


<b>UNITED STATES BANKRUPTCY COURT DISTRICT OF SOUTH CAROLINA</b>	<b>PROOF OF CLAIM</b>
Name of Debtor: <b>THE CLIFFS AT WALNUT COVE GOLF AND COUNTRY CLUB</b>	Case Number: <b>12-01227</b>
NOTE: See reverse and attached for List of Debtors/Case Numbers/important details. Other than claims under 11 U.S.C. § 503(b)(9), this form should not be used to make a claim for Administrative Expenses arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503(a).	
Name of Creditor (the person or other entity to whom the debtor owes money or property) :	
Name and address where notices should be sent: <b>JOE LINDSAY 302 WILLEFORD DRIVE SAVANNAH, GA 31411</b>	<b>RECEIVED MAY 29 2012 BMC GROUP</b>
Creditor Telephone Number <b>912 713 8858</b> email: <b>THEJLINDSAYS@BELLSONTHA.NET</b>	
Name and address where payment should be sent (if different from above):	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
Payment Telephone Number ( ) email:	<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. <b>Court Claim Number (if known):</b> Filed on:
<b>THIS SPACE IS FOR COURT USE ONLY</b>	
<b>1. AMOUNT OF CLAIM AS OF DATE CASE FILED</b> \$ <b>35,000 / SEE ATTACHED NOTE</b> If all or part of your claim is secured, complete item 4. <b>OR MBRSHIP</b> If all or part of your claim is entitled to priority, complete item 5. <b>DER</b>	
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.	
<b>2. BASIS FOR CLAIM:</b> <u>SEE ATTACHED NOTE AND DOCUMENTATION</u> <small>(See instruction #2)</small>	
<b>3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR:</b> <u>L30</u>	<b>3a. Debtor may have scheduled account as:</b> <u>UNSECURED</u> <small>(See instruction #3a)</small>
<b>3b. Uniform Claim Identifier (optional):</b> <small>(See instruction #3b)</small>	
<b>4. SECURED CLAIM:</b> <small>(See instruction #4)</small> Check the appropriate box if your claim is secured by a lien on property or a right of set off, attach required redacted documents, and provide the requested information. <b>Nature of property or right of setoff:</b> <b>Describe:</b> <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ <b>Value of Property:</b> \$ _____ <b>Annual Interest Rate:</b> _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable <small>(when case was filed)</small> <b>Amount of arrearage and other charges, as of time case filed, included in secured claim, if any:</b> \$ _____ <b>Basis for Perfection:</b> _____ <b>Amount of Secured Claim:</b> \$ _____ <b>Amount Unsecured:</b> \$ _____	
<b>5. Amount of Claim Entitled to Administrative Expense status under 11 U.S.C. § 503(b)(9) or Priority under 11 U.S.C. § 507(a). If any part of the claim falls into one of the following categories, check the box specifying the administrative expense or priority and state the amount.</b> <b>Amount entitled to priority:</b> \$ _____ <b>Amount entitled to administrative expense under 11 U.S.C. § 503(b)(9):</b> \$ _____ <b>You MUST specify the priority of the claim:</b> <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) ( _____ ). <input type="checkbox"/> Value of goods received by the debtor within 20 days before the date of the bankruptcy filing - 11 U.S.C. § 503(b)(9).	
* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.	
Cliffs POC  00977	
<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 documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and definition of "redacted").  
**DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.**  
 If the documents are not available, please explain:

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

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

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

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

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

Check the appropriate box.

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

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

Print Name: JOE H. LINDSAY  
 Title: \_\_\_\_\_  
 Company: JANET T. LINDSAY  
 Address and telephone number (if different from notice address above):  
SAME  
 Telephone number: \_\_\_\_\_ email: \_\_\_\_\_  
912-713-8858      TheJLindsays@Bellsouth.net

J. Lindsay      5/17/2012  
 (Signature)      (Date)  
Janet J Lindsay      5/17/2012

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

**LIST OF DEBTORS:**

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

5/17/2012

Owner: Joe and Janet Lindsay

Lot 25, Walnut Cove

By virtue of being an original investor with Kent Smith in the property now known as *The Cliffs At Walnut Cove*, I was given an Honorary Full Golf Membership when the property was conveyed to Jim Anthony as part of the conditions for the transfer of ownership. At the time, the membership was valued at \$35,000.

Part of that consideration was the ability for us to either live in Walnut Cove or in an area outside of Walnut Cove and to be able utilize the membership while paying the appropriate dues. We are requesting that these provisions extend to the newly formed club. We now live in Savannah, but do hope someday to finally make Asheville our hometown.

See ATTCH'd documentation

STATE OF NORTH CAROLINA  
COUNTY OF BUNCOMBE

Definitive Agreement

Transfer Synergy Financial, LLC's  
Membership Interest

In

Walnut Cove Development, LLC

To

The Cliffs Communities, Inc.

1. Parties and Purpose:

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

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

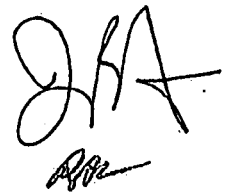
The Cliffs Communities, Inc. ("Cliffs") is a South Carolina corporation. It develops high-end golf communities.

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

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

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

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



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

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

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

**3. Transfer of Credit**

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

**4. Assignment of Contracts**

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

**5. Seller's Representations:**

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

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

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



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

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

A handwritten signature in black ink, appearing to be 'JBP' with a flourish underneath.

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

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

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

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

**5 (D) Current Title Insurance**

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

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

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

**6. Buyer's Obligations:**

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

A handwritten signature in black ink, appearing to be 'RJA', is located in the bottom right corner of the page.

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

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

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

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

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

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

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

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

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

**8. Closing:**

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

*JBA*  
*BA*



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

**A. Informal Dispute Resolution.**

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

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

**10. Assignment of Interest:**

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

**11. Entire Agreement:**

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

**12. Governing Law:**

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



13. Severability

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

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

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

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

By: Reese A. Lasher, Manager

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

STATE OF NORTH CAROLINA            )                    Agreement By Member  
  )                    To Transfer/Assign Membership Interest  
COUNTY OF BUNCOMBE                )                    To Walnut Cove Development, LLC

**ARTICLE ONE:**  
**Identification & Purpose of Parties**

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

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

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

**ARTICLE TWO:**  
**Transfer of Membership Interest**

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

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

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

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

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

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

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

**ARTICLE FOUR:**

**Disclosure**

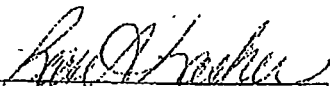
It is understood that Member is voluntarily making the decision to transfer the membership interest and that a meeting of the members of Walnut Cove Development, LLC was held on Tuesday October 30, 2001, wherein a frank and open discussion related to the Walnut Cove project was held. Member acknowledges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

**ARTICLE FIVE**

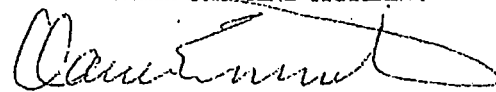
**Governing Law/Severability:**

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

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

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

SO ACKNOWLEDGED AND AGREED:

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

Lot Priority Selection Number: 6 15%  
TRD - 50%

Exhibit "A"

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

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

November 6, 2001

Exhibit "B"

THE CLIFFS at WALNUT COVE

INTERIM MEMBERSHIP UPGRADE PROGRAM

November, 2001

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

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

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

November 6, 2001

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