

UNITED STATES BANKRUPTCY COURT District of South Carolina		PROOF OF CLAIM
Name of Debtor: The Cliffs at Walnut Cove Golf & Country Club, LLC		Case Number: 12-01227
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Richard Hubble & Martin L. Ritsch		COURT USE ONLY
Name and address where notices should be sent: Mr. Martin Ristch 3598 Highway 11 Travelers Rest, SC 29690		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Telephone number: (864) 371-1063 email: mritsch@cliffscommunities.com		<div style="text-align: center;"> RECEIVED MAY 31 2012 BMC GROUP </div> <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: _____		
1. Amount of Claim as of Date Case Filed: \$ <u>100,000.00</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.		
2. Basis for Claim: <u>Right to sell membership agreement (CWC-Ph 3A, Lot 6) WITH PROCEEDS TO THE BENEFIT OF</u> (See instruction #2) <u>SEUER. (SEE ATTACHED)</u>		
3. Last four digits of any number by which creditor identifies debtor: _____	3a. Debtor may have scheduled account as: <u>unsecured</u> (See instruction #3a)	3b. Uniform Claim Identifier (optional): _____ (See instruction #3b)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ _____
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____		Basis for perfection: _____
Value of Property: \$ _____		Amount of Secured Claim: \$ _____
Annual Interest Rate _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount Unsecured: \$ <u>100,000.00</u>
5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.		
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725* earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).
<input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).	<input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(____).
		Amount entitled to priority: \$ _____
*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.		
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		



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

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

If the documents are not available, please explain:

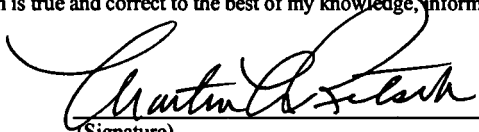
8. Signature: (See instruction #8)

Check the appropriate box.

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

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

Print Name: Martin Ritsch
 Title: _____
 Company: _____
 Address and telephone number (if different from notice address above): _____


 (Signature) 5/29/12
 (Date)

Telephone number: _____ email: _____

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

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

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

Creditor's Name and Address:
 Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
 State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
 State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
 State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
 Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:
 If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:
 Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).
 If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
 An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
 Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
 The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

Debtor: Cliffs at Walnut Cove Golf & Country Club, LLC

Creditor: Richard L. Hubble and Martin L. Ritsch

Attachments:

1. Option to Purchase (Agreement)
2. Membership Agreement
3. Deed of Property

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

OPTION TO PURCHASE

THIS OPTION TO PURCHASE (hereinafter "Option"), made and entered into this 3A day of June, 2011, by and between **Martin L. Ritsch and wife, Janet H. Ritsch, and Richard L. Hubble and wife, Janice M. Hubble** (hereinafter collectively referred to as "Optionor"); and **The Cliffs at Walnut Cove, LLC** (hereinafter collectively referred to as "Optionee");

WITNESSETH:

WHEREAS, Optionor owns certain real property in Buncombe County, North Carolina, described as being all of Lot 6, Phase 3A of the Cliffs at Walnut Cove, as shown on that plat recorded in Plat Book 94, Page 47, Buncombe County (hereinafter the "Property");

WHEREAS, Optionor does offer to sell to Optionee the Property pursuant to the conditions herein set forth; and

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and conditions contained herein and for other good and valuable consideration, including the payment by Optionee to Optionor of the sums indicated herein, the parties mutually agree as follows:

1. This Option shall begin on the date of the execution of this Option to Purchase and shall terminate at midnight on September 9, 2011.
2. The purchase price shall be the sum of (a) One Hundred Fifty-Seven Thousand Five Hundred and 00/100 Dollars (\$157,500.00), plus Six Percent (6%) of this amount from the date of the execution of this Option through the date of Closing, (b) ad valorem taxes for 2010 and all subsequent years through and including the year of Closing, (c) homeowners association dues and assessments, and (d) any and all other assessments levied against the Property.
3. To exercise this Option, Optionee must notify Optionor in writing by certified mail of its intention to exercise this Option to Purchase the Property during the period described herein, Optionor's Notice information being as follows: Martin L. Ritsch at 302 Crandon Drive, Greenville, SC 29615.
4. Unless otherwise agreed, Optionee shall be responsible for all costs with respect to any loan obtained by Optionee, appraisal, title search, title insurance, recording the deed and for preparation and recording of all instruments required to secure the balance of the purchase price unpaid at Closing. Optionee shall also pay for preparation of a deed and all other documents necessary to perform Optionor's obligations under this agreement, and for excise tax (revenue stamps) required by law.
5. Upon the Closing of the Property, Optionor will make, execute and deliver to Optionee a good and sufficient special warranty deed for the Property in fee simple upon the payment by Optionee of the said purchase price in the sum and manner above set out, subject to easements of record;

6. Optionor shall furnish at Closing an affidavit and indemnification agreement in form satisfactory to Optionee showing that all labor and materials, if any, furnished to the Property within 120 days prior to the date of Closing have been paid for and agreeing to indemnify Optionee against all loss from any cause or claim arising therefrom.

7. The closing shall take place within thirty (30) days of Optionor's receipt of written notice from Optionee of Optionee's intention to exercise this option to purchase.

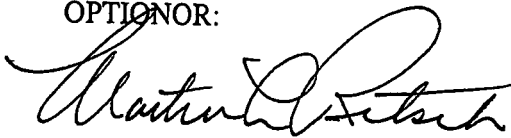
8. Optionor and Optionee acknowledge and represent that neither has worked with, are working with, or have otherwise contracted with a realtor or broker with respect to this transaction.

9. Optionor and Optionee agree that either party may effectuate a tax deferred exchange under Section 1031 of the Internal Revenue Code and to cooperate in said exchange, provided that the party not effectuating the 1031 exchange shall not incur any additional liability costs or expenses related to said 1031 exchange.

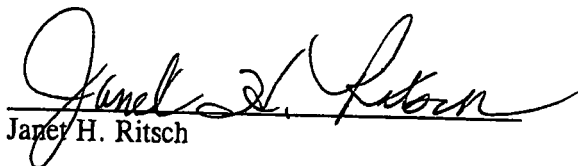
10. This Option is not assignable by Optionee.

IN TESTIMONY WHEREOF, said parties caused this instrument to be executed the day and year first above written.

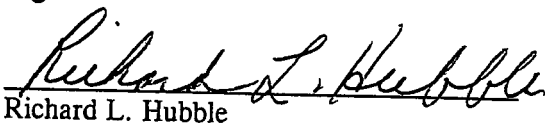
OPTIONOR:



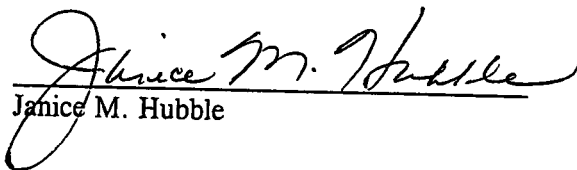
Martin L. Ritsch



Janet H. Ritsch



Richard L. Hubble

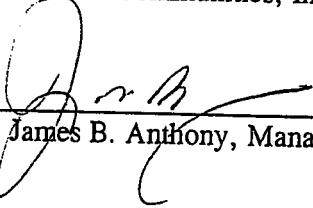


Janice M. Hubble

OPTIONEE:

THE CLIFFS AT WALNUT COVE, LLC
By The Cliffs Communities, Inc., Manager

By:


James B. Anthony, Managing Member

MEMBERSHIP AGREEMENT

Handwritten signature/initials

THIS Membership Agreement ("Agreement") is executed this 1st day of September, 2010, by and between The Cliffs at Walnut Cove Golf & Country Club, LLC (hereinafter the "Club"), The Cliffs at Walnut Cove, LLC., James B. Anthony and The Cliffs Communities, Inc., (hereinafter collectively the "Cliffs"), and Richard Hubble and Martin L. Ritsch (Sellers) and is attached to that certain Exhibit B Purchase and Sale Agreement (the "Agreement") executed on June 3, 2011, property described on Exhibit "A" ("Property").

WHEREAS, the Club is the administrator and owner of the club facilities located in The Cliffs at Walnut Cove and has been duly authorized to enter into this Membership Agreement.

WHEREAS, Club, Cliffs and the Sellers agree that in an event of default (i.e. failure to repurchase Property as outlined in Exhibit B), a Golf Membership will be made available to a third party purchaser of the Property.

NOW, THEREFORE, in consideration of the above premises and the mutual promises and covenants contained in the Agreement and all Exhibits attached thereto, Club, Cliffs, and Sellers agree as follows:

In the event of an uncured default by Cliffs under the Exhibit B Purchase and Sale Agreement and incorporated herein by reference, Club, Cliffs, and the Sellers, agree that a Full Golf Membership will be made available to a third party purchaser at the then prevailing rate. The proceeds from the sale of the Membership in conjunction with the sale of Property to a Third Party Purchaser shall inure to the benefit of Sellers.

The Cliffs at Walnut Cove Golf & Country Club, LLC

By: *J. Scott Carlton*
J. Scott Carlton, President of
Managing Member

1/sep 2010
Date

Cliffs at Walnut Cove, LLC

By: *James B. Anthony*
James B. Anthony, President
Cliffs Communities, Inc. Sole Member

1/sep 2010
Date

James B. Anthony

By: *James B. Anthony*
James B. Anthony

1/sep 2010
Date

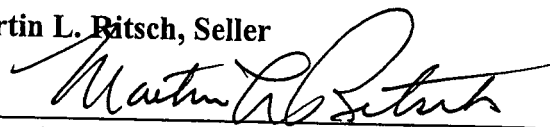
The Cliffs Communities, Inc.

By: *James B. Anthony*
James B. Anthony, President

1/sep 2010
Date

MEMBERSHIP AGREEMENT

Martin L. Ritsch, Seller

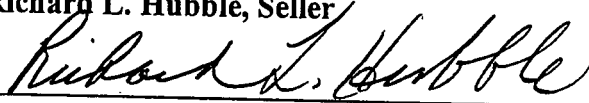


By: Martin L. Ritsch

1-SEP-2010

Date

Richard L. Hubble, Seller



By: Richard L. Hubble

1-SEP-2010

Date

EXHIBIT A

BEING all of Lot 17 as shown on a plat of Phase 3A, The Cliffs at Walnut Cove, which said plat is duly recorded in Plat Book 96, Page 61, revised in Book 114, Page 111, Buncombe County Registry, reference to which is hereby made for a more particular description, and further identified as Tax PIN 9633-18-6582-00000.

SUBJECT TO Declaration of Restrictive Covenants, Conditions, and Restrictions as recorded in Book 2856, Page 7, Buncombe County Registry, and any amendments made thereto, in addition to any and all easements and rights of way of record.

TOGETHER WITH a non-exclusive, perpetual easement for ingress and egress over and upon and across the roads presently existing or as may hereafter be altered or constructed as set forth in the deed recorded in Book 4147, Page 639, aforesaid registry.



Doc ID: 023680300002 Type: CAP
Recorded: 06/23/2011 at 11:09:15 AM
Fee Amt: \$337.00 Page 1 of 2
Revenue Tax: \$315.00
Workflow# 0000067556-0001
Buncombe County, NC
Drew Reisinger Register of Deeds
BK 4893 PG 725-726

NORTH CAROLINA GENERAL WARRANTY DEED

No title examination requested or performed.

Excise Tax: \$315.00

Parcel Identifier No. 9633-17-7403 Verified by Buncombe County on the ___ day of ___, 2011

PREPARED BY MAIL TO: Annika M. Brock, McGuire Wood & Bissette, P.A. Box 31

Brief description for the Index: Lot 6, Phase 3A, Cliffs at Walnut Cove, Plat Book 94, Page 47

THIS DEED made this 20th day of June, 2011, by and between

GRANTOR	GRANTEE
<p>THE CLIFFS AT WALNUT COVE, LLC, a South Carolina limited liability company</p> <p>3598 Highway 11 Travelers Rest, SC 29690</p>	<p>MARTIN L. RITSCH, a one-third undivided interest, and RICHARD L. HUBBLE, a two-thirds undivided interest, as Tenants in Common</p> <p>302 Crandon Drive Greenville, SC 29615</p>

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in BUNCOMBE County, North Carolina and more particularly described as follows:

BEING all of Lot 6, containing 1.63 acres, more or less, as shown on a plat of Phase 3A of The Cliffs at Walnut Cove recorded in Plat Book 94 at Page 47 of the Buncombe County, North Carolina Registry, reference to which is hereby made for a more particular description of said Lot 6.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 4830, Page 1513, recorded on October 29, 2010, Buncombe County Registry.

All or a portion of the property herein conveyed does not include the primary residence of a Grantor.

A map showing the above described property is recorded in Plat Book 94, Page 47, Buncombe County.

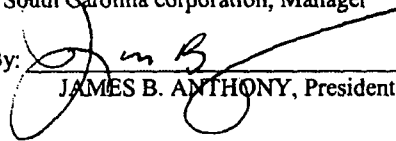
TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever, other than the following exceptions:

Any and all rights of way, covenants, restrictions and easements of record and utility lines where they lie.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

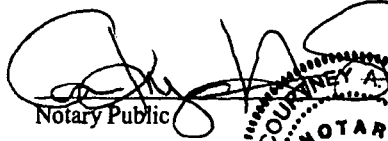
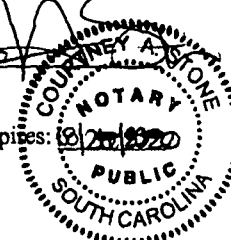
THE CLIFFS AT WALNUT COVE, LLC
By: THE CLIFFS COMMUNITIES, INC.,
a South Carolina corporation, Manager

By: 
JAMES B. ANTHONY, President

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: JAMES B. ANTHONY, President of THE CLIFFS COMMUNITIES, INC., a South Carolina corporation, Manager of THE CLIFFS AT WALNUT COVE, LLC, a South Carolina limited liability company.

Date: 09/29/2011


Notary Public
My commission expires: 02/27/2020


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

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

3. GETTING YOUR SHIPMENT TO UPS

UPS locations include the UPS Store®, UPS drop boxes, UPS customer centers, authorized retail outlets and UPS drivers.

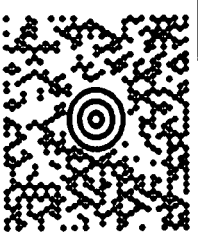

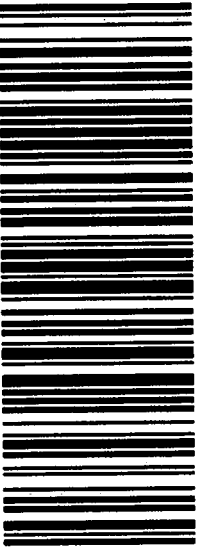

Find your closest UPS location at: www.ups.com/dropoff

Take your package to any location of The UPS Store®, UPS Drop Box, UPS Customer Center, UPS Alliances (Office Depot® or Staples®) or Authorized Shipping Outlet near you. Items sent via UPS Return Services(SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the Resources area of CampussShip and select UPS Locations.

Customers with a Daily Pickup

Your driver will pickup your shipment(s) as usual.

FOLD HERE

NANCY GOLDSMITH 864-371-1052 CLIFFS CORPORATE OFFICE 3598 HIGHWAY 11 TRAVELERS REST SC 29690	3 LBS	PAK	1 OF 1
SHIP TO: CLIFFS CLAIMS PROCESSING BMC GROUP INC 18675 LAKE DRIVE EAST CHANHASSEN MN 55317-9383			
	MIN 559 9-03 		
UPS NEXT DAY AIR 1	TRACKING #: 1Z 7Y9 T95 01 9591 4158		
			
BILLING: P/P			
CS 14.1.10. WXP2880 27.04 04/2012			

RECEIVED
 MAY 31 2012
 BMC GROUP