH (202) 419-2185 HUNTON & WILLIAMS 2200 PENNSYLVANIA AV., NW WASHINGTON DC 20037		<b>0.5 LBS LTR 1 OF 1</b> SHP WGT: LTR DATE: 23 MAY 2012
<b>SHIP CLIFFS CLAIMS PROCESSING</b> <b>TO: BMC GROUP, INC.</b> 18675 LAKE DRE <b>CHANHASSEN MN 55317-9383</b>		
		<b>MN 559 9-03</b> 
<b>UPS NEXT DAY AIR 1</b> TRACKING #: 1Z 271 813 01 7507 7420		
		
<b>BILLING: P/P</b>		
REF #1: 77777.002151 REF #2: 12463		

SHIPMENT ID  
MA42U6XKA3SR6

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- ③ Place the shipping label in a transparent pouch and affix to your package so that the entire label is visible.
- ④ Take your package and this printed Shipping Label to your Drop-Off Location:

Hunton & Williams  
Mail Room  
WASHINGTON, DC 20037

UPS Drop-Off Deadline: 7:30 PM

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