UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re: **The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,** **Debtors.**	**CHAPTER 11** **Case No. 12-01220** **Jointly Administered**

FIRST AMENDED AND RESTATED DISCLOSURE STATEMENT TO ACCOMPANY FIRST AMENDED AND RESTATED JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

JUNE 30, 2012

(WITH SUCH AMENDMENTS STATED ON THE RECORD AT THE HEARING HELD ON JULY 2, 2012)

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE FIRST AMENDED AND RESTATED JOINT CHAPTER 11 PLAN DATED JUNE 30, 2012, FILED BY THE CLIFFS CLUB & HOSPITALITY GROUP, INC.; CCHG HOLDINGS, INC.; THE CLIFFS AT GLASSY GOLF & COUNTRY CLUB, LLC; THE CLIFFS VALLEY GOLF & COUNTRY CLUB, LLC; THE CLIFFS AT MOUNTAIN PARK GOLF & COUNTRY CLUB, LLC; THE CLIFFS AT KEOWEE SPRINGS GOLF & COUNTRY CLUB, LLC; THE CLIFFS AT KEOWEE FALLS 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 HIGH CAROLINA GOLF & COUNTRY CLUB, LLC; AND CLIFFS CLUB & HOSPITALITY SERVICE COMPANY, LLC, DEBTORS AND DEBTORS IN POSSESSION (AS MAY BE AMENDED IN ACCORDANCE WITH THE TERMS THEREOF AND APPLICABLE LAW, THE "PLAN"). THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN AND ANY PLAN SUPPLEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED BY NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF ANY OF THE DEBTORS AND DEBTORS IN POSSESSION OR TRANSFERRING SECURITIES OR CLAIMS OF ANY OF THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR WILL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN ANY OF THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CHAPTER 11 CASES.

IN THE EVENT THAT THE PLAN IS NOT CONFIRMED, THEN IT IS HIGHLY LIKELY THAT THE DEBTORS WOULD HAVE TO CLOSE THE CLUBS. THE DEBTORS WOULD LIKELY CONVERT THE CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY CODE (THE LIQUIDATION CHAPTER), AND A CHAPTER 7 TRUSTEE WOULD BE APPOINTED BY THE BANKRUPTCY COURT TO LIQUIDATE THE CLUBS AND ALL OF THEIR ASSETS. AS SET FORTH IN THE LIQUIDATION ANALYSIS ATTACHED HERETO AS EXHIBIT D, THE DEBTORS BELIEVE THAT A LIQUIDATION OF THE CLUBS WOULD RESULT IN MUCH LESS FAVORABLE TREATMENT OF CLAIM HOLDERS THAN THE TREATMENT PROPOSED UNDER THE PLAN. SPECIFICALLY, EVEN ASSUMING THE HIGHEST ESTIMATED RECOVERY FROM THE SALE OF THE CLUBS' ASSETS IN A LIQUIDATION SCENARIO, THE DEBTORS BELIEVE THAT ONLY THE DIP LENDER WOULD RECEIVE ANY DISTRIBUTION AFTER PAYMENT OF ADMINISTRATIVE EXPENSES AND PRIORITY CLAIMS, MEANING THAT HOLDERS OF ALL OTHER CLAIMS (INCLUDING NOTE HOLDER CLAIMS AND MEMBER CLAIMS) WOULD RECEIVE $0.00. UNDER THE DIP ORDER, THE DIP LENDER HAS ALREADY BEEN GRANTED RELIEF FROM STAY TO FORECLOSE ON THE CLUBS UPON AN EVENT OF DEFAULT, WHICH WOULD LIKELY OCCUR IF THE PLAN IS NOT CONFIRMED. AGAIN, THIS WOULD MEAN THAT HOLDERS OF ALL OTHER CLAIMS (INCLUDING NOTE HOLDER CLAIMS AND MEMBER CLAIMS) WOULD RECEIVE $0.00. ACCORDINGLY, THE DEBTORS BELIEVE THAT THE PROPOSED TREATMENT OF CLAIM HOLDERS UNDER THE PLAN IS MATERIALLY BETTER THAN THE TREATMENT CLAIM HOLDERS WOULD RECEIVE IF THE PLAN IS NOT CONFIRMED.

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I.
INTRODUCTION

A. PURPOSE OF THIS DOCUMENT

The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors (the "Debtors") hereby submit this Disclosure Statement for the First Amended and Restated Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor dated June 30, 2012 (the "Disclosure Statement") pursuant to section 1125(b) of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), and Rule 3017 of the Federal Rules of Bankruptcy Procedure, in connection with the Joint Chapter 11 Plan dated June 30, 2012 (the "Plan").

The Debtors are:

The Cliffs Club & Hospitality Group, Inc.
CCHG Holdings, Inc.
The Cliffs at Glassy Golf & Country Club, LLC
The Cliffs Valley Golf & Country Club, LLC
The Cliffs at Mountain Park Golf & Country Club, LLC
The Cliffs at Keowee Springs Golf & Country Club, LLC
The Cliffs at Keowee Falls 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 High Carolina Golf & Country Club, LLC
Cliffs Club & Hospitality Service Company, LLC

By order dated July 2, 2012 (the "Disclosure Statement Approval Order"), the United States Bankruptcy Court for the District of South Carolina, Spartanburg Division (the "Bankruptcy Court") has found that the Disclosure Statement provides adequate information to enable holders of Claims and Interests that are impaired under the Plan to make an informed judgment in exercising their right to vote for acceptance or rejection of the Plan. A copy of the Plan is attached hereto as **Exhibit A**. All capitalized terms used but not defined in the Disclosure Statement will have the respective meanings ascribed to such terms in the Plan, unless otherwise noted.

The Plan is premised on the modification of the Notes and security documents relating thereto followed by the transfer to the Plan Sponsor of all of the Debtors' Real Property Collateral and of substantially all of the Debtors' remaining assets, including the Personal Property Collateral, subject to the Permitted Liens and free and clear of all other liens, Claims and encumbrances, followed by the contribution of the assets by the Plan Sponsor to the Indenture Trustee SPE, subject to the Permitted Liens, in return for a 100% member interest in the Indenture Trustee SPE (the Indenture Trustee will hold a 0% non-economic membership interest in the Indenture Trustee SPE), which will then assume the payment obligations under the modified Notes, in satisfaction of the Note Holder Claims against the Debtors and the Plan Sponsor, with the Sale Consideration including the payment on the Effective Date of Allowed

Administrative Claims, DIP Facility Claims, Priority Claims, the Allowed Claim of the Bridge Lender, Allowed Mechanic's Lien Claims, Allowed Other Senior Secured Party Claims, and Allowed Administrative Convenience Claims, a the first payment of three to establish a fund for distribution to Holders of Allowed General Unsecured Claims, a fund for distribution to Holders of Allowed Rejecting Club Member Claims and the Post Effective Date Administration Plan Sponsor Funding in the manner outlined in the Plan. To ensure the sale of the Assets at the highest and best price, the Debtors' obtained approval of Bidding Procedures and conducted an auction at which all qualified bidders were given the opportunity to bid for the right to be the Plan Sponsor for the Plan and to purchase the Assets in accordance with an Asset Purchase Agreement and the Plan.

The Debtors received offers from several potential Plan Sponsors before the Petition Date, and selected the Carlile Group to be the "stalking horse" bidder subject to a higher or better bid in these Chapter 11 Cases. The Debtors sought approval of Bidding Procedures in a first day motion that was granted on March 16, 2012 when the Bankruptcy Court entered an Order approving the Bidding Procedures. On April 6, 2012, the Debtors received an Amended Term Sheet from Cliffs Club Partners as successor to Carlile Group. On April 13, 2012, the Debtors received a bid from NatureFirst Real Estate Holdings, LLC ("NatureFirst"); however, on April 16, 2012, NatureFirst advised the Debtors that it was either not willing or not able to deliver the required $1 million deposit, and withdrew from the bidding process. On April 13, 2012, the Debtors also received a bid from The Seaport Group ("Seaport"), along with the required $1 million deposit. The Debtors concluded that Seaport was a Qualified Bidder within the meaning of the Bidding Procedures; however, on April 20, 2012, Seaport advised the Debtors that it no longer desired to participate in the bidding process, and requested the return of its $1 million deposit, which the Debtors have returned.

B. SUMMARY OF THE DISCLOSURE STATEMENT

On February 28, 2012 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court. On the date hereof, the Debtors filed their proposed Joint Chapter 11 Plan, which sets forth the manner in which Claims against and equity interests in the Debtors will be treated.

This Disclosure Statement is being submitted pursuant to section 1125 of the Bankruptcy Code for use by those entitled to vote on whether to accept or reject the Plan in connection with (a) the solicitation by the Debtors of acceptances of the Plan and (b) the hearing by the Bankruptcy Court to consider confirmation of the Plan. That hearing (the "Confirmation Hearing") presently is scheduled for August 6, 2012 at 10:00 a.m., prevailing Eastern Time.

The Plan sets forth the manner in which Claims against the Debtors, and equity interests in the Debtors, are proposed to be treated in connection with these Chapter 11 Cases. This Disclosure Statement describes certain aspects of the Plan, and also

provides a general description of the Debtors' businesses as well as information regarding various other matters relevant to the purpose for which this Disclosure Statement has been prepared. This Disclosure Statement is intended to provide sufficient information to enable those who are entitled to vote on the acceptance or rejection of the Plan, as explained below, to make an informed decision in connection with that vote.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, their reasons for seeking protection and liquidation under Chapter 11 and significant events that have occurred during the Chapter 11 Cases. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims entitled to vote on the Plan must follow for their votes to be counted. Among other things, this Disclosure Statement describes:

- an overview of how the Plan treats creditors of the Debtors, and holders of equity interests in the Debtors (Article II);
- how Chapter 11 works (Article III);
- the Debtors' formation, business, debt structure, and other prepetition obligations (Article IV);
- the events leading up to the commencement of the Chapter 11 Cases (Article V);
- significant events in the Chapter 11 Cases (Article VI);
- summary of the Plan (Article VII);
- the means for implementation of the Plan and effects of confirmation (Article VIII);
- treatment of executory contracts and unexpired leases (Article IX);
- certain risk factors to be considered before voting (Article X);
- applicability of federal and other securities laws (Article XI);
- certain federal income tax consequences of the Plan (Article XII);
- feasibility of the Plan and best interests of creditors (Article XIII);
- alternatives to confirmation and consummation of the Plan (Article XIV);
- solicitation and voting procedures (Article XV); and
- recommendation (Article XVI).

This Disclosure Statement has been carefully prepared in order to, among other things, describe the material aspects of the Plan, but it is not intended to override the Plan or any aspect of it. Accordingly, in the event there are any inconsistencies or ambiguities between the Plan itself and the descriptions of the Plan contained in this Disclosure Statement, the terms of the Plan will govern. The Plan and this Disclosure Statement, along with the other exhibits attached to this Disclosure Statement, and the exhibits attached to the Plan or to the Plan Supplement, are the only materials that those who are entitled to vote on acceptance or rejection of the Plan should use in determining how to vote.

After careful consideration of the Debtors' business and assets, and their prospects for reorganization, as well as the alternatives to reorganization, the Debtors have determined that utilizing the treatment established under the Plan will maximize the recoveries to creditors. The Debtors further have determined it is not possible to afford any recovery at all to the holders of interests in the Debtors, whether under the sale proposed in the Plan or in any other liquidation alternative.

The following additional materials are or will be attached as exhibits to this Disclosure Statement:

as "**Exhibit A**", a copy of the Plan, including the exhibits thereto (excluding any exhibit included as an exhibit to the Plan Supplement);

as "**Exhibit B**", the Debtors' Pre-Petition Income Statements;

as "**Exhibit C**", a copy of the Debtors' Post-Petition Income Statements;

as "**Exhibit D**", a copy of the Debtors' Liquidation Analysis;

as "**Exhibit E**", a copy of the Plan Sponsor's Projections;

as "**Exhibit F**", a copy of a schematic of the transaction contemplated by the Plan;

as "**Exhibit G**", a copy of the order of the Bankruptcy Court (excluding the exhibits thereto), dated July 2, 2012 (the "Disclosure Statement Order"), that, among other things, approves this Disclosure Statement, establishes procedures for the solicitation and tabulation of votes to accept or reject the Plan, and schedules the hearing on confirmation of the Plan;

as "**Exhibit H**", a copy of an executive summary of the New ClubCo Membership Plan;

a Notice to Voting Classes;

a Ballot to be executed by holders of Class 1, 3, 4, 5, 6 and 7 Claims to accept or reject the Plan; and

other documents approved by the Bankruptcy Court to be included in the solicitation materials with respect to the Plan.

In the case of any exhibits not yet attached hereto, such exhibits will be filed with the Bankruptcy Court sufficiently in advance of the hearing to consider approval of this Disclosure Statement.

In addition to the exhibits attached to this Disclosure Statement and the exhibits attached to the Plan, the Debtors anticipate there will be certain additional materials that are necessary or appropriate to the implementation and/or confirmation of the

Plan. Those additional materials are summarized in this Disclosure Statement, to the extent now known or reasonably determinable; and copies of those materials (in final or substantially final form), or summaries thereof, will be contained in one or more Plan Supplements, which will be filed by the Debtors with the Clerk of the Bankruptcy Court no later than (A) five (5) calendar days prior to the Confirmation Hearing or (B) such later date as may be approved by the Bankruptcy Court on notice to parties in interest. Information on obtaining access to the Plan Supplement, on-line or in hard copy, is contained in Article XV(G) of this Disclosure Statement.

By order entered on or about July 2, 2012, after notice and a hearing, the Bankruptcy Court has approved the Disclosure Statement as containing "adequate information" (as that term is defined in section 1125 of the Bankruptcy Code). Section 1125(a)(1) of the Bankruptcy Code defines "adequate information" as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and the history of the debtors and the condition of the debtors' books and records, including a discussion of the potential material federal tax consequences of the plan to the Debtors, any successor to the Debtors, and a hypothetical investor typical of the holders of claims or interests in the cases, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan and in determining whether a disclosure statement provides adequate information, the court will consider the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information...." 11 U.S.C. §1125(a)(1). **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.** No solicitation of votes may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the Plan, Holders of Claims entitled to vote should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plan, any Plan Supplement and all exhibits and appendices hereto and thereto.

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims or Interests that are (a) "impaired" by a plan and (b) entitled to receive a distribution under such plan are entitled to vote on such plan. In the Debtors' cases, only Claims in Classes 1, 3, 4, 5, 6 and 7 are both Impaired and entitled to receive a distribution under the Plan; accordingly, only the Holders of Claims in those Classes are entitled to vote to accept or reject the Plan. Claims in Class 2 are Unimpaired by the Plan; accordingly, the Holders of Class 2 Claims are conclusively presumed to have accepted the Plan. Holders of Interests in Class 8, which receive nothing under the Plan, are deemed to have rejected the Plan and the Holders of Interests in Class 8 are not entitled to vote.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN, PLEASE SEE ARTICLE VII OF THIS DISCLOSURE STATEMENT, ENTITLED "SUMMARY OF THE PLAN"

AND ARTICLE X OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED."

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE SUMMARIES OF THE PLAN AND RELATED DOCUMENTS SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS AND TO THE EXTENT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. THE DEBTORS' MANAGEMENT HAS PROVIDED FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NOTHING CONTAINED HEREIN WILL BE DEEMED TO CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS OR INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS DO NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THE DEBTORS BELIEVE THAT THE PLAN WILL ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS

IN THE BEST INTERESTS OF THE DEBTORS, THEIR CREDITORS AND THEIR ESTATES. THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.

ANSWERS TO CERTAIN QUESTIONS ABOUT THE PLAN AND DISCLOSURE STATEMENT

The information presented in the answers to the questions set forth below is qualified in its entirety by reference to the full text of this Disclosure Statement, including the Plan. All creditors entitled to vote on the Plan are encouraged to read and carefully consider this entire Disclosure Statement, including the Plan and all exhibits thereto or in the Plan Supplement, prior to submitting a Ballot to accept or reject the Plan.

What is this document and why am I receiving it?

On February 28, 2012, each of the Debtors filed a voluntary petition for reorganization under chapter 11 of the Bankruptcy Code. The Debtors continue in possession of their properties and are managing their businesses as debtors-in-possession, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. In connection with the proposed sale of the Debtors' assets in accordance with chapter 11, the Debtors have prepared the Plan, which sets forth in detail the proposed treatment of the Claims of the Debtors' creditors and Interests of the Debtors' equity interest holders. This Disclosure Statement describes the terms of, and certain other material information relating to, the Plan.

This Disclosure Statement is being delivered to you because you either are or may be the holder of, or have otherwise asserted, either a Claim or Claims against the Debtors. This Disclosure Statement is intended to provide you with information sufficient to make an informed decision as to whether to vote to accept or reject the Plan.

Am I eligible to vote to accept or reject the Plan?

You are entitled to vote to accept or reject the Plan only if you hold an Allowed Claim (or a Claim that has been temporarily allowed for voting purposes) in one or more of the following Classes:

- Class 1 – Indenture Trustee – Note Holder Claims
- Class 3 – Mechanic's Lien Claims
- Class 4 – Other Senior Secured Party Claims
- Class 5 – General Unsecured Claims
- Class 6 – Administrative Convenience Claims
- Class 7 – Club Member Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims and Priority Tax Claims are not eligible to vote with respect to the Plan as a holder of such Claim. If you hold an

Allowed Claim in Class 2 (Indenture Trustee – Bridge Loan Claim) your claim is Unimpaired and you are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. If you hold a Class 8 Interest, you will not receive or retain any Property under the Plan on account of such Interest and you are conclusively deemed to have rejected the Plan.

Why should I vote to accept the Plan?

Simply put, from a creditor's perspective, the Debtors believe that the Plan provides the best means for achieving the maximum distribution on account of your prepetition claim. The Plan is the product of months of difficult negotiations, and is believed to have the support of the major constituencies who have had the financial resources to investigate and pursue alternative courses for achieving a distribution on account of the prepetition claims. It is believed that a failure to achieve prompt confirmation of the Plan will result in a piecemeal liquidation of the Assets, with less favorable distributions to the first priority secured creditors and with little or no prospects for distributions to junior priority secured creditors and unsecured creditors.

From a Club Members' perspective, confirmation of the Plan will maintain continuity of your use of the club amenities. The failure to achieve confirmation of the Plan could result in the closure of the Debtors' Clubs and your loss of access to those amenities.

How do I vote to accept or reject the Plan?

If you are entitled to vote on the Plan because you are the holder of a Claim in Class 1, Class 3, Class 4, Class 5, Class 6, or Class 7 that is Allowed or has been temporarily allowed for voting purposes, as the case may be, you must complete, sign and return your Ballot or Ballots in accordance with the ballot instructions to be provided. If you are both the holder of a Class 1 Claim as a Note Holder and the holder of one or more Class 7 Claims as a Club Member, you will receive one (1) Ballot as a Class 1 Creditor and one or more Class 7 Ballots as a Class 7 Creditor. If you hold more than one Club Member Claim, then you may receive one Class 7 Ballot for each of your Club Member Claims. Because the Plan is a Joint Plan proposed by eleven (11) debtors that its premised on their substantive consolidation, your vote in Class 1, 3, 4, 5, 6 or 7 will be deemed to have been cast the same way (either to approve or to reject) the Plan in each of the Debtors' Cases.

What if I'm entitled to vote to accept or reject the Plan and don't?

In general, within any particular class of Claims, only those holders of Claims who actually vote to accept or to reject the Plan will affect whether the Plan is accepted by the requisite holders of Claims in such Class. The holders representing at least two-thirds in dollar amount and a majority in number of the Claims in such Class that are allowed or have been temporarily allowed for voting purposes, as the case may be, and that are held by holders of such Claims who actually vote to accept or to reject the Plan must vote to accept the Plan.

What happens if the Plan is not accepted by each Class entitled to vote on the Plan?

If the holders of each Class of Claims entitled to vote on the Plan (*i.e.*, Class 1, Class 3, Class 4, Class 5, Class 6, and Class 7) vote to reject the Plan, the Plan will not be confirmed or consummated in its present form. Conversely, as long as the requisite holders of Claims in one of the above enumerated classes vote to accept the Plan, the Debtors may seek Confirmation pursuant to the "cramdown" provisions of the Bankruptcy Code (which will require a determination by the Bankruptcy Court that that the Plan is "fair and equitable" and "does not discriminate unfairly" as to each impaired Class that does not accept the Plan or is deemed to have rejected it). The Debtors believe that the Plan satisfies the "cramdown" provisions of the Bankruptcy Code and, in any case, have reserved the right to modify the Plan to the extent that Confirmation thereunder requires modification.

As a current or former Club Member, what will I receive on account of my Claim if the Plan is confirmed and becomes effective?

If the Plan is approved, each Club Member's Claim against the Debtors arising under its Club Member Agreement will be treated pursuant to the terms of Class 7 of the Plan, in full satisfaction of such Claims. Club Members, including inactive Club Members who have resigned their membership and are waiting for return of their deposit, will have the opportunity to join the New Clubs and execute agreements on the terms and conditions of New ClubCo Membership Plan attached to the Plan or Plan Supplement as an Exhibit, an executive summary of which is attached hereto as **Exhibit H**.

In the event a Club Member, including inactive Club Members who have resigned their membership and are waiting for return of their deposit, elects not to join the New Clubs and execute agreements on the terms and conditions of New ClubCo Membership Plan attached to the Plan or Plan Supplement as an Exhibit, then such Club Member's Claim will be treated as provided by the terms of Class 5 in the case of Rejecting Non-Contingent Club Member Claims or the applicable terms of Class 7 of the Plan related to the treatment of Rejecting Contingent Club Member Claims.

What will I receive if my Claim is Disputed?

No distributions will be made on account of any Claim that is a Disputed Claim unless and until that Claim becomes an Allowed Claim in accordance with the procedures for resolving Disputed Claims set forth in the Plan.

When will the Plan be confirmed?

After the Bankruptcy Court has approved the form and adequacy of information in this Disclosure Statement, the Bankruptcy Court will schedule and conduct a hearing concerning Confirmation of the Plan. Typically, the Plan confirmation hearing is scheduled about a month after the Disclosure Statement hearing. The Plan confirmation hearing may be continued or adjourned, however, and even if it is held,

there is no guaranty that the Bankruptcy Court will find that the requirements of the Bankruptcy Code with respect to Confirmation have been met. In addition, the conditions to Confirmation set forth in the Plan must be satisfied or waived in accordance with the Plan before the Plan can be confirmed. Thus, while the Debtors expect the Plan to be confirmed perhaps as early as August 6, 2012, there is no way to predict with any certainty when, if ever, Confirmation will actually occur.

When will the Plan be effective?

Even if the Plan is confirmed in August 2012, there are a number of additional conditions that must be satisfied or waived before the Plan can become effective. The Effective Date will not occur until after the Plan has been confirmed and when the sale of the Debtors' assets as contemplated by the Plan will have occurred. No assurance can be given as to if or when the Effective Date will actually occur.

What happens if the Plan isn't confirmed or doesn't become effective?

The Debtors expect that all of the conditions to Confirmation and effectiveness of the Plan will be satisfied (or waived in accordance with the Plan). There is no guaranty, however, that the Plan will become effective. Although the Debtors intend to take all acts reasonably necessary to satisfy the conditions to the Confirmation and effectiveness of the Plan that are within the Debtors' control, if, for any reason, the Plan is not confirmed or does not become effective, the Debtors may be forced to propose an alternative plan or plans of reorganization under Chapter 11 of the Bankruptcy Code. If no plan of reorganization or liquidation can be confirmed, the Debtors may have to convert to a liquidation case under chapter 7 of the Bankruptcy Code. Your treatment as the holder of a Claim under each of those alternatives will be much less favorable than the treatment proposed under the Plan because the Debtors will not be able to keep the Clubs open and the cost to reopen the Clubs will be problematic once the golf courses lie fallow and deteriorate.

C. VOTING AND CONFIRMATION PROCEDURES

To the extent this Disclosure Statement is being submitted to a holder of a Claim that is entitled to vote to accept or reject the Plan, this Disclosure Statement also is accompanied by a Ballot to be used by such holder in connection with that vote. As further described below, holders of certain categories of Claims against, and equity interests in, the Debtors automatically are deemed to have accepted the Plan or to have rejected it, depending on the particular category of Claims or equity interests. Holders of Claims and equity interests that are deemed to have accepted or rejected the Plan are not entitled to vote to accept or reject the Plan.

If you did not receive a Ballot in your Solicitation Package, and believe that you should have, please contact McKenna Long & Aldridge LLP, 303 Peachtree Street, Suite 5300, Atlanta, GA 30308 Attn: Bryan E. Bates; or by facsimile at (404) 527-4198, Attn: Bryan E. Bates; or by electronic mail, at bbates@mckennalong.com.

a) Holders of Claims Entitled to Vote

This Disclosure Statement, the form of Ballot and the related materials delivered together herewith (collectively, the "Solicitation Package"), are being furnished, for purposes of soliciting votes on the Plan, to holders of Claims in Classes 1, 3, 4, 5, 6 and 7.

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired are entitled to vote to accept or reject a proposed chapter 11 plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims or equity interests in which the holders of claims or equity interests are impaired but are not entitled to receive or retain any property on account of such claims or equity interests are deemed to have rejected the plan and similarly are not entitled to vote to accept or reject the plan.

Classes 1 (Indenture Trustee – Note Holder Claims), 3 (Mechanic's Lien Claims), 4 (Other Senior Secured Party Claims), 5 (General Unsecured Claims), 6 (Administrative Convenience Claims), and 7 (Club Member Claims) under the Plan may be or are Impaired. To the extent Claims in Classes 1, 3, 4, 5, 6 and 7 are not the subject to an objection, the holders of such Claims or Interests are entitled to vote to accept or reject the Plan. Class 8 (Equity Interests) will not receive or retain any interest pursuant to the Plan and, thus, pursuant to section 1126(g) of the Bankruptcy Code, such holders are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan. Class 2 (Indenture Trustee – Bridge Loan Claim) under the Plan is unimpaired. Pursuant to section 1126(f) of the Bankruptcy Code, the Holder of the Class 2 Claim is conclusively deemed to have accepted the Plan and therefore may not vote to accept or reject the Plan.

ACCORDINGLY, A BALLOT TO ACCEPT OR REJECT THE PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 1, 3, 4, 5, 6 and 7.

Generally, a creditor's Claim must be "allowed" for purposes of voting in order for such creditor to have the right to vote. Generally, for voting purposes a Claim is deemed "allowed" absent an objection to the Claim if: (i) a proof of claim was timely filed, or (ii) if no proof of claim was filed, the claim is identified in the Debtors' Schedules as other than "contingent" (excepting contingent member initiation deposit claims, holders of such claims being entitled to vote such claims in their face amount), "unliquidated," or "disputed," and an amount of the Claim is specified in the Schedules, in which case the Claim will be deemed allowed for the specified amount. Pursuant to the Bar Date Order in these Chapter 11 Cases, Holders of Contingent Club Member Claims who accept the amount of their claims as set forth in the Debtors' Schedules, do not have to file a proof of claim. In any case, when an objection to a Claim is filed, the creditor holding the Claim cannot vote unless the Bankruptcy Court, after notice and a hearing, either overrules the objection, or allows the Claim for

voting purposes. Accordingly, if you do not receive a Ballot and believe that you are entitled to vote on the Plan, you must file a Bankruptcy Rule 3018 Motion with the Bankruptcy Court in accordance with the timing set forth in the Disclosure Statement Approval Order for the temporary allowance of your Claim for voting purposes. Otherwise, persons who do not receive a Ballot will not be entitled to vote to accept or reject the Plan.

The Debtors note that, with respect to Class 1 Indenture Trustee – Note Holder Claims, the individual Holders of such Claims will vote for purposes of whether Class 1 votes as a class to accept or reject the Plan. The Debtors intend to file a first amendment to their Schedules (schedules of assets and liabilities) and attach thereto a Schedule D Rider that will detail the individual Note Holder Claims that comprise the Class 1 Secured Claim estimated at $73,532,000 in the aggregate. For the avoidance of doubt: (i) this provision and the Debtors' submission of the Schedule D Rider is for Plan voting purposes only, and any Note Holder who disagrees with any amount set forth in the Schedule D Rider need not file a proof of claim to assert the amount of his or her Note Holder Claim, but rather should indicate the alleged amount of his or her Note Holder Claim on any Class 1 Ballot submitted to the Voting Agent (the Debtors may address in the tabulation report submitted to the Bankruptcy Court any disputes regarding the appropriate amount of any Note Holder Claim indicated on any such Class 1 Ballot); and (ii) Note Holders will be provided separate Class 7 Ballots with respect to their Club Member Claims.

THE DEBTORS AND THE LITIGATION TRUSTEE, AS THE CASE MAY BE, IN ALL EVENTS RESERVE THE RIGHT THROUGH THE CLAIM RECONCILIATION PROCESS TO OBJECT TO OR SEEK TO DISALLOW ANY CLAIM FOR DISTRIBUTION PURPOSES UNDER THE PLAN.

b) Voting Instructions and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. If you hold a Claim in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate Ballots that must be used for each separate Class of Claims. Please vote and return your Ballot(s). No votes other than ones using such Ballots will be counted, except to the extent the Bankruptcy Court orders otherwise. The Bankruptcy Court has fixed July 2, 2012 as the date (the "Voting Record Date") for the determination of the holders of Claims who are entitled to (a) receive a copy of this Disclosure Statement and all of the related materials and (b) vote to accept or reject the Plan. After carefully reviewing the Plan and this Disclosure Statement, including the annexed exhibits and any Plan Supplement, please indicate your acceptance or rejection of the Plan on the Ballot and COMPLETE, SIGN AND SUBMIT THE BALLOT SO THAT IT IS ACTUALLY RECEIVED BY BMC GROUP, INC., THE VOTING TABULATION AGENT, BY MAIL ADDRESSED TO BMC GROUP, INC., ATTN: CLIFFS BALLOT PROCESSING, P.O. BOX 3020, CHANHASSEN, MN 55317-3020, OR DELIVERY BY HAND, COURIER, OR OVERNIGHT SERVICE ADDRESSED TO

BMC GROUP, INC., ATTN: CLIFFS BALLOT PROCESSING, 18675 LAKE DRIVE EAST, CHANHASSEN, MN 55317-3020 ON OR BEFORE AUGUST 1, 2012 (THE "VOTING DEADLINE").

ANY BALLOT THAT IS NOT EXECUTED BY A DULY AUTHORIZED PERSON WILL NOT BE COUNTED. ANY BALLOT THAT IS EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM BUT THAT DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED.

DO NOT RETURN YOUR NOTES OR ANY OTHER INSTRUMENTS OR AGREEMENTS THAT YOU MAY HAVE WITH YOUR BALLOT(S).

c) Who to Contact for More Information

If you have any questions about the procedure for voting your Claim or the packet of materials you received, or if you received a damaged Ballot or you lost your Ballot, or if you wish to obtain additional copies of the Plan, this Disclosure Statement, or the exhibits to those documents, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), please contact McKenna Long & Aldridge LLP, 303 Peachtree Street, Suite 5300, Atlanta, GA 30308 Attn: Bryan E. Bates; or by facsimile at (404) 527-4198, Attn: Bryan E. Bates; or by electronic mail, at bbates@mckennalong.com.

d) Acceptance or Rejection of the Plan

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in that class that cast ballots for acceptance or rejection of the plan. Assuming that at least one impaired Class votes to accept the Plan, the Debtors will seek to confirm the Plan under Section 1129(b) of the Bankruptcy Code due to the deemed rejection of the Plan by the Class 8 Interests. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the non-acceptance by one or more impaired classes of Claims or Interests. Under Section 1129(b) of the Bankruptcy Code, a plan may be confirmed if (a) the plan has been accepted by at least one impaired class of claims and (b) the Bankruptcy Court determines that the plan does not discriminate unfairly and is "fair and equitable" with respect to the non-accepting classes. A more detailed discussion of these requirements is provided in Article XIII of this Disclosure Statement.

D. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1129(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for August 6, 2012 at 10:00 a.m. prevailing Eastern Time before the Honorable John Waites, Chief Judge, United States Bankruptcy Court, J. Bratton Davis U.S. Bankruptcy Courthouse, 1100 Laurel Street, Columbia SC 29201. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be served and filed so that they are received on or before August 1, 2012. The Bankruptcy Court may adjourn the Confirmation Hearing from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

E. RECOMMENDATION

The Plan was developed over several months and is the product of extensive, arm's-length negotiations among, among others, the Debtors, the Plan Sponsor, the Indenture Trustee, and the Committee. The Debtors believe that approval of the Plan presents the best chance for the Debtors' successful emergence from chapter 11.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THEM TO ACCOMPLISH THE OBJECTIVES OF CHAPTER 11, AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CREDITORS. THE DEBTORS RECOMMEND THAT CREDITORS VOTE TO ACCEPT THE PLAN.

IF NO IMPAIRED CLASS OF CREDITORS VOTES TO ACCEPT THE PLAN, THESE CHAPTER 11 CASES MAY BE CONVERTED TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. IF THESE CHAPTER 11 CASES ARE CONVERTED TO A CHAPTER 7, DISTRIBUTIONS TO CREDITORS, IF ANY, WOULD BE DELAYED SIGNIFICANTLY, CREDITORS WOULD RECEIVE A SMALLER RECOVERY THAN THEY WILL RECEIVE UNDER THE PLAN, OR NO RECOVERY AT ALL, AND THE CLUB ASSETS WOULD LIKELY CLOSE.

II.
OVERVIEW OF THE PLAN

The Debtors and the Plan Sponsor propose to make the following distributions either from the Debtors' Estates, the Liquidation Trust, or by the Plan Sponsor on the Effective Date or as soon thereafter as is reasonably practicable to holders of secured and unsecured Claims illustrated below. The Plan classifies all Claims against and Interests in the Debtors to eight (8) separate Classes. The following table summarizes the classification and treatment afforded under the Plan as further described in Article VII of this Disclosure Statement. At this time, the Debtors cannot predict whether any additional distributions will be made based on recoveries from Retained Actions pursued after the Effective Date by the Liquidation Trustee. The following table briefly summarizes how the Plan classifies and treats Allowed Claims and equity interests, and also provides the estimated Distributions to be received by the holders of Allowed Claims and equity interests in accordance with the Plan:

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

Class	Designation	Impaired	Entitled to Vote	Treatment of Allowed Claims	Estimated Recovery[2]
--	Administrative Claims (estimated at $1,100,000)	No	No (unclassified claims, not entitled to vote)	Except as otherwise provided for in the Plan, on the later of (i) the Initial Distribution Date, if an Administrative Claim is Allowed as of the Effective Date, or (ii) as soon as practicable after the date such Administrative Claim becomes an Allowed Claim, if an Administrative Claim is not Allowed as of the Effective Date, each holder of an Allowed Administrative Claim will receive from the Debtors (before the Effective Date) or the Liquidation Trustee or Plan Sponsor thereafter, in full satisfaction, settlement and release of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such less favorable treatment to which the Debtors (with the consent of the Plan Sponsor) or Liquidation Trustee and the holder of such Allowed Administrative Claim will have agreed upon in writing; provided, however, that Allowed Ordinary Course Trade Claims will be paid in the ordinary course of business of New ClubCo and/or its sublessees in accordance with the terms and subject to the conditions of any agreements governing or relating thereto.	100%
--	DIP Facility Claims (estimated at $7,771,000)	No	No (unclassified claims, not entitled to vote)	The DIP Facility Claims will be repaid by the Plan Sponsor in full, in Cash, on the Effective Date in full and final satisfaction, settlement and release of such DIP Facility Claims.	100%
--	Professional Fee Claims (estimated at $1,300,000)	No	No (unclassified claims, not entitled to vote)	Except as otherwise provided for in the Plan, all requests for compensation or reimbursement of Professional Fee Claims for services rendered from the Petition Date through the Effective Date will be Filed and served on the Debtors, counsel to the Debtors, the United States Trustee, counsel for the Indenture Trustee, counsel to the Committee, counsel to the Plan Sponsor, the Liquidation Trustee, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court, prior to the end of the Administrative Claim Bar Date for Professional Fee Claims, which is sixty (60) days after the Effective Date, unless such date is otherwise modified by order of the Bankruptcy Court. Holders of Professional Fee Claims that are required to file and serve applications for final allowance of its Professional Fee Claims and that do not file and serve such applications by the required deadline will be forever barred from asserting such Claims against the Debtors, the Plan Sponsor or the Indenture Trustee, and such	100%

[2] **NONE OF THESE FIGURES REFLECTS ESTIMATED RECOVERIES DISCOUNTED TO PRESENT VALUE.**

Class	Designation	Impaired	Entitled to Vote	Treatment of Allowed Claims	Estimated Recovery[2]
				Professional Fee Claims will be deemed discharged as of the Effective Date. Objections to any Professional Fee Claims must be filed and served on counsel for the Debtors, counsel for the Plan Sponsor, counsel for the Committee, counsel for the Indenture Trustee, and the Liquidation Trustee and the requesting party on or before twenty-one (21) days after the filing and service of such request.	
--	Priority Tax Claims (estimated at $1,943,000)	No	No (unclass-ified claims, not entitled to vote)	Except as otherwise provided for in the Plan, on (i) the Initial Distribution Date, if a Priority Tax Claim is Allowed as of the Effective Date, or (ii) the first Distribution Date after the date such Priority Tax Claim becomes Allowed, each holder of an Allowed Priority Tax Claim will receive from the New ClubCo, in full satisfaction, settlement and release of, and in exchange for, such Allowed Priority Tax Claim, (A) Cash of New ClubCo equal to the amount of such Allowed Priority Tax Claim, (B) such less favorable treatment as to which such Debtors (with the consent of the Plan Sponsor), and the holder of such Allowed Priority Tax Claim will have agreed upon in writing; or (C) at the option of the Debtors, Cash of New ClubCo in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period of not more than five (5) years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code.	100%
Class 1	Indenture Trustee – Note Holder Claims (estimated at $73,532,000)	Yes	Yes	The Indenture Trustee shall have an Allowed Claim in the amount of $64,050,000, which shall be treated as follows: On the Effective Date, (i) the Allowed Secured Claims of the Note Holders represented by the Indenture Trustee will be satisfied through a combination of (x) a modification of the terms of the Notes to provide for repayment of $64,050,000, without interest, in twenty (20) annual payments beginning on the one year anniversary of the Effective Date in the amount of the greater of $1 million or 50% of New ClubCo Net Cash Flow and with a balloon payment of the remaining principal, if any, at maturity, all paid through the Indenture Trustee to the Note Holders subject to the terms of the Notes and Indenture, as may be modified and amended, and (y) the modification of the Prepetition Facility Documents, including without limitation, the Pledge and Security Agreement and the Collateral Trust Agreement to subordinate the Liens of the Indenture Trustee to the Exit Facility and the Mountain Park Facility, after which the Debtors will transfer the Real Property Collateral and substantially all other property of the Debtors to the Plan Sponsor, subject only to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances, and the Plan Sponsor will assume the payment obligations under the modified Notes until the Indenture Trustee SPE assumes the	< 87%[3]

[3] **NONE OF THESE FIGURES REFLECTS ESTIMATED RECOVERIES DISCOUNTED TO PRESENT VALUE.**

Class	Designation	Impaired	Entitled to Vote	Treatment of Allowed Claims	Estimated Recovery[2]
				payment obligations under the modified Notes, as described below, followed by the Plan Sponsor's and/or Indenture Trustee SPE's execution of the Exit Facility and the Mountain Park Facility, and then the Plan Sponsor will contribute these assets to the Indenture Trustee SPE, subject to the Permitted Liens, in return for a 100% economic and managing membership interest in the Indenture Trustee SPE (the Indenture Trustee will hold a 0% non-economic membership interest in the Indenture Trustee SPE), and the Indenture Trustee SPE will assume the payment obligations under the modified Notes, all in satisfaction of the Note Holder Claims against the Debtors and the Guarantors of the Note Holder Claims (provided, however, that James B. Anthony will not receive a release without satisfaction of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan) as well as against NewCo or New ClubCo arising under the Notes or the Notes as modified and amended. Then, the Indenture Trustee SPE will enter into the Lease(s) with New ClubCo (or its subsidiary entities, at the sole option and in the sole discretion of New ClubCo) and New ClubCo, in turn, shall enter into subleases with its subsidiaries or affiliates. From and after the Effective Date, the Debtors will have no liability to the Indenture Trustee or to the Note Holders. Upon receipt of title to the Acquired Assets, the Indenture Trustee SPE will execute such documents as are required to evidence its assumption of the payment obligations under the modified Notes and underlying security interest(s) as modified pursuant to the Plan and to secure the obligations thereunder. In the event the Indenture Trustee SPE defaults under the Note Restructuring Agreement subsequent to the Effective Date, the Indenture Trustee will have a number of remedies, including without limitation, the following: (i) the right to foreclose on the assets subject to its liens; (ii) the right to require deeds in lieu of foreclosure; and (iii) the right to acquire the 100% economic member interest of the Plan Sponsor in the Indenture Trustee SPE. The enforceability of the aforementioned remedies upon a default or subsequent bankruptcy of the Indenture Trustee SPE is not absolute. The foregoing will be effectuated and governed by the terms of certain operative documents, which will include but will	

Class	Designation	Impaired	Entitled to Vote	Treatment of Allowed Claims	Estimated Recovery[2]
				not be limited to: Note Restructuring Agreement by and between the Debtors and the Indenture Trustee; Assumption Agreement by and between Cliffs Club Partners and the Indenture Trustee; Assumption Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Master Lease by and between Indenture Trustee SPE and Cliffs Club Partners; Mortgages/Deeds of Trust by and between Indenture Trustee SPE and the Indenture Trustee; Security Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Collateral Assignment of IP/License Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Deeds in Lieu/Escrow Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Amendment to Indenture; Indenture Trustee SPE Operating Agreement; Establishment of IT Representative, LLC; and Subleases by and between Cliffs Club Partners and the golf operating subsidiaries. Each of the Note Holders by voting its Class 1 Claim to accept the Plan is deemed to consent to the use of the Indenture Trustee's cash collateral by the Debtors to fund Distributions under the Plan, to the subordination of its Liens to those of the Exit Facility and the Mountain Park Facility and to all other provisions of the Plan that affect the Note Holders. By accepting the Plan, the Note Holders and the Indenture Trustee will be deemed to waive the right: (i) to any dues credits or club credits; (ii) the right to any subordinate lien securing their Membership Deposit obligations; and (iii) the right to any deficiency claim against the Debtors and Guarantors of the Note Holder Claims (but not their Membership Deposit Obligations that are treated under Plan Class 7). Notwithstanding anything else in the Plan, this Disclosure Statement or otherwise, the Notes shall not be deemed satisfied and thus extinguished, but rather restructured under the terms of the Plan and related documents, such that the payment obligation of the obligor under those Notes shall be to deliver payments totaling $64,050,000 to the Indenture Trustee.	
Class 2	Indenture Trustee – Bridge Loan Claim (estimated at $2,292,000)	No	No	The Bridge Lender as the Holder of the Allowed Class 2 Indenture Trustee - Bridge Loan Claim will receive in full satisfaction, settlement, release, and extinguishment of such Claim, and of any lien securing such Claim, Cash equal to the amount of such Allowed Bridge Loan Claim, including all interest accrued thereon as and to the extent provided by the Bridge Loan Documents, on or as soon as practicable after the Effective Date.	100%
Class 3	Mechanic's Lien Claims (estimated at $1.5 million)	Yes	Yes	Each Holder of an Allowed Class 3 Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, and of any lien securing such Claim, and as a condition precedent thereto, the following treatment: Payment in full of the principal amount, in Cash, without pre-petition or post-petition interest, costs or attorneys' fees, by New ClubCo directly to all holders of Claims that are Allowed and that are secured by Mechanic's Liens on the	90%

Class	Designation	Impaired	Entitled to Vote	Treatment of Allowed Claims	Estimated Recovery[2]
				Effective Date.	
Class 4	Other Senior Secured Party Claims (estimated at $75,000)	Yes	Yes	Each Holder of an Allowed Class 4 Other Senior Secured Party Claim will receive, at the election of the Debtors (with the consent of the Plan Sponsor), in full satisfaction, settlement, release, and extinguishment of such Claim: (a) Cash equal to the amount of such Allowed Other Senior Secured Party Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Other Senior Secured Party Claim becomes Allowed, and (iii) a date agreed to by the Debtors and the Holder of such Class 4 Other Senior Secured Party Claim; (b) Cure and Reinstatement of one or more equipment leases with such Other Senior Secured Party but not any guaranty that gives rise to such Allowed Other Senior Secured Party Claim; (c) the Equipment that is the subject of one or more leases with such Other Senior Secured Party securing such Other Senior Secured Party Claim without representation or warranty by or recourse against the Debtors; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors.	100%
Class 5	General Unsecured Claims (estimated at $3.9 million)	Yes	Yes	Each Holder of an Allowed Class 5 Claim will receive its Pro Rata Share of the General Unsecured Claims Fund less a reserve established by the Liquidation Trustee for expenses of administration of the Liquidating Trust, on or as soon as practicable after the later of (i) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (ii) the first Distribution Date after the date on which any objection to such General Unsecured Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court. On each subsequent Distribution Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee will continue to make Pro Rata Distributions of the General Unsecured Claims Fund to Holders of Allowed Class 5 Claims.	< 75%
Class 6	Administrative Convenience Claims (estimated at $56,000)	Yes	Yes	On either (i) the Effective Date, (ii) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (iii) the first Distribution Date after the date on which any objection to such Administrative Convenience Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court, each Holder of an Allowed Class 6 Administrative Convenience Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, Cash in an amount equal to the full amount of such Allowed Claim, without interest, costs or fees, from the Liquidation Trustee from the Administrative Convenience Claims Fund.	99%

Class	Designation	Impaired	Entitled to Vote	Treatment of Allowed Claims	Estimated Recovery[2]
Class 7	Club Member Claims	Yes	Yes	Each Holder of an Allowed Class 7 Club Member Claim will receive in full satisfaction, settlement, release, and extinguishment of such Claim, the following treatment: Option to Join the New Clubs: A Club Member may elect in the ballot the New Club Membership Option and become one of the Accepting Club Members. If so, then upon payment of the applicable Transfer Fee, and any Membership Reinstatement Fee, if applicable, and execution of an agreement to pay at least one year of dues under the New ClubCo Membership Plan, the Class 7 Claimant will receive a membership with New ClubCo under the New ClubCo Membership Plan as well as the right to satisfaction by New ClubCo of any Membership Deposit Obligations in accordance with the Vesting Schedule. Accepting Club Members will also receive a release of claims by the Debtors. Option not to Join the New Clubs: A Club Member who does not (i) elect in the ballot the New Club Membership Option and (ii) become one of the Accepting Club Members, will thereby become one of the Rejecting Club Members and will receive its Pro Rata Share of the Rejecting Member Fund on or as soon as practicable after the later of (i) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (ii) the first Distribution Date after the date on which any objection to such Rejecting Club Member Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court. On each subsequent Distribution Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee will continue to make Pro Rata Distributions to Holders of Allowed Class 7 of the Rejecting Member Fund.	Members electing to join the New Clubs: 35-75% Members electing not to join the New Clubs: 4-10%
Class 8	Equity Interests	Yes	No	Holders of Class 8 Interests in all of the Debtors will not receive or retain any Property under the Plan on account of such Interests. On the Effective Date, all Interests will be canceled.	0%

III.
OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and equity interest holders. In addition to permitting rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and equity interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and equity interests in the debtor. Confirmation of a Chapter 11 plan by the bankruptcy court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor.

After a plan of reorganization has been filed, the holders of claims against or equity interests in a debtor are generally permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code.

IV.
FORMATION, BUSINESS, DEBT STRUCTURE, AND OTHER PRE-PETITION OBLIGATIONS OF THE DEBTOR

A. FORMATION AND HISTORY OF THE DEBTORS

Each of the Debtors is owned, directly or indirectly, by Cliffs Communities, Inc. ("CCI"). CCI has other subsidiaries or affiliates that on the Petition Date were dedicated to the development and sale of residential real estate, unimproved company lots and finished homes at a number of Cliffs communities. CCI and these non-debtor affiliates are generally referred to as the Cliffs development companies or "DevCos" while the Debtors are referred to as the "ClubCos" (collectively, "The Cliffs"). The Debtors own and operate eight exclusive private membership clubs located in South Carolina and North Carolina focused on golf, tennis, wellness and social activities at eight Cliffs communities. The clubs (individually a "Club" collectively the "Clubs") are: (i) The Cliffs at Glassy Golf & Country Club ("The Club at Glassy"); (ii) The Cliffs Valley Golf & Country Club ("The Club at Cliffs Valley"); (iii) The Cliffs at

Keowee Vineyards Golf & Country Club ("The Club at Keowee Vineyards"); (iv) The Cliffs at Walnut Cove Golf & Country Club ("The Club at Walnut Cove"); (v) The Cliffs at Keowee Falls Golf & Country Club ("The Club at Keowee Falls"); (vi) The Cliffs at Keowee Springs Golf & Country Club ("The Club at Keowee Springs"); (vii) The Cliffs at Mountain Park Golf & Country Club ("The Club at Mountain Park"); and (viii) The Cliffs at High Carolina Golf & Country Club ("The Club at High Carolina"). The Club at Walnut Cove and The Club at High Carolina are located in the State of North Carolina. The remaining six Clubs are each located in the State of South Carolina. Construction of the club amenities at six of the eight Cliffs communities is largely complete, while construction of the club amenities at two of the Cliffs communities is not. The golf course at The Club at Mountain Park has been 70% completed while construction of the club house and other amenities there has not. The amenities for The Club at High Carolina are still in the planning stage. The Debtors' headquarters are located in Travelers Rest, South Carolina.

The first Cliffs community opened in 1991 and The Cliffs grew to become an award-winning collection of eight premier, private master-planned residential communities, each ultimately to have its own world-class designed golf course, encompassing a total of 23,000 acres that would accommodate over 9,000 units at full build-out. The Cliffs offers a full range of premier-quality products and services for primary and secondary homeowners while preserving the communities in mountain and lakeside surroundings. The Cliffs markets primarily to affluent move-up, pre-retirement and retirement buyers looking for world-class golf and commensurate amenities. Internationally renowned professional golfers, designers and architects, including Jack Nicklaus, Tom Fazio, Ben Wright, Gary Player, Tiger Woods and Tom Jackson, have designed the golf courses at The Cliffs. The Cliffs has invested well over $500 million over the past 20 years to systematically develop and market The Cliffs communities.

Throughout all of The Cliffs communities, approximately 3,734 lots have been sold. Although not owned by the Debtors, there are currently 1,384 finished homes, with 63 under construction. The eight Clubs have approximately 1,937 members. There are approximately 766 former members on the resigned lists of the Clubs, with refundable contingent initiation deposits totaling approximately $37,000,000. The Cliffs Golf & Country Club, Inc. ("CGCC"), an affiliate of the Debtors that is owned by James B. Anthony, owned the first two Clubs that opened in The Cliffs communities, and CGCC managed those Clubs as well as the other Clubs as they opened until 2010, when CGCC conveyed its assets to two ClubCos, and Cliffs Club & Hospitality Service Company, LLC ("ServCo"), one of the ClubCos, began to manage the Clubs. Membership plans have been modified during the past twenty years as additional Clubs have been formed. These membership plans are referred to collectively as the "Membership Plan." After the first two Clubs opened, new entities were formed to own and operate each Club. Under CGCC's management and thereafter, the Debtors have done business as The Cliffs Golf & Country Club. CGCC, prior to April 30, 2010, acted as the manager of the Clubs and entered to contracts on their behalf. For example, when a new Member joins a Club, even when CGCC managed the Clubs, a new Member would contract with CGCC to join the

Club, which the Member selected as the Member's home club. These transactions were always reflected separately for the Clubs. Consequently, the Debtors have operated with the understanding that the membership agreements to which CGCC originally was a party are now held by The Cliffs Club & Hospitality Group, Inc. and the home ClubCo for The Cliffs community where the Member resides. Pursuant to the Membership Plan for the Clubs, these refunds would be paid only from the initiation deposits of new members, as a result of the sale of additional lots, with $100,000 being paid out for each $500,000 received in new member initiation deposits at the Cliffs at Mountain Park, at High Carolina, at Walnut Cove, at Keowee Falls and at Keowee Springs, and with $100,000 being paid out for each $300,000 received in new member initiation deposits at the Cliffs at Glassy, Valley and at Keowee Vineyards. The contingent initiation deposits related to active members total approximately $181,000,000.

It is important to note that the Debtors' financial statements state this liability at the full amount of all initiation deposits received, plus the mark-to-market adjustment noted above, instead of at the discounted present value of refunds due 30 years from the initial deposit. Any refund payable before that time is contingent upon the receipt of sufficient cash flow to refund resigned Member deposits, or 30 days after the purchase of the membership in a resale transaction. Accordingly, the Debtors believe that the actual present value of this liability is less than 10% of the stated amount. Historically, as an industry benchmark, real estate developments offering 30 year refundable initiation deposits pay approximately 4% of the gross amount due from their own funds. The remainder is paid by new members, and is renewed every time a membership transfers with the 30 year period beginning anew. The Debtors reserve all rights regarding the valuation and estimation of these contingent unsecured claims.

Through its development, operations, marketing, sales efforts and provision of services and amenities through The Cliffs, CCI has developed The Cliffs® internationally known brand. The development of the brand allowed CCI to generate revenues from two primary sources: (1) the development and sale of residential real estate, including unimproved company lots and finished homes, and (2) the operation of country clubs, wellness facilities and other amenities for the members of the facilities (the "Members"). CCI has licensed to the Debtors a non-exclusive right to use its intellectual property.

Only one of the DevCos has filed bankruptcy petitions at this time. Those entities dedicated to the operation of country clubs, wellness facilities and other amenities for the Members, which are the Debtors that filed voluntary petitions for protection under chapter 11 of the Bankruptcy Code in these Chapter 11 Cases, in order to preserve the value of the operating entities within The Cliffs, are the subject of this Disclosure Statement.

B. THE BUSINESS

None of the Debtors owns any lots for sale. Upon purchase of a new residential lot at one of the communities from a DevCo entity, a buyer had the right, within thirty

days, to obtain a full golf membership, or anytime thereafter to obtain other types of memberships, and become a Member in exchange for payment of a membership initiation deposit, periodic dues and service fees. The initiation deposits are refundable after 30 years, without interest. At maturity, the refunds are due in full, and the membership then continues. If the membership is acquired by a new buyer, through the Club, the 30 year period starts again. The buyer of a resale lot also has the opportunity to acquire a Club Membership from sellers who hold golf memberships may obtain a full golf membership while buyers from sellers who did not hold golf memberships might obtain other types of Club Memberships. The first refundable initiation deposits were accepted in 1991, and would be refundable in 2021. Such a club membership entitled the Member to use any of the recreational, dining and social facilities of any of The Cliffs communities. With each community as close as a 15-minute drive and no more than a 90-minute drive from each other, the proximity provides significant value for purchasing property at The Cliffs that cannot be replicated by other comparable projects. Furthermore, the relative proximity of the properties provides for operational economies of scale not available at "one-off" developments. A club membership is a non-exclusive, revocable license, which, as of the Petition Date, cost $100,000 for a refundable initiation deposit, or $50,000 for a non-refundable initiation deposit. By acquiring a club membership, the Member does not acquire any ownership interest in any of the Clubs or its facilities. A Member is prohibited from transferring the club membership to any person, including a buyer of the Member's property in a resale transaction. Rather, a Member may resign the club membership, at which time the Debtors, pursuant to the Membership Plan, are obligated to refund the amount of the Club Membership as specified in the Membership Plan to the Member.

The Club at Glassy

Established in 1991, The Club at Glassy is situated in a beautiful mountain setting on the Cherokee Foothills Scenic Highway in the northwest corner of South Carolina. The Club at Glassy amenities include an 18-hole Tom Jackson golf course, natural areas, hiking trails, wellness center, chapel and 22,000 square-foot clubhouse all of which are located in a 3,500-acre Cliffs community bordered by 12,000 acres of Greenville watershed property and protected forests. The Cliffs at Glassy community includes approximately 1,000 single-family residential lots. Nearly 95% of the platted lots at the Cliffs at Glassy have been sold as of the Petition Date. The number of full and part time associates employed at The Club at Glassy ranges, on a seasonal basis, between 68 and 88. The Club at Glassy currently has 364 Members.

The Club at Cliffs Valley

Established in 1994, The Club at Cliffs Valley is situated along the southernmost edge of the Blue Ridge Mountains, upon a picturesque terrain of rolling hills. Known for its 18-hole, Parkland-style golf course designed by world-renowned golf architect, Ben Wright and its 15,000 square-foot wellness center and 28,000 square-foot clubhouse, The Club at Cliffs Valley enhances an exclusive golf course living experience. As of the Petition Date, of the 900 total lots scheduled to be platted

in the Cliffs Valley community, 860 have been platted and, of those, nearly 90% have been sold. The number of full and part time associates employed at The Club at Cliffs Valley ranges, on a seasonal basis, between 85 and 112. The Club at Cliffs Valley currently has 419 Members.

The Club at Keowee Vineyards

The Club at Keowee Vineyards was established in 1997 in the oldest and most mature of the three Cliffs at Keowee communities that span the Lake Keowee shoreline. Similar to The Club at Keowee Springs, The Club at Keowee Vineyards includes an 18-hole Tom Fazio-designed golf course. Additional amenities include tennis courts, a clubhouse/restaurant, a Lake house, hiking trails and a private marina, a marina market and equestrian center. Since the founding of the Cliffs at Keowee Vineyards community, 634 platted home sites have been developed, with more sites projected for the remaining undeveloped land. Over 550 lots have been sold at the Cliffs at Keowee Vineyards as of the Petition Date. The number of full and part time associates employed at The Club at Keowee Vineyards ranges, on a seasonal basis, between 69 and 86. The Club at Keowee Vineyards currently has 315 Members.

The Club at Walnut Cove

The Club at Walnut Cove, just minutes from downtown Asheville, NC, is home to a Jack Nicklaus Signature Course, a wellness center featuring an indoor lap pool, state-of-the-art fitness equipment, an outdoor pool, sauna and tennis courts surrounded by a private, residential golf community that spans nearly 1,300 acres of dense forests, interspersed with meadowlands and streams on the border of the Pisgah National Forest. Sales of single-family lots in the Cliffs at Walnut Cove began in the summer of 2002, with 82 home sites being presold at an aggregate sales price of $36,262,900 or $442,270 per lot on average. As of the Petition Date, 70.6% of the platted lots in the Cliffs at Walnut Cove have been sold. The number of full and part time associates employed at The Club at Walnut Cove ranges, on a seasonal basis, between 55 and 78. There are currently 275 Members in The Club at Walnut Cove.

The Club at Keowee Falls

The Club at Keowee Falls is located in the Cliffs at Keowee Falls South, which sits on over 2,500 acres of land. Amenities of the Club at Keowee Falls include a Jack Nicklaus-designed 18-hole course, a clubhouse and restaurant that sit atop the mountain, and hiking trails. Members also have access to Keowee Towne, a small commercial village that includes a wellness center, a gourmet grocer now closed for the season, The Market at Keowee Town, and a hardware store. Of the 950 total lots scheduled to be platted in The Cliffs at Keowee Falls South community, 565 have been platted, and of those platted lots, nearly 75% have been sold as of the Petition Date. Title to the land planned for certain of the amenities and to the tennis courts at The Club at Keowee Falls is vested in one of the DevCo affiliates of the Debtors as of the Petition Date. The number of full and part time associates employed at The Club at

Keowee Falls ranges, on a seasonal basis, between 57 and 82. There are currently 246 Members of The Club at Keowee Falls.

The Club at Keowee Springs

The Club at Keowee Springs contains a Tom Fazio-designed 18-hole golf course, a beach club and a golf training center, currently leased by the PGA Tour Academy. Additional planned amenities for The Club at Keowee Springs include tennis courts, a clubhouse/restaurant, hiking trails and a private marina. The Cliffs at Keowee Springs community sits on over 1,500 acres of land and is platted for 473 home sites with more than 220 additional sites scheduled for development. Established in 2004, Keowee Springs has sold 244 home sites—more than 50% of its total platted lots—as of the Petition Date. The number of full and part time associates employed at The Club at Keowee Springs ranges, on a seasonal basis, between 23 and 45. There are currently 125 Members of The Club at Keowee Springs.

The Club at Mountain Park

The Club at Mountain Park will contain a Gary Player-designed golf course, which is approximately 70% complete. Other planned Club amenities including a clubhouse, garden and nature center, swimming pools, tennis courts, wellness and fitness centers, a lake pavilion, a children's adventure center and hiking trails. The Club is located in The Cliffs at Mountain Park, which, in turn, is situated amidst over 5,000 acres of rolling terrain at the edge of the Blue Ridge Mountains in the Western Carolinas, between Asheville, North Carolina and Greenville, South Carolina. Mountain Park entered the initial phase of development in the latter part of 2006. As of the Petition Date, 61% of the approximately 400 platted lots at Mountain Park have been sold. The master plan for this development includes approximately 1,500 lots over the 5,000 acres after all development is completed. The number of full and part time associates employed at The Club at Mountain Park ranges, on a seasonal basis, between 10 and 18. The Club at Mountain Park currently has 162 Members.

The Club at High Carolina

In November 2007, CCI and Tiger Woods Design entered into an agreement whereby professional golfer Tiger Woods would design his first North American signature golf course at The Club at High Carolina in a 1,000-acre community master-planned for approximately 1,200 homes in Buncombe County, North Carolina. CCI began acquiring land for this development in 2004, commenced development in 2006 and began marketing the lots starting in 2008. The Cliffs at High Carolina remains in the initial stages of development and is the newest of the eight Cliffs communities. The primary road through the project is partially graded with a gravel base, and numerous secondary roads are at a similar stage of development and some utilities have been installed. As of the Petition Date, less than 10% of the lots at The Cliffs at High Carolina have been platted, and 37 lots have been sold. Title to the land planned for the golf course and club amenities is vested in one of the DevCo affiliates of the

Debtors as of the Petition Date. There are no full or part time associates employed at The Club at High Carolina. The Club at High Carolina currently has 31 Members.

Corporate Structure

The ClubCos are one of five divisions of CCI, which is the parent holding company of multiple qualified sub-chapter S subsidiaries and single-member limited liability companies. Each of CCI's subsidiaries represents specific communities, development companies, golf and country clubs and support organizations. CCI is owned by James B. Anthony, who owns 79.12%; Victoria Anthony, who owns 0.80%; Cliffs Tradition, LLC, which owns .08%; and an Employee Stock Ownership Plan trust (the "ESOP"), which owns 20.00%. CCI is governed by a Board of Directors. Mr. Anthony serves as the Chairman of the Board of Directors, as well as the President of CCI.

CCI's organizational divisions primarily fall into one of five categories: (a) the Commercial Properties Division; (b) the Real Estate Sales & Marketing Division; (c) the Development Division; (d) the Operations Division; and (e) the Club Division or the ClubCos. The Debtors solely comprise the ClubCos, and as subsidiaries of CCI own, with limited exceptions, or lease (with the right to purchase or assume leases) all of the core amenities necessary for the operation of the Clubs at Walnut Cove, Mountain Park, Glassy, Valley, Keowee Springs, Keowee Vineyards and Keowee Falls -- the Debtors do not currently own any property at High Carolina, including all golf courses, practice areas, clubhouses, wellness centers, pools, tennis courts, pavilions, nature centers, restaurants, an equestrian center and other clubhouse amenities. Furthermore, one of the Debtors, ServCo, employs the personnel who operate the amenities at the Clubs and provides administrative support to the other Debtors. For example, all but one of the Debtors' bank accounts are in the name of ServCo which collects the revenues of the Debtors, pays the payroll expense of the personnel who operate the amenities for the Debtors and processes and pays accounts payable for the Debtors.

ServCo employs about 400 people during the low season and about 560 people during the high season. There are between 40 and 50 administrative staff, including accounting, membership, purchasing, maintenance, human resources and information technology personnel who support the ClubCo operations for all of the Clubs, depending on the season.

None of CCI's other organizational divisions is included in these jointly administered Chapter 11 Cases, and no liability or secured debt obligation of CCI or any of its other subsidiaries is contemplated or affected in these Chapter 11 Cases. The descriptions of the debts set forth below relate solely to the obligations of the Debtors.

C. DEBTORS' PRE-PETITION CAPITAL STRUCTURE

Secured Financing

The Indenture

The Debtors' principal senior secured liabilities consist of $64,050,000 in the aggregate principal sum, plus accrued interest, owing to the holders (collectively, the "Note Holders") of those certain Series A Notes due 2017 (the "Series A Notes") and those certain Series B Notes due 2017 (the "Series B Notes" together with the Series A Notes, collectively, the "Notes") issued in connection with that certain Indenture dated as of April 30, 2010 (as in effect on the date hereof, the "Indenture"), by and among The Cliffs Club & Hospitality Group, Inc., the Guarantors (as defined in the Indenture), the Note Holders and Wells Fargo Bank, National Association, as trustee (in such capacity, the "Indenture Trustee"), and all promissory notes, security instruments and collateral and ancillary documents referenced therein or associated therewith are held by Wells Fargo Bank, National Association, as Collateral Trustee.

Under the Indenture, there are two series of Notes, the Series A Notes, which were issued in the original principal amount of $39,800,000, and the Series B Notes, which were issued in the original principal amount of $24,250,000. The obligations created by the Notes and any of the other Note Documents (as defined below) are referred to as the "Note Obligations". In order to secure the Note Obligations (among other obligations), The Cliffs Club & Hospitality Group, Inc. and each of the ClubCo guarantors granted to the Collateral Trustee a security interest in and a continuing lien on all of their right, title and interest in, to and under all of their personal property (the "Personal Property Collateral") pursuant to a Pledge and Security Agreement dated as of April 30, 2010. In addition, certain of the Debtors granted a mortgage, deed of trust, or leasehold mortgage as applicable (collectively, the "Mortgages") to the Collateral Trustee (collectively, the "Real Property Collateral") to secure the Note Obligations, among other obligations. Together, the Personal Property Collateral and the Real Property Collateral, are referred to as the "Prepetition Note Collateral". In addition to the Note Obligations, as provided in the Collateral Trust Agreement dated April 30, 2010 (the "Collateral Trust Agreement"), the Prepetition Note Collateral also secures on a subordinated basis certain membership deposit obligations (as defined in the Collateral Trust Agreement) owed to the Note Holders.

Further, payment of the Note Obligations was guaranteed jointly and severally by CCHG Holdings, Inc., each of The Cliffs Club & Hospitality Group, Inc. subsidiaries, and James B. Anthony, individually, pursuant to Article X of the Indenture. Collectively, the Indenture, the Notes, the Pledge and Security Agreement, the Mortgages, the Collateral Trust Agreement, and any other documents related to the Notes are referred to as the "Note Documents". The Series A Note Holders and certain of the Series B Note Holders hold a subordinate lien on the Prepetition Note Collateral junior to the Note Obligation to secure their Membership Deposit Obligations.

ServCo, which was not initially a guarantor under the Indenture, in September of 2011 executed signature pages that were attached to the Indenture, to the Collateral

Trust Agreement and to the Pledge & Security Agreement. The other Debtors executed the Indenture, the Collateral Trust Agreement and the Pledge & Security Agreement on or about April 30, 2010. UCC-1 Financing Statements regarding each of the Debtors have been filed and those Debtors that own real property executed mortgages or deeds of trust that were recorded, all more than ninety days before the commencement of these Chapter 11 cases. Except as provided in the immediately succeeding sentence, Debtors' obligations under the Indenture are secured by a first priority security interest in substantially all of the Debtors' assets, which pre-petition security interest is subordinate only to liens granted with respect to the Prepetition Bridge Loan Agreement and the Amended and Restated Prepetition Bridge Loan Agreement, described below. The Debtors lease and/or use equipment from several parties and TCF Equipment Finance, VGM Financial Services, Deere Credit, Inc., Agricredit Acceptance and General Electric have each filed one or more UCC financing statements to secure the equipment leased by them to the Debtors and any replacements or proceeds thereof. In addition, TCF Equipment Finance, Inc. and VGM Financial Services, a division of TCF Equipment Finance, Inc., hold perfected liens on the accounts, money, general intangibles, instruments, documents and chattel paper of The Cliffs Club & Hospitality Group, Inc. that are superior to the Indenture Trustee to secure that Debtor's guaranty of certain equipment lease obligations of six of its subsidiaries. However, that Debtor's only asset is its member interests in the subsidiary Debtors which have no value and are being canceled under the Plan and therefore such security interest has no value.

As of the Petition Date, the aggregate outstanding principal and accrued interest under the Indenture is approximately $73,531,505.

Bridge Loan

The Debtors' additional senior secured liabilities consist of approximately $2,000,000 owing with respect to that certain Agreement Relating to Bridge Loan executed by the Indenture Trustee, The Cliffs Club & Hospitality Group, Inc., and SP 50, on or about January 31, 2012 (as in effect on the date hereof, the "Prepetition Bridge Loan Agreement"); together with that certain Amended and Restated Agreement Relating to Bridge Loan executed by the Indenture Trustee, The Cliffs Club & Hospitality Group, Inc., and SP 50, on or about February 21, 2012 (as in effect on the date hereof, the "Amended and Restated Prepetition Bridge Loan Agreement"); and all promissory notes, security instruments and collateral and ancillary documents referenced therein or associated therewith.

The Debtors' obligations under the Prepetition Bridge Loan Agreement and the Amended and Restated Prepetition Bridge Loan Agreement have a priority right to repayment out of the trust administered by the Indenture Trustee.

As of the Effective Date, the aggregate outstanding principal and accrued interest under the Prepetition Bridge Loan Agreement and the Amended and Restated Prepetition Bridge Loan Agreement will be approximately $2,292,000.

Other Secured Obligations

The Debtors directly or indirectly lease machinery and equipment such as golf carts, golf course maintenance equipment, copiers, containers and modular spaces under various secured leasing agreements. Also, as of the Petition Date, approximately $1,800,000 in Mechanic's Lien Claims have been asserted against the Debtors. The Debtors believe that several of the Mechanic's Lien Claims should be paid only as General Unsecured Claims, and some should be disallowed in their entirety because they were incurred by DevCo and not ClubCo.

Priority Taxes

As of the Petition Date, the Debtors owed approximately $1,100,000 in unpaid real property taxes.

Unsecured Debt

As of the Petition Date, more than $4,000,000 in litigation and potential litigation claims have been asserted against the Debtors, some of which are unliquidated claims and most of which the Debtors dispute. As of the Petition Date, the Debtors have accounts payable of approximately $4,300,000 (not including mechanics' liens listed in paragraph 33) that are due and payable and other accrued expenses (not including interest accrued under the Notes or taxes) in the approximate amount of $1,400,000 not yet due and payable, all of which have arisen in the ordinary course of the Debtors' businesses.

Deposits Owing to Resigned Members, and Contingent Deposits Owing to Current Members

As set forth above, upon the resignation of any Member, the Debtors are obligated refund the amount of the club membership to the Member, pursuant to the Membership Plan.

As of the Petition Date, the Debtors owe, on a contingent basis, approximately $37,000,000 in club membership refunds to resigned Members.

As of the Petition Date, the Debtors owe, on a contingent basis, approximately $181,000,000 in face amount of potential club membership refunds to current Members, should any current Members elect to resign their memberships. The estimated current fair market value of these Membership refunds is less than $18,000,000.

As of the Petition Date, the Debtors show a liability for dues prepayments and credits in the amount of approximately $6,600,000 owed to Members.

Equity Interests in the Debtors

As of the Petition Date, Cliffs Communities, Inc. owned 100% of the stock of CCHG Holdings, Inc., CCHG Holdings, Inc. owned 100% of the stock of The Cliffs Club & Hospitality Group, Inc., and The Cliffs Club & Hospitality Group, Inc. was the sole member of the remaining Debtors, namely The Cliffs at Glassy Golf & Country Club, LLC, The Cliffs Valley Golf & Country Club, LLC, The Cliffs at Keowee Springs Golf & Country Club, LLC, The Cliffs at Keowee Falls Golf & Country Club, LLC, The Cliffs at Keowee Vineyards Golf & Country Club, LLC, The Cliffs at Mountain Park Golf & Country Club, LLC, The Cliffs at Walnut Cove Golf & Country Club, LLC, The Cliffs at High Carolina Golf & Country Club, LLC, and Cliffs Club & Hospitality Service Company, LLC.

D. DEBTORS' MANAGEMENT TEAM.

As of the Petition Date, the board of directors of the two Debtor holding companies (CCHG Holdings, Inc. and Cliffs Club & Hospitality Group, Inc.) consisted of:

(1) Tim Cherry, Chairman
(2) Brett Kist
(3) David Sawyer
(4) Geoffrey Carey
(5) David Bailey
(6) Steve Humphrey

David Bailey and Steve Humphrey are independent directors who are also Note Holders.

The Debtors' Chief Restructuring Officer is Katie S. Goodman. The Debtors' controller is David McAda.

The Debtors' current and former officers and directors are listed in Plan Supplement Attachment 7.

Cliffs Communities, Inc. is the Debtors' direct (in the case of CCHG Holdings, Inc., the upper tier holding company Debtor) or indirect (in the case of all of the remaining Debtors) parent. The current and former officers and directors of Cliffs Communities, Inc. are listed in Plan Supplement Attachment 7.

The Indenture Trustee is advised by the Negotiating Group and the Advisory Board whose members are listed in Plan Supplement Attachment 7.

The Cliffs Member Ad Hoc Group, Inc. is a non-profit corporation formed to represent the interests of the Club Members and is affiliated with the Cliffs Member Advisory Group ("CMAG"). The directors of the Cliffs Member Ad Hoc Group, Inc. are listed in Plan Supplement Attachment 7.

The Cliffs Independent Property Owners Coalition, LLC ("CIPOC") is a non-profit limited liability company formed to represent the common interests of property

owners and Club Members in property and club related issues including those associated with the Chapter 11 Cases. The members of CIPOC are listed in Plan Supplement Attachment 7.

V.
EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. THE ECONOMIC DOWNTURN

Debt historically plays a large role in the development and sale of real estate. As a result of the prolonged recession in the high-end real estate market, beginning in 2008, CCI began to look for replacement debt as banks and traditional lenders withdrew from the marketplace because of governmental regulations and the overall U.S. and global recession. CCI, over the last two years, has engaged five different investment banking groups (Trilyn, LLC, a boutique real estate group, the Sonnenblick Goldman division of Cushman Wakefield, KPG Investments, LLC, the Carl Marks Advisory Group and Carlton, LLC) to run a process to identify potential investors and to facilitate the infusion of new capital as debt, equity or both, into the CCI entities. Those investment banking groups, through the course of time, led to the execution of over 40 nondisclosure agreements or led to significant business discussions with the various parties. Few interested parties ultimately emerged from these groups, and the current interested investors have all come from other business relationships.

Additionally, the sale of certain notes owed by certain DevCos (but not the ClubCos) to The National Bank of South Carolina by that bank on December 31, 2010 to a third party, and a dispute with that third party have further exacerbated this situation, creating uncertainty in the marketplace and a decline in sales of lots by the DevCos. Additionally, the third party, Urbana Communities, has been named in a lawsuit filed by one of the DevCo affiliates. DevCo affiliates have also filed lis pendens on certain lots owned by Urbana Communities, which has further slowed the sale of lots in the Cliffs communities, thereby depressing the number of new members for ClubCo.

The Debtors have faced severe liquidity pressures that precipitated the decision to commence these bankruptcy cases. The Debtors' revenues and liquidity have been severely impacted by the overall slowdown in the United States economy and real estate market. As a result, the Debtors have experienced a slower than anticipated sales pace of club memberships, reduced utilization of club facilities, difficulty in servicing their existing debt, difficulty in obtaining additional or replacement financing, and challenges in funding the completion of planned club amenities and the renovation of existing amenities.

The Debtors undertook drastic cost-cutting measures in an attempt to curb their accelerating cash shortfall. Construction at High Carolina, including the Tiger Woods-designed golf course, was temporarily halted, as well as at the Gary Player-designed golf course at Mountain Park. Additionally, in the months leading up to the Petition Date, the Debtors engaged in various rounds of employee reductions. Yet, these

actions proved insufficient. The Debtors' deteriorating financial condition left the Debtors with no choice but to seek relief under chapter 11 of the Bankruptcy Code by filing the Petitions.

For the fiscal year ending December 31, 2011, the Debtors' consolidated financial statements reflect $29,000,000 in revenue, assets of $175,000,000 at book value, and liabilities of $333,000,000. Included in these liabilities are the full amounts of all refundable membership initiation deposits, regardless of the fact that these liabilities are only payable in the future, without interest, and only when certain cash flow and other requirements are met, or with the lapse of the 30 year refund period, as noted elsewhere.

B. RESTRUCTURING INITIATIVES AND OUTLOOK FOR THE FUTURE

Beginning in August, 2011, the Debtors began an intensive process to locate a "stalking horse' for the purchase of the Debtors' assets. The Debtors negotiated with, among other parties, Reed Development, Arendale Holdings, the Advisory Board of Note Holders and Carlile Development Group. ("Carlile"). The Board of Directors of the Debtors after a thorough and deliberative process selected Carlile as its "stalking horse" and executed a term sheet.

The transaction described in the Term Sheet was subject to higher and better offers in these Chapter 11 Cases pursuant to bidding procedures approved by the Bankruptcy Court, which for the payment of a "break up" fee to Carlile under certain circumstances.

VI.
THE CHAPTER 11 CASES

A. SIGNIFICANT "FIRST DAY" MOTIONS

Concurrently with the filing of their Chapter 11 petitions, the Debtors filed certain applications, motions, and proposed orders. These included:

DOCKET NUMBER	FIRST DAY MOTION
10	Motion of Debtors' for Order Authorizing the Debtors to (A) Prepare a Consolidated List of Creditors and Equity Security Holders in Lieu of a Mailing Matrix, (B) File a Consolidated List of the Debtors' Fifty Largest Unsecured Creditors, and (C) Mail Initial Notices
12	Motion for Entry of Order Establishing Certain Notice, Case Management and Administrative Procedures
14	Application of the Debtors for Order Authorizing Retention of BMC Group, Inc. as Claims, Noticing, and Balloting Agent Nunc Pro Tunc to the Petition Date
16	Motion for an Extension of Time to File Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired

	Leases, and Statement of Financial Affairs
18	Motion of Debtors for Order Authorizing (I) the Continued Maintenance and Use of the Debtors' Existing Cash Management System, (II) the Continued Maintenance and Use of the Debtors' Existing Bank Accounts, (III) the Continued Use of Existing Business Forms and Checks; and (IV) a Waiver of Investment and Deposit Requirements
20	Debtors' Motion for Entry of an Order Authorizing, but not Directing, the Debtors to: (i) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and Costs, and (ii) For Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations
22	Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a) and 363(b) Authorizing and Approving Debtors' (I) Retention and Employment of GGG Partners, LLC And (II) Employment of Katie S. Goodman as Chief Restructuring Officer, Nunc Pro Tunc to the Petition Date
24	Motion of the Debtors' For Entry of an Order Authorizing the Debtors to Pay Certain Prepetition Claims of Alcoholic Beverage Claimants
26	Motion for Entry of Order Authorizing the Payment of Prepetition Trust Fund Taxes in the Ordinary Course of Business
28	Motion For Order Under 11 U.S.C. §§ 105(a) and 366 (I) Prohibiting Utility Companies from Altering or Discontinuing Service on Account of Prepetition Invoices, (II) Approving Deposit as Adequate Assurance of Payment, and (III) Establishing Procedures for Resolving Requests by Utility Companies for Additional Assurance of Payment
30	Debtors' Motion Pursuant to Sections 105(a), 363, and 503(b)(1) of the Bankruptcy Code for Authorization to Honor Prepetition Obligations to Customers and Otherwise Continue Customer Programs in the Ordinary Course of Business
32	Debtors' Motion Pursuant to Sections 105(a), 362(d), 363(b), 363(c) and 503(b) of the Bankruptcy Code (i) For Authorization to (a) Continue Their Workers' Compensation, Liability, Property, and Other Insurance Programs, (b) Pay All Obligations in Respect Thereof and (c) Enter Into Premium Financing Agreements in the Ordinary Course of Business, and (ii) For Authorization for Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations
34	Debtors' Motion (A) for Authorization to (I) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; and (II) Provide Adequate Protection Pursuant to 11 U.S.C. §§ 361, 363, and 364(d) and (B) to Schedule a Final Hearing Pursuant to Bankruptcy Rule 4001
36	Debtors' Application for Entry of an Order Authorizing Retention and Employment of McKenna Long & Aldridge LLP as Counsel

	to the Debtors, *Nunc Pro Tunc* to the Petition Date
38	Motion for Authority to Retain and Compensate Professionals Used in the Ordinary Course of Business
39	Motion to Establish Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals
40	Debtors' Motion for Entry of an Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(b) (I) Approving Post-Petition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Scheduling a Final Hearing
42	Debtors' Motion for Order (a) Approving Bidding Procedures for Auction to Become the Designated Sponsor of the Debtors' Chapter 11 Plan of Reorganization; (b) Approving Break Up Fee and Expenses Reimbursement Payable in Certain Circumstances to the Carlile Development Group; and (c) Approving the "Substitution Conditions" Contained in the DIP Loan Agreement
44	Declaration of Timothy P. Cherry in Support of First Day Motions

B. OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Shortly following the Petition Date, the United States Trustee for the District of South Carolina appointed the Official Committee of Unsecured Creditors Committee (the "Committee"). The Committee is comprised of John W. Sager; Janet D. Hilligoss; Harrell's, LLC; H. Michael Kimbrill; TJF Golf, Inc.; John Mack and Raymond O. Gibson.

The Committee has, with Bankruptcy Court approval, employed and retained Jonathan B. Alter, Bingham McCutchen LLP, One State Street, Hartford, CT 06103-3178 as its bankruptcy counsel and John B. Butler III, 1217 Anthony Avenue, Columbia, SC 29201 as its local counsel.

C. EXECUTORY CONTRACTS AND LEASES

As set forth above, one of the principal goals of these cases was the elimination of unprofitable and out-of-market executory contracts and personal property leases as part of the Debtors' efforts to stabilize its business and return to profitability. The Debtors have undertaken an extensive analysis of its contract and lease portfolio, which remains ongoing, to determine which agreements are no longer necessary to the operation of the Debtors' business or contain terms that are above market or overly burdensome to the Debtors. As a result, the Debtors filed their First Omnibus Motion to Reject Executory Contracts and Unexpired Leases on March 30, 2012 and intend to reject several other executory contracts and leases as a part of confirmation of the Plan. By Order entered on May 9, 2012 [Docket Entry No. 342], the Bankruptcy Court granted the Debtors' Motion for an Order Extending the Time to Assume or to Reject Unexpired Leases of Nonresidential Real Property Pursuant to Section 365(d)(4) of the Bankruptcy Code. [Docket Entry No. 315]

D. CLAIMS PROCESS

On March 30, 2012, the Debtors filed their Schedules and Statements. By order dated April 10, 2012, the Bankruptcy Court established (i) May 31, 2012 as the general bar date by which all creditors (other than governmental units (as defined in the Bankruptcy Code)) must file proofs of pre-petition Claims against the Debtors, and (ii) August 28, 2012 as the date by which all governmental units (as defined in the Bankruptcy Code) must file proofs of pre-petition Claims against the Debtors (collectively, the "Bar Dates"). On June 27, 2012, the Debtors filed their Amended Schedules and a Statement of Changes by Amendment summarizing the revisions [Docket Entry No. 450].

The Debtors' claims, noticing and balloting agent, BMC Group, commenced service of notice of the Bar Dates to the holders of known claims against the Debtors, as well as other parties set forth in the creditors matrix maintained in these Chapter 11 Cases. As of this date, 1345 proofs of claim have been filed with BMC Group, the Debtors' Claims Agent in these cases. The Debtors will review and reconcile the proofs of claim as filed with BMC Group, and expect to file objections to Claims in the coming weeks and months.

E. BIDDING PROCEDURES, DEBTORS' MARKETING EFFORTS AND THE AUCTION OF PLAN SPONSOR RIGHTS

The Debtors served the Bidding Procedures Motion, Bidding Procedures Order and the approved Bidding Procedures on approximately eighty-two (82) individuals and companies that the Debtors believed may have a specific interest in submitting a bid pursuant to the Bidding Procedures, including individuals and companies identified by the financial advisor to the Indenture Trustee.

Prior to and following the Petition Date (and service of the Bidding Procedures Motion, Bidding Procedures Order and the Bidding Procedures), numerous interested parties have contacted the Debtors expressing interest in potentially acquiring the Debtors and/or their assets. In sum, approximately thirty-three (33) individuals and companies have executed non-disclosure agreements to conduct due diligence regarding the Debtors' assets and liabilities. Since the Petition Date, approximately eleven (11) individuals and companies have requested and received access to the Debtors' secure on-line data room in order to conduct due diligence in connection with their interest in participating in the bidding process.

Four parties in particular expressed serious interest in making a bid, specifically: (i) Wayne Edmondson; (ii) Reed Development (Steve Duby); (iii) NatureFirst Real Estate Holdings, LLC ("NatureFirst"); and (iv) The Seaport Group ("Seaport"). Eventually, Mr. Edmondson and Reed Development advised the Debtors that they were not interested in making a bid by the bid deadline. On April 13, 2012, the Debtors received a bid from NatureFirst. After consulting with counsel for the Indenture Trustee and the Committee, the Debtors qualified NatureFirst as a Potential Qualified Bidder (as defined in the Bidding Procedures) subject to delivery to the Debtors of the required $1 million deposit by April 16, 2012. On April 16, 2012,

NatureFirst advised the Debtors that it was either not willing or not able to deliver the deposit, and withdrew from the bidding process. On April 13, 2012, the Debtors received a bid from Seaport, along with the required $1 million deposit. After consulting with counsel for the Indenture Trustee and the Committee, the Debtors qualified Seaport as a Potential Qualified Bidder. On April 20, 2012, Seaport advised the Debtors that it no longer desired to participate in the bidding process, and requested the return of its $1 million deposit, which the Debtors have returned.

On March 23, 2012, the Stalking Horse notified the Debtors that an entity named Cliffs Club Partners, LLC ("Cliffs Club Partners") had been formed to be the operating entity of the clubs should the Stalking Horse be successful at the auction. Silver Sun, LLC, whose members are SunTx Urbana GP I, L.P. ("Urbana"), Arendale Holdings Corp. ("Arendale"), and Carlile Cliffs Investment, LLC ("Carlile"), is the indirect parent of Cliffs Club Partners.

Despite the best efforts of the Debtors and the Debtors' CRO to market the Debtors' assets, no Qualified Bidders (as defined in the Bidding Procedures) existed as of the scheduled date of the auction. The Debtors filed their Status Report on Bidding Process on April 26, 2012 [Docket Entry No. 316].

On April 23, 2012, (i) the Debtors, the CRO, the Indenture Trustee, the Committee, and Cliffs Club Partners conducted an all day meeting at the Atlanta office of McKenna Long & Aldridge, LLP, the Debtors' legal counsel, to negotiate the terms on which the parties would proceed with a joint Chapter 11 plan and (ii) Debtors' counsel provided the counsel for the Plan Sponsor with an initial draft of a joint Chapter 11 plan and a disclosure statement. Thereafter, on May 9, 2012, the CRO, the Committee and representatives of the Indenture Trustee Negotiating Committee met with the Plan Sponsor in another all day meeting at the Atlanta office of McKenna Long & Aldridge, LLP, to discuss the New Club Membership Agreement and related documents, and counsel for the Plan Sponsor and counsel for the Debtors met to review the Plan Sponsor's proposed revisions to the joint Chapter 11 plan.

To provide the parties with additional time to complete the joint Chapter 11 plan and disclosure statement, on May 7, 2012, the DIP Lender, the Indenture Trustee and the Debtors entered into a stipulation to extend the May 13, 2012 deadline to file a plan and disclosure statement under the Cash Collateral Order and the DIP Financing Order through May 22, 2012 [Docket Entry No. 337].

F. THE OFFICE LEASE, COMPUTER AND IT LEASE PURCHASE AND WELLNESS CENTER LEASE AGREEMENTS

The Debtors filed a Motion under Sections 363 and 105 of the Bankruptcy Code to lease certain property some of which was owned by non-Debtor affiliates on March 30, 2012, in order to have access to their office space, computer equipment and information technology and a wellness center. The Court granted the motion by Order entered on April 10, 2012 [Docket Entry No. 275].

VII.
SUMMARY OF THE PLAN

A. INTRODUCTION

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN ITSELF. CREDITORS ARE URGED TO READ THE PLAN IN ITS ENTIRETY. THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

B. OVERALL STRUCTURE OF THE PLAN

The Plan constitutes a plan of liquidation and sets forth the means for satisfying Claims against and Interests in the Debtors. Under the Plan, Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated: (a) the Claims in certain Classes will be Reinstated or modified and receive distributions equal to the full amount of such Claims, (b) the Claims of certain other Classes will be modified and receive distributions constituting a partial recovery on such Claims and (c) the Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests. On the Effective Date and at certain times thereafter, the Debtors or the Liquidation Trustee will distribute Cash and other property in respect of certain Classes of Claims as provided in the Plan. The

Classes of Claims against and Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan and the securities and other property to be distributed under the Plan are described below.

Attached as **Exhibit F** is a schematic chart highlighting the twelve major steps that will occur on the Effective Date provided the Plan is confirmed and becomes effective. Below is a description of those steps in narrative form.

On the Effective Date, the Plan provides that Wells Fargo as Indenture Trustee shall restructure the payment obligation owed to the Note Holders by the Debtors under the Notes. Pursuant to the terms of the Plan and the Note Restructuring Agreement, the payment obligation under the Notes will be amended by the Plan and Note Restructuring Agreement to provide for an aggregate obligation of $64,050,000, that does not bear interest. The Restructured Notes will have a maturity of 20 years from the Effective Date of the Plan (the "Maturity Date"), although the Plan pro forma projects full repayment within 11 years.

Repayment on the Restructured Notes will be made in annual payments, [beginning on the one-year anniversary of the Effective Date of the Plan], in an amount equal to the greater of $1 million or 50% of Net Cash Flow, with a final payment of the remaining principal, if any, upon the Maturity Date. Prior to any distribution to Note Holders, the Indenture Trustee's fees and expenses will be paid as required by the Indenture. As of the date of this Disclosure Statement, the Debtors have been advised by counsel for the Indenture Trustee that outstanding fees and expenses of the Indenture Trustee are approximately $1.20 million. The Debtors have not reviewed any invoices regarding such fees. The Debtors note that pursuant to the Cash Collateral Order the Debtors have been making monthly adequate protection payments of $235,000 per month to the Indenture Trustee. The Restructured Note obligations will continue to be secured by liens on the same collateral that secured the Notes – that is, the Clubs and related assets.

Once the Indenture Trustee and Debtors have restructured the debt, the Debtors will transfer the Clubs to Cliffs Club Partners, LLC ("CCP"). Pursuant to the Plan and the Debt Assumption and Assignment Agreement, CCP will assume the payment obligation owed to the Note Holders under the Restructured Notes. Although the Clubs will be transferred to CCP, the liens of the Indenture Trustee against these assets will remain intact.

In connection with its acquisition of the Clubs, CCP will make arrangements with its affiliate, Cliffs Club Holdings, LLC ("CCH"), for the Exit Facility and the Mountain Park Facility. CCH will be granted first priority liens on the Clubs to secure repayment of the Exit Facility and the Mountain Park Facility. The Indenture Trustee will be required to subordinate the lien securing the obligation to the Note Holders to the liens securing these new senior loan facilities and thus the liens securing the Restructured Notes will be in a junior position.

The Exit Facility will fund the various obligations that must be satisfied prior to exiting the bankruptcy case to the extent that such obligations exceed the amount of the Transfer Fees to be paid by transferring members and the $1.6 million equity infusion from CCP earmarked for such costs. This debt will accrue interest at an annual rate of 8% and will be paid from Net Cash Flow ahead of the Mountain Park Facility and Restructured Note obligations; however, CCP will continue to make the $1 million minimum payment while the Exit Facility is outstanding. The Debtors currently estimate the Exit Facility will be approximately $3.4 million.

The Mountain Park Facility will fund golf course and amenity construction at the Mountain Park golf course. This facility carries a 0% interest rate and will be paid from Net Cash Flow ahead of the Restructured Notes; however, CCP will continue to make the $1 million minimum payment while the Mountain Park Facility is outstanding. The face amount of the Mountain Park Facility will be $7.5 million, but CCP estimates the amount necessary for funding the construction under the Mountain Park Facility will be approximately $5 million.

Based upon the anticipated amounts of the Exit Facility and the Mountain Park Facility, it is estimated that there will be approximately $10.90 million of senior liens against the Clubs. The Note Holders' liens and security interests will be in a junior position.

Once the senior debt facilities are put in place, CCP will contribute the Clubs and any additional golf course real property assets to IT-SPE, LLC ("IT-SPE") in exchange for a 100% economic interest in IT-SPE. An entity controlled by the Note Holders ("IT Representative") will hold a 0% economic interest in IT-SPE, and, through a unanimous voting provision in IT-SPE's operating agreement, will have control over major decisions by the IT-SPE, such as bankruptcy filing, mergers and asset sales. In addition, CCP will hold a funded reserve account in the amount of $1 million to be used for maintenance and repairs at the Clubs. On an annual basis, CCP will replenish the reserve account to the $1 million level.

In connection with the transfer of the Clubs to IT-SPE, IT-SPE will take such property subject to the liens that secured the Exit Facility, the Mountain Park Facility and will assume the payment obligation under the Restructured Notes, all of which will maintain the same lien priority they had at the CCP level. IT-SPE will also enter into new collateral security documents, including mortgages and/or deeds of trust, a security agreement, collateral assignment of the Master Lease and deed in lieu of foreclosure documents in order to grant and perfect the security interest and liens in the Clubs and any additional golf course real property assets owned by the IT-SPE. In addition, any improvements and/or new amenities built on the Clubs shall become collateral that secures repayment of the Restructured Notes.

At the same time as this transaction, IT-SPE and CCP will enter into a Master Lease, in which IT-SPE will lease the Clubs to CCP. The Master Lease will provide for lease payments that reflect the repayment terms of the Restructured Notes (e.g., annual payments in the amount equal to the greater of $1 million or 50% of Net Cash Flow, with

a final payment of the remaining principal, if any, upon the Maturity Date). IT-SPE will pass along the "rent payments" under the Master Lease to the Indenture Trustee for distribution pursuant to the terms of an Amended Indenture.

CCP will then enter into Subleases for each Golf Course with seven New Club entities owned by CCP. The Subleases will contain nominal ($1.00) lease payments.

In the event the Indenture Trustee SPE defaults under the Note Restructuring Agreement subsequent to the Effective Date, the Indenture Trustee will have a number of remedies, including without limitation, the following: (i) the right to foreclose on the assets subject to its liens; (ii) the right to require deeds in lieu of foreclosure; and (iii) the right to acquire the 100% economic member interest of the Plan Sponsor in the Indenture Trustee SPE. The enforceability of the aforementioned remedies upon a default or subsequent bankruptcy of the Indenture Trustee SPE is not absolute.

On the Effective Date, all Property comprising the Estates of the Debtors not conveyed to the Plan Sponsor under the Asset Purchase Agreement, subject to the liens of the Indenture Trustee as modified in the Plan and free and clear of all other liens, claims and encumbrances, will automatically vest in the Liquidating Trust, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests of Creditors and equity security holders, with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests being extinguished subject to the rights of Holders of Rejecting Club Member Claims and General Unsecured Claims to obtain distributions provided for in this Plan. In no event will any property of any kind be returned by, or otherwise transferred from, the Liquidating Trust to any Debtor. A copy of the Liquidating Trust Agreement will be included with the Plan Supplement to be filed on or before the fifth day prior to the Confirmation Hearing.

The Plan establishes a Liquidating Trust to receive certain Property of the Debtors and to distribute such Property to certain Creditors in accordance with the Plan. The Liquidation Trustee will be Katie S. Goodman. The Debtors will attach the Liquidating Trust Agreement to a Plan Supplement. The Liquidation Trustee will have the authority to manage the day-to-day operations of the Liquidating Trust, including, without limitation, by disposing of the assets of the Liquidating Trust, appearing as a party in interest, calculating distributions, paying taxes and such other matters as more particularly described in Section 7.06 of the Plan and the Liquidating Trust Agreement. Expenses of the Liquidating Trust, including the expenses of the Liquidation Trustee and his or her representatives and professionals, will be satisfied from the assets of the Liquidating Trust and its proceeds, as set forth in the Liquidating Trust Agreement.

Except as otherwise expressly provided in the Plan with respect to Cash, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of the Debtors not transferred to the Plan Sponsor under the Asset Purchase Agreement will automatically vest in the Liquidating Trust, free and clear of all Claims, Liens, contractually-imposed restrictions, charges,

encumbrances and Interests of Creditors and equity security holders on the Effective Date, with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and Interests being extinguished subject to the rights of Holders of Rejecting Club Member Claims, General Unsecured Claims, and Administrative Convenience Claims to obtain distributions provided for in this Plan. In no event will any property of any kind be returned by, or otherwise transferred from, the Liquidating Trust to any Debtor.

C. SUBSTANTIVE CONSOLIDATION

The Plan is premised on the substantive consolidation of all of the Debtors with respect to the treatment of all Claims and Interests. The Plan will serve as a request by the Debtors, in lieu of a separate motion, to the Bankruptcy Court, that it grant substantive consolidation with respect to the treatment of all Claims and Interests as follows: on the Effective Date, (a) all assets and liabilities of the Debtors will be merged or treated as though they were merged; (b) all guarantees of the Debtors of the obligations of any of Debtor and any joint and several liability of any of the Debtors will be eliminated; and (c) each and every Claim and Interest against any Debtor will be deemed Filed against the consolidated Debtors and all Claims Filed against more than one Debtor for the same liability will be deemed one Claim against any obligation of the consolidated Debtors.

The proponent of substantive consolidation must show that (1) creditors dealt with the entities as a single economic unit and did not rely on separate identities in extending credit, or (2) when the affairs of the debtor are so entangled that substantive consolidation will benefit all creditors. See, In re It's Greek to Me, Inc. also trading as AJ's Burgers, (slip opinion, March 7, 2012) (Bankr. D.S.C 2012) citing Campbell v. Cathcart (In re Derivium Cap., LLC), 380 B.R. 429, 441 (Bankr. D.S.C. 200) citing in turn, Union Savings Bank v. Augie/Restivo Baking Co., Ltd.), 860 F.2d 515, 518 (2d Cir. 1988). Although no single factor is determinative in the substantive consolidation analysis, the following factors are often used:

(1) the presence or absence of consolidated financial statements;

(2) the unity of interests and ownership between various corporate entities;

(3) the existence of parent and intercorporate guarantees on loans;

(4) the Degree of difficulty in segregating and ascertaining individual assets and liabilities;

(5) the existence of transfers of assets without formal observance of corporate formalities;

(6) the commingling of assets and business functions and

(7) the profitability of consolidation at a single physical location. See, Eastgroup Props. v. S. Motel Assoc., Ltd., 935 F.2d 245 (11th Cir. 1991).

The Debtors believe substantive consolidation is appropriate in these cases. The first factor favors substantive consolidation because the Debtors' financial statements are prepared, reviewed and audited on a consolidated basis. The second factor supports substantive consolidation because all of the Debtors, are owned directly or indirectly, by CCI. The third factor supports substantive consolidation because all of the Debtors are jointly and severally liable on the Debtors' major secured obligations to the Indenture Trustee. The sixth factor supports substantive consolidation because the Debtors have commingled business functions and commingled cash generated from operations. ServCo. employs all of the Debtors' employees. All of the subsidiary Debtors are under the control of The Cliffs Club and Hospitality Group Inc., d/b/a The Cliffs Golf and Country Club, and customers, vendors and other creditors typically assume they are doing business with The Cliffs Golf and Country Club.

Without substantive consolidation, the Debtors will incur significant administrative expenses identifying and assessing intercompany claims that the Debtors hold against one another. The Debtors believe that such an exercise is not justified because, as discussed below, no individual creditor will be impaired by substantive consolidation.

Because of the nature of the Debtors' operations, nearly all customers, vendors and creditors typically assume they are transacting with Cliffs Golf and Country Club. The Indenture Trustee and the Note Holders dealt with the Debtors as a single economic unit and relied on all of the Debtors when entering into the Indenture Trust. See, In re It's Greek to Me, at p. 5, citing In re Gyro-Trac (USA), Inc., 441 B.R. 470, 487 (Bankr. D.S.C. 2010) (finding that despite the fact that "the loan issued by [creditor] was given to [debtor #2]," substantive consolidation of the three bankruptcy cases was appropriate in part because "[creditor] required personal guarantees of both [debtor #1] and [debtor #3] and obtained a lien on the assets of all of the entities"). Accordingly, it is very unlikely that any creditor relied on the separate credit of any one of the Debtors. No creditor will be harmed by substantive consolidation because substantially all unsecured creditor claims are obligations of ServCo for the benefit of the other Debtors and because the Club members had privileges at all Clubs notwithstanding their home club membership.

Because no creditor will be harmed by substantive consolidation and because substantive consolidation will decrease the administrative expenses of these cases, the Debtors believe the substantive consolidation is appropriate.

D. RECHARACTERIZATION OF DEBT TO EQUITY

In addition to the presence of intercompany payables and receivables among the Debtors, the books and records of the parent of Debtor CCHG Holdings, Inc. also reflect intercompany payables and receivables among the Debtors, on the one hand, and

Affiliates of the Debtors, on the other hand. These books and records are prepared on a consolidated basis. Intercompany payables on the books reflect that the Debtors owe to the DevCo Affiliates the total sum of $44,817,112 while the DevCo Affiliates owe to the Debtors the total sum of $87,051,437, leaving a net balance due to the Debtors by the DevCo Affiliates of $42,234,325. The Plan will serve as a request by the Debtors, in lieu of a separate motion, to the Bankruptcy Court to recharacterize intercompany payables by the Debtors to the DevCo Affiliates as equity. While the Bankruptcy Code does not expressly provide for the recharacterization of debt to equity, most of the appellate courts that have considered the issue, including the Fourth Circuit Court of Appeals, have determined that the bankruptcy courts have the power to recharacterize debt to equity based on their equitable authority under Bankruptcy Code Section 105 in a manner consistent with the priority scheme for the distribution of the debtor's assets found in section Bankruptcy Code Section 726. The Fourth Circuit precedent is In re Dornier Aviation, 453 F.3d 225 (4th Cir. 2006) (Implementation of the Code's priority scheme requires a determination of whether a particular obligation is debt or equity and given the broad language of section 105(a) and the larger purpose of the Bankruptcy Code, a bankruptcy court's power to recharacterize is essential to the proper and consistent application of the Code.).

The Fourth Circuit has joined other circuits that use an eleven factor test, stating, "None of these factors is dispositive and their significance may vary depending upon circumstances." The factors that a court may consider in determining whether it should recharacterize a claim include:

> (1) the names given to the instruments, if any, evidencing the indebtedness; (2) the presence or absence of a fixed maturity date and schedule of payments; (3) the presence or absence of a fixed rate of interest and interest payments; (4) the source of repayments; (5) the adequacy or inadequacy of capitalization; (6) the identity of interest between the creditor and the stockholder; (7) the security, if any, for the advances; (8) the corporation's ability to obtain financing from outside lending institutions; (9) the extent to which the advances were subordinated to the claim of outside creditors; (10) the extent to which the advances were used to acquire capital assets; (11) the presence or absence of a sinking fund to provide repayments. AutoStyle Plastics, 269 F.3d at 749-506. These factors all speak to whether the transaction 'appears to reflect the characteristics of … an arm's length negotiation." Id. at 750 (quoting Cold Harbor, 204 B.R. at 915) (amendment in original). This test is a highly fact-dependent inquiry that will vary in application from case to case.

In re Dornier, at 233.

By way of example, applying these factors to the intercompany payable from The Cliffs at Keowee Falls Golf & Country Club, LLC ("Keowee Falls South") to Affiliate

Keowee Investment Group ("KFIG") itself a Chapter 11 debtor, equity recharacterization is amply justified. In that regard:

(1) the names given to the instruments, if any, evidencing the indebtedness	No documentation exists between KFIG and Keowee Falls South
(2) the presence or absence of a fixed maturity date and schedule of payments	As noted above, no documentation exists. Furthermore, no evidence exists that repayment was ever expected or required of Keowee Falls South
(3) the presence or absence of a fixed interest rate and interest payments	An interest rate was not established. No interest was ever accrued or paid.
(4) the source of repayments	No cash payments occurred.
(5) the adequacy or inadequacy of capitalization	As of 3/31/12 Falls South was very undercapitalized. Total liabilities were $44 million and equity was negative $26 million. As of 12/31/2008 Falls South had total liabilities of $50 million and equity was negative $19 million. (12/2008 total liabilities are likely understated because intercompany accounts are net)
(6) the identity of interests between the creditor and stockholder	Both KFIG and Falls South are under the common control of CCI and James B. Anthony
(7) the security, if any, for the advances	None
(8) the corporation's ability to obtain financing from outside lending institutions	Unlikely given negative equity book value.
(9) the extent to which the advances were subordinated to the claims of outside creditors	The advances were not subordinated.
(10) the extent to which the advances were used to acquire capital assets	The advance themselves were in many times on account of capital assets (land and building) purchased or constructed by KFIG and were transferred at cost rather than fair market value
(11) the presence or absence of a sinking fund to provide repayments	None

E. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

a) Introduction.

Section 1122 of the Bankruptcy Code provides that a plan must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims, DIP Facility Claims, Priority Tax Claims and Other Priority Claims which, pursuant to section 1123(a)(1), do not need to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

Except as to Claims specifically Allowed in the Plan, the amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and accordingly the total Claims ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the Plan may be adversely or favorably affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets. In the event any Class rejects the Plan, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code as to any dissenting Class. Section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all Impaired classes of Claims and Interests. Although the Debtors believe that the Plan can be confirmed under section 1129(b) of the

Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

b) Treatment Of Administrative and Priority Claims, and Classification of Claims And Equity Interests Under The Plan

(a) Unclassified Claims are as follows:
Administrative Expense Claims
DIP Financing Claims
Professional Fee Claims
Priority Tax Claims
Other Priority Claims

(b) Classification of Claims and Interests

Class 1 – Indenture Trustee – Note Holder Claims
Class 2 – Indenture Trustee – Bridge Lender Claim
Class 3 – Mechanic's Lien Claims
Class 4 – Other Senior Secured Party Claims
Class 5 – General Unsecured Claims
Class 6 – Administrative Convenience Claims
Class 7 – Club Member Claims
Class 8 – Equity Interests

Only administrative expenses, claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. An "allowed" administrative expense, claim or equity interest simply means that the Debtors agree, or in the event of a dispute, that the Bankruptcy Court determines, that the administrative expense, claim or equity interest, including the amount thereof, is in fact a valid obligation of, or equity interest in, the Debtors. Section 502(a) of the Bankruptcy Code provides that a timely filed administrative expense, claim or equity interest is automatically "allowed" unless the debtor or another party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in a bankruptcy case even if a proof of claim is filed. These include, without limitation, claims that are unenforceable under the governing agreement or applicable non-bankruptcy law, claims for unmatured interest on unsecured and/or undersecured obligations, guaranty claims**,** property tax claims in excess of the debtor's equity in the property, claims for certain services that exceed its reasonable value, nonresidential real property lease and employment contract rejection damage claims in excess of specified amounts, and late-filed claims. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor's schedules or is listed as disputed, contingent, or unliquidated if the holder has not filed a proof of claim or equity interest before the deadline to file proofs of claim and equity interests.

The Bankruptcy Code also requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon its legal nature. Claims of a substantially similar legal

nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the holders of such claims and/or equity interests may find themselves as members of multiple classes of claims and/or equity interests.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as "impaired" (altered by the plan in any way) or "unimpaired" (unaltered by the plan). If a class of claims or interests is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims or interests, such as the right to vote on the plan (unless the plan provides for no distribution to the holder, in which case, the holder is deemed to reject the plan), and the right to receive an amount under the chapter 11 plan that is not less than the value that the holder would receive if the debtor were liquidated under chapter 7. Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless, with respect to each claim or interest of such class, the plan (i) does not alter the legal, equitable or contractual rights of the holders of such claims or interests or (ii) irrespective of the holder's right to receive accelerated payment of such claims or interests after the occurrence of a default, cures all defaults (other than those arising from, among other things, the debtor's insolvency or the commencement of a bankruptcy case), reinstates the maturity of the claims or interests in the class, compensates the holders of such claims or interests for any damages incurred as a result of its reasonable reliance upon any acceleration rights and does not otherwise alter its legal, equitable or contractual rights. Typically, this means that the holder of an unimpaired claim will receive on the later of the effective date of the plan of reorganization or the date on which amounts owing are due and payable, payment in full, in cash, with post petition interest to the extent permitted and provided under the governing agreement between the parties (or, if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with its terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced.

Consistent with these requirements the Plan divides the Claims against, and equity interests in, the Debtors into the following Classes and affords the treatments described:

For purposes of computing distributions under the Plan, Allowed Claims do not include post petition interest unless otherwise specified in the Plan.

c) Unclassified — Administrative Claims

Administrative Claims include any right to payment constituting a cost or expense of administration of the Chapter 11 Case of a kind specified under section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Debtors' Estates, any actual and necessary costs and expenses of operating the Debtors' business, any indebtedness or obligations incurred or assumed by the Debtor in Possession in connection with the

conduct of their business, including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, any fees or charges assessed against the Debtors' Estates under section 1930 of chapter 123 of title 28 of the United States Code and Section 503(b)(9) Claims.

Except as otherwise provided for in the Plan, on the later of (i) the Initial Distribution Date, if an Administrative Claim is Allowed as of the Effective Date, or (ii) as soon as practicable after the date such Administrative Claim becomes an Allowed Claim, if an Administrative Claim is not Allowed as of the Effective Date, each holder of an Allowed Administrative Claim will receive from the Debtors (before the Effective Date) or the Liquidation Trustee or Plan Sponsor thereafter, in full satisfaction, settlement and release of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such less favorable treatment to which the Debtors (with the consent of the Plan Sponsor) or Liquidation Trustee and the holder of such Allowed Administrative Claim will have agreed upon in writing; provided, however, that Allowed Ordinary Course Trade Claims will be paid in the ordinary course of business of New ClubCo and/or its sublessees in accordance with the terms and subject to the conditions of any agreements governing or relating thereto.

Unless a prior date has been established pursuant to the Bankruptcy Code, the Bankruptcy Rules or a prior order of the Bankruptcy Court, the Confirmation Order will establish a bar date for filing applications for allowance of Administrative Claims (except for Professional Fee Claims, Ordinary Course Administrative Claims and Section 503(b)(9) Claims), which date will be the first business day that is thirty (30) days after the Confirmation Date. Holders of Administrative Claims, except for Professional Fee Claims, Ordinary Course Administrative Claims and Section 503(b)(9) Claims, not paid prior to the Confirmation Date must submit requests for payment by filing a proof of Administrative Expense Claim with the Clerk of the Bankruptcy Court and in accordance with the instructions set forth in the Confirmation Order or notice of entry of the Confirmation Order on or before the applicable Administrative Claims Bar Date or forever be barred from doing so. The notice of confirmation to be delivered pursuant to Bankruptcy Rules 3020(c) and 2002(f) will set forth the Administrative Claims Bar Date, the appropriate address to submit claims and constitute good and sufficient notice of the Administrative Claims Bar Date. For the avoidance of doubt, Section 503(b)(9) Claims were and continue to be subject to the Bar Dates set forth in the Pre-Petition Claims Bar Date Order, and nothing set forth in the Plan will be deemed an extension of the Bar Dates with respect to Section 503(b)(9) Claims.

d) Unclassified — DIP Facility Claims

DIP Facility Claims are all Claims arising under or relating to the DIP Credit Documents and all agreements and instruments relating thereto.

The DIP Facility Claims will be repaid by the Plan Sponsor in full, in Cash, on the Effective Date in full and final satisfaction, settlement and release of such DIP Facility Claims.

e) Unclassified — Professional Fee Claims

Professional Fee Claims are Administrative Claims under section 327, 328, 330(a), 331, 503 or 1103 of the Bankruptcy Code for compensation of a Professional or other Person for services rendered or expenses incurred in the Chapter 11 Case on or prior to the Effective Date (including reasonable expenses of the members of the Committee incurred as members of the Committee in discharge of its duties as such). For the avoidance of doubt, professional fees and expenses incurred by the Indenture Trustee and the DIP Lender are not Professional Fee Claims.

Except as otherwise provided for in the Plan, all requests for compensation or reimbursement of Professional Fee Claims for services rendered from the Petition Date through the Effective Date will be Filed and served on the Debtors, counsel to the Debtors, the United States Trustee, counsel for the Indenture Trustee, counsel to the Committee, counsel to the Plan Sponsor, the Liquidation Trustee, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court, prior to the end of the Administrative Claim Bar Date for Professional Fee Claims, which is sixty (60) days after the Effective Date, unless such date is otherwise modified by order of the Bankruptcy Court. Holders of Professional Fee Claims that are required to file and serve applications for final allowance of its Professional Fee Claims and that do not file and serve such applications by the required deadline will be forever barred from asserting such Claims against the Debtors, the Plan Sponsor or the Indenture Trustee, and such Professional Fee Claims will be deemed discharged as of the Effective Date. Objections to any Professional Fee Claims must be filed and served on counsel for the Debtors, counsel for the Plan Sponsor, counsel for the Committee, counsel for the Indenture Trustee, and the Liquidation Trustee and the requesting party on or before twenty-one (21) days after the filing and service of such request.

f) Unclassified — Priority Tax Claims

Priority Tax Claims include any unsecured Claim that is entitled to a priority in right of payment under section 507(a)(8) of the Bankruptcy Code. The Debtors estimate that after accounting for Claims already paid and Claims subject to potential disallowance or reduction pursuant to objections sustained by the Bankruptcy Court, the potential amount of Allowed Priority Tax Claims will be approximately $1,943,000.

Except as otherwise provided for in the Plan, on (i) the Initial Distribution Date, if a Priority Tax Claim is Allowed as of the Effective Date, or (ii) the first Distribution Date after the date such Priority Tax Claim becomes Allowed, each holder of an Allowed Priority Tax Claim will receive from the New ClubCo, in full satisfaction, settlement and release of, and in exchange for, such Allowed Priority Tax Claim, (A) Cash of New ClubCo equal to the amount of such Allowed Priority Tax Claim, (B) such less favorable treatment as to which such Debtors (with the consent of the Plan Sponsor), and the holder of such Allowed Priority Tax Claim will have agreed upon in writing; or (C) at the option of the Debtors, Cash of New ClubCo in an aggregate amount of such Allowed Priority Tax Claim payable in installment

payments over a period of not more than five (5) years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code.

g) Unclassified — Other Priority Claims

Other Priority Claims include any unsecured Claim that is entitled to a priority in right of payment under section 507 other than 507(a)(8) of the Bankruptcy Code. The Debtors estimate that after accounting for Claims already paid and Claims subject to potential disallowance or reduction pursuant to objections sustained by the Bankruptcy Court, the potential amount of Allowed other Priority Claims will be approximately $0.00.

h) Class 1 – Indenture Trustee - Note Holder Claims.

(a) Classification: Class 1 consists of the Indenture Trustee – Note Holder Claims against the Debtors.

(b) Treatment: On the Effective Date, (i) the Allowed Secured Claims of the Note Holders represented by the Indenture Trustee will be satisfied through a combination of (x) a modification of the terms of the Notes to provide for repayment of $64,050,000, without interest, in twenty (20) annual payments beginning on the one year anniversary of the Effective Date in the amount of the greater of $1 million or 50% of New ClubCo Net Cash Flow and with a balloon payment of the remaining principal, if any, at maturity, all paid through the Indenture Trustee to the Note Holders subject to the terms of the Notes and Indenture, as may be modified and amended, and (y) the modification of the Prepetition Facility Documents, including without limitation, the Pledge and Security Agreement and the Collateral Trust Agreement to subordinate the Liens of the Indenture Trustee to the Exit Facility and the Mountain Park Facility, after which the Debtors will transfer the Real Property Collateral and substantially all other property of the Debtors to the Plan Sponsor, subject only to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances, and the Plan Sponsor will assume the payment obligations under the modified Notes until the Indenture Trustee SPE assumes the payment obligations under the modified Notes, as described below, followed by the Plan Sponsor's and/or Indenture Trustee SPE's execution of the Exit Facility and the Mountain Park Facility, and then the Plan Sponsor will contribute these assets to the Indenture Trustee SPE, subject to the Permitted Liens, in return for a 100% economic and managing membership interest in the Indenture Trustee SPE (the Indenture Trustee will hold a 0% non-economic membership interest in the Indenture Trustee SPE), and the Indenture Trustee SPE will assume the payment obligations under the modified Notes, all in satisfaction of the Note Holder Claims against the Debtors and the Guarantors of the Note Holder Claims (provided, however, that James B. Anthony will not receive a release without satisfaction of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired

Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan) as well as against NewCo or New ClubCo arising under the Notes or the Notes as modified and amended. Then, the Indenture Trustee SPE will enter into the Lease(s) with New ClubCo (or its subsidiary entities, at the sole option and in the sole discretion of New ClubCo) and New ClubCo, in turn, shall enter into subleases with its subsidiaries or affiliates. From and after the Effective Date, the Debtors will have no liability to the Indenture Trustee or to the Note Holders. Upon receipt of title to the Acquired Assets, the Indenture Trustee SPE will execute such documents as are required to evidence its assumption of the payment obligations under the modified Notes and underlying security interest(s) as modified pursuant to the Plan and to secure the obligations thereunder. In the event the Indenture Trustee SPE defaults under the Note Restructuring Agreement subsequent to the Effective Date, the Indenture Trustee will have a number of remedies, including without limitation, the following: (i) the right to foreclose on the assets subject to its liens; (ii) the right to require deeds in lieu of foreclosure; and (iii) the right to acquire the 100% economic member interest of the Plan Sponsor in the Indenture Trustee SPE. The enforceability of the aforementioned remedies upon a default or subsequent bankruptcy of the Indenture Trustee SPE is not absolute. The foregoing will be effectuated and governed by the terms of certain operative documents, which will include but will not be limited to: Note Restructuring Agreement by and between the Debtors and the Indenture Trustee; Assumption Agreement by and between Cliffs Club Partners and the Indenture Trustee; Assumption Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Master Lease by and between Indenture Trustee SPE and Cliffs Club Partners; Mortgages/Deeds of Trust by and between Indenture Trustee SPE and the Indenture Trustee; Security Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Collateral Assignment of IP/License Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Deeds in Lieu/Escrow Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Amendment to Indenture; Indenture Trustee SPE Operating Agreement; Establishment of IT Representative, LLC; and Subleases by and between Cliffs Club Partners and the golf operating subsidiaries. Each of the Note Holders by voting its Class 1 Claim to accept the Plan is deemed to consent to the use of the Indenture Trustee's cash collateral by the Debtors to fund Distributions under the Plan, to the subordination of its Liens to those of the Exit Facility and the Mountain Park Facility and to all other provisions of the Plan that affect the Note Holders. By accepting the Plan, the Note Holders and the Indenture Trustee will be deemed to waive the right: (i) to any dues credits or club credits; (ii) the right to any subordinate lien securing their Membership Deposit obligations; and (iii) the right to any deficiency claim against the Debtors and Guarantors of the Note Holder Claims (but not their Membership Deposit Obligations that are treated under Plan Class 7).

(c) Voting: Class 1 is Impaired and the Holders of the Class 1 Claims are entitled to vote to accept or reject the Plan.

i) Class 2: The Indenture Trustee - Bridge Loan Claim.

(a) Classification: Class 2 consists of the Indenture Trustee - Bridge Loan Claim.

(b) Treatment: The Class 2 Indenture Trustee - Bridge Loan Claim is Unimpaired. The Bridge Lender as the Holder of the Allowed Class 2 Indenture Trustee - Bridge Loan Claim will receive in full satisfaction, settlement, release, and extinguishment of such Claim, and of any lien securing such Claim, Cash equal to the amount of such Allowed Bridge Loan Claim, including all interest accrued thereon as and to the extent provided by the Bridge Loan Documents, on or as soon as practicable after the Effective Date.

(c) Voting: Class 2 is Unimpaired and the Holder of Class 2 Claim is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holder of the Claim in Class 2 is not entitled to vote to accept or reject the Plan.

j) Class 3: Mechanic's Lien Claims.

(a) Classification: Class 3 consists of the Mechanic's Lien Claims against the Debtors.

(b) Treatment: The Class 3 Claims are Impaired. Each Holder of an Allowed Class 3 Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, and of any lien securing such Claim, and as a condition precedent thereto, the following treatment:

Payment in full of the principal amount, in Cash, without pre-petition or post-petition interest, costs or attorneys' fees, by New ClubCo directly to all holders of Claims that are Allowed and that are secured by Mechanic's Liens on the Effective Date.

(c) Voting: Class 3 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 3 Claims are entitled to vote to accept or reject the Plan.

k) Class 4: Other Senior Secured Party Claims.

(a) Classification: Class 4 consists of Other Senior Secured Party Claims against the Debtors.

(b) Treatment: Each Holder of an Allowed Class 4 Other Senior Secured Party Claim will receive, at the election of the Debtors (with the consent of the Plan Sponsor), in full satisfaction, settlement, release, and extinguishment of such Claim: (a) Cash equal to the amount of such Allowed Other Senior Secured Party Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Other Senior Secured Party Claim becomes Allowed, and (iii) a date agreed to by the Debtors and the Holder of such Class 4 Other Senior Secured Party Claim; (b) Cure and Reinstatement of one or more equipment leases with such Other Senior Secured Party but not any guaranty that gives rise to such Allowed Other Senior Secured Party Claim; (c) the Equipment that is the subject of one or more leases with such Other Senior Secured

Party securing such Other Senior Secured Party Claim without representation or warranty by or recourse against the Debtors; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors.

(c) Voting: Class 4 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 4 Claims are entitled to vote to accept or reject the Plan.

l) Class 5: General Unsecured Claims.

(a) Classification: Class 5 consists of all General Unsecured Claims against the Debtors.

(b) Treatment: The Class 5 Claims are impaired. Each Holder of an Allowed Class 5 General Unsecured Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, and as a condition precedent thereto, the following treatment:

Each Holder of an Allowed Class 5 Claim will receive its Pro Rata Share of the General Unsecured Claims Fund less a reserve established by the Liquidation Trustee for expenses of administration of the Liquidating Trust, on or as soon as practicable after the later of (i) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (ii) the first Distribution Date after the date on which any objection to such General Unsecured Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court. On each subsequent Distribution Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee will continue to make Pro Rata Distributions of the General Unsecured Claims Fund to Holders of Allowed Class 5 Claims.

(c) Voting: Class 5 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 5 Claims are entitled to vote to accept or reject the Plan.

m) Class 6: Administrative Convenience Claims.

(a) Classification: Class 6 consists of all Administrative Convenience Claims against the Debtors.

(b) Treatment: Class 6 is Impaired. On either (i) the Effective Date, (ii) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (iii) the first Distribution Date after the date on which any objection to such Administrative Convenience Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court, each Holder of an Allowed Class 6 Administrative Convenience Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, Cash in an amount equal to the full amount of

such Allowed Claim, without interest, costs or fees, from the Liquidation Trustee from the Administrative Convenience Claims Fund.

(c) Voting: Class 6 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 6 Claims entitled to vote to accept or reject the Plan.

n) Class 7: Club Member Claims.

(a) Classification: Class 7 consists of the Holders of all Club Member Claims against the Debtors including Contingent Membership Deposit Obligations (but not including Non-Contingent Membership Deposit Obligations, which are included in Class 4).

(b) Treatment: The Class 7 Claims are Impaired. Each Holder of an Allowed Class 7 Club Member Claim will receive in full satisfaction, settlement, release, and extinguishment of such Claim, the following treatment:

Option to Join the New Clubs: A Club Member may elect in the ballot the New Club Membership Option and become one of the Accepting Club Members. If so, then upon payment of the applicable Transfer Fee, and any Membership Reinstatement Fee, if applicable, and execution of an agreement to pay at least one year of dues under the New ClubCo Membership Plan, the Class 7 Claimant will receive a membership with New ClubCo under the New ClubCo Membership Plan as well as the right to satisfaction by New ClubCo of any Membership Deposit Obligations in accordance with the Vesting Schedule. Accepting Club Members will also receive a release of claims by the Debtors.

Option not to Join the New Clubs: A Club Member who does not (i) elect in the ballot the New Club Membership Option and (ii) become one of the Accepting Club Members, will thereby become one of the Rejecting Club Members and will receive its Pro Rata Share of the Rejecting Member Fund on or as soon as practicable after the later of (i) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (ii) the first Distribution Date after the date on which any objection to such Rejecting Club Member Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court. On each subsequent Distribution Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee will continue to make Pro Rata Distributions to Holders of Allowed Class 7 of the Rejecting Member Fund.

(c) Voting: Class 7 is an Impaired Class and pursuant to section 1126 of the Bankruptcy Code, the Holder of Allowed Class 7 Claims are is entitled to vote to accept or reject the Plan.

o) Class 8: Equity Interests.

(a) Classification: Class 8 consists of all Equity Interests in any of the Debtors.

(b) Treatment: Holders of Class 8 Interests in all of the Debtors will not receive or retain any Property under the Plan on account of such Interests. On the Effective Date, all Interests will be canceled.

(c) Voting: Class 8 is impaired. The Holders of the Class 8 Interests are conclusively deemed to have rejected the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of the Class 8 Interests are not entitled to vote to accept or reject the Plan.

F. PROVISIONS REGARDING UNCLASSIFIED PRIORITY CLAIMS

The Plan contains provisions that set forth the treatment of Claims of a kind specified in Sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code. The treatment of these Unclassified Claims in the Plan is consistent with the requirements of Section 1129(a)(9) of the Bankruptcy Code, and the holders of such Claims are not entitled to vote on the Plan. Notwithstanding any other provision of the Plan, pursuant to Section 1123(a)(1) of the Bankruptcy Code, Claims under Sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code are not designated as Classes of Claims for purposes of the Plan.

VIII.
MEANS FOR IMPLEMENTATION OF THE PLAN AND EFFECTS OF CONFIRMATION

A. POST-CONSUMMATION CORPORATE STRUCTURE, MANAGEMENT AND OPERATION

a) Cancellation of Interests

On the Effective Date, except as otherwise provided for in the Plan, (a) all of the Interests, and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of any Debtor will be cancelled, and (b) the obligations of the Debtors under any agreements, indentures, or certificates of designations governing the Interests and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of any Debtor will be extinguished.

b) Corporate Action

The entry of the Confirmation Order will constitute authorization for the Debtors to take or to cause to be taken all corporate and limited liability company actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken will be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation, the execution and delivery of the Asset Purchase Agreement. Subject to the terms and conditions of the Asset Purchase Agreement, all such actions will be deemed to have occurred and will be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the stockholders or directors of the Debtors. On the Effective Date, the appropriate officers and managers of the Debtors, including without limitation the CRO, are authorized and directed to

execute and deliver the agreements, documents and instruments contemplated by the Plan, the Plan Supplement and the Sale Documents in the name and on behalf of the Debtors.

B. CONFIRMATION AND/OR CONSUMMATION

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

a) Requirement for Confirmation of the Plan

Before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that the following requirements for confirmation, set forth in section 1129 of the Bankruptcy Code, have been satisfied:

(i) The Plan complies with the applicable provisions of the Bankruptcy Code.

(ii) The Debtors have complied with the applicable provisions of the Bankruptcy Code.

(iii) The Plan has been proposed in good faith and not by any means forbidden by law.

(iv) Any payment made or promised by the Debtors or by a Person acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

(v) With respect to each Class of Claims or Interests, each Impaired Claim and Impaired Interest Holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code. See Section XIII.D.

(vi) The Plan provides that Administrative Claims and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date and that Priority Tax Claims will receive on account of such Claims: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes Allowed and (iii) a date agreed to by the Debtors and the Holder of such Priority Tax Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtors or as the Bankruptcy Court may order.

(vii) If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims in such Class.

(viii) The Debtors believe that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11 and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith.

(ix) Further, even if all of the foregoing are satisfied, if any Class of Claims is Impaired and votes to reject the Plan, the Debtors must satisfy the applicable "cramdown" standard with respect to that Class. Section 1129(b) of the Bankruptcy Code requires that the plan "not discriminate unfairly" and be "fair and equitable" with respect to such class. The Debtors do not anticipate that any Class of Claims will vote to reject the Plan. However, in the event any Class votes to reject the Plan, and because Class 8 is deemed to reject the Plan, the Debtors believe they will satisfy the cramdown standards in section 1129(b) with respect to any such rejecting class.

b) Conditions to Confirmation Date and Effective Date

The Plan specifies conditions precedent to the Confirmation Date and the Effective Date. Each of the specified conditions must be satisfied or waived in whole or in part by the Debtors, without any notice to interested parties or the Bankruptcy Court and without a hearing.

The conditions precedent to the occurrence of the Confirmation Date, which is the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order, are that: (a) the form and substance of the Confirmation Order, as well as any amendments to the Plan, will have been approved by the Debtors; (b) the Confirmation Order will authorize the transactions contemplated by the Plan; and (c) the Confirmation Order will provide that the provisions of the Confirmation Order are non-severable and mutually dependent.

The conditions that must be satisfied on or prior to the Effective Date, which is the Business Day upon which all conditions to the consummation of the Plan have been satisfied or waived, and is the date on which the Plan becomes effective, are that: (a) the Bankruptcy Court will have approved the information contained in the Disclosure Statement as adequate; (b) the Confirmation Order in form and substance satisfactory to the Debtors and the Plan Sponsor will have been entered and will not be stayed by order of a court of competent jurisdiction; (c) those holders of Membership Claims opting to become members of New ClubCo will be sufficient in number to generate over a projected twelve month period an amount equal to the New ClubCo Dues Revenues; (d) all Allowed Claims (i) in any Class that is the subject of the Claims Caps, (ii) any unclassified claims and (iii) the Cure Amounts, in the aggregate, will not exceed 110% of the Claim Caps, in the aggregate; (e) all conditions precedent to the obligations of the Debtors and the Plan Sponsor under the Asset Purchase Agreement

have occurred or have been waived; (f) the transactions contemplated in the Asset Purchase Agreement, as well as the subsequent transfer to the Indenture Trustee SPE, have been consummated (which condition may not be waived without the express consent of the Indenture Trustee); (g) the Bankruptcy Court will have entered an order (contemplated to be part of the Confirmation Order) authorizing and directing the Debtors to take all actions necessary or appropriate to enter into, implement, and consummate the documents created, amended, supplemented, modified or adopted in connection with the Plan; (h) all authorizations, consents and regulatory approvals required, if any, in connection with the Plan's effectiveness will have been obtained; (i) the Debtors will have appointed the Liquidation Trustee, the Liquidating Trust Agreement and the other Liquidating Trust Documents will have been executed, and the Liquidating Trust will have received the General Unsecured Creditors Fund, the Administrative Convenience Claims Fund, the Rejecting Club Members Fund, the Post-Effective Date Plan Sponsor Funding from the Plan Sponsor, and an assignment from the Debtors of the Retained Actions; and (j) no order of a court will have been entered and will remain in effect restraining the Debtors from consummating the Plan.

C. RELEASES, INJUNCTIONS, EXCULPATION AND INDEMNIFICATION

a) Releases by Debtors

The Plan provides for certain releases to be granted by the Debtors on and as of the Effective Date. Specifically, effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, in their individual capacities and as debtors in possession, will be deemed to have forever released, and waived the Releasees and the D&O Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or the Liquidation Trustee to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan; provided, however, that (a) no Releasee or D&O Releasee will be released from any Claims, obligations, suits, judgments, debts or Causes of Action arising out of or in connection with indebtedness for money borrowed by any such person from any of the Debtors and (b) no Cause of Action against any insurer arising out of or relating to matters for which the Debtors would otherwise be liable or suffer an insurable loss will be released, including without limitation, any Cause of Action against the Debtors' Directors and Officers insurance carrier(s). For the avoidance of doubt, James B. Anthony, Lucas Anthony and Timothy Cherry are not being released by Plan Section 10.03(a) or (b) unless James B. Anthony satisfies all of the following: (a) he becomes a

D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan.

Each officer and director of the Debtors who is a D&O Releasee must affirmatively elect the benefit of the releases provided for in the Plan no later than September 15, 2012.

In consideration for these releases, the D&O Releasees are required to agree to forever release, waive and discharge those Claims, obligations, suits, judgments, remedies, damages, demands, debts, rights, causes of action, and liabilities whatsoever against the Debtors, the Estates, the Liquidating Trust, or the Liquidation Trustee, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence, taking place on or prior to the Effective Date in any way relating to the Debtors, the Estates, the conduct of the Debtors' businesses, the Chapter 11 Case, the Plan, the Liquidating Trust or the Liquidation Trustee, other than any Note Holder Claim or Club Member Claim they hold.

After investigating the circumstances surrounding the commencement of these cases, the Debtors believe that they do not have any viable causes of action against either the Releasees or the D&O Releasees.

The Releasees include the Indenture Trustee, which the Debtors have already released pursuant to the Cash Collateral Order. The Committee or any other party in interest had 70 days following the Petition Date commence an action against the Indenture Trustee and none did.

b) Releases by Holders of Claims and Interests

Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the Plan, each Holder of a Claim or Interest who votes in favor of the Plan or is presumed to have voted in favor of the Plan pursuant to section 1126(f) of the Bankruptcy Code will be deemed to have forever waived and released (i) the Debtors, (ii) the Liquidation Trustee, (iii) the Liquidating Trust, (iv) the Releasees, and (v) the D&O Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than

the rights of such Holders of Allowed Claims under the Plan to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan; provided, however, that the Plan will not release any Releasees or the D&O Releasee from any Causes of Action held by a Governmental Unit existing as of the Effective Date based on (i) any criminal laws of the United States or any domestic state, city or municipality or (ii) sections 1104-1109 and 1342(d) of ERISA.

In consideration for these releases, holders of General Unsecured Claims will receive their Pro Rata Share of the General Unsecured Creditors Fund, and the holders of Rejecting Club Member Claims will receive their Pro Rata Share of the Rejecting Members Fund.

c) Injunction

(a) Claims and Interests. ***THE PLAN PROVIDES THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED BY THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, THE ENTRY OF THE CONFIRMATION ORDER WILL, PROVIDED THAT THE EFFECTIVE DATE OCCURS, PERMANENTLY ENJOIN ALL PERSONS THAT HAVE HELD, CURRENTLY HOLD OR MAY HOLD A CLAIM OR OTHER DEBT OR LIABILITY OR AN INTEREST OR OTHER RIGHT OF AN EQUITY SECURITY HOLDER THAT IS IMPAIRED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST THE DEBTORS, THE LIQUIDATING TRUST, THE LIQUIDATION TRUSTEE, OR THE PROPERTY OF ANY OF THE FOREGOING ON ACCOUNT OF ANY SUCH CLAIMS, DEBTS OR LIABILITIES OR SUCH TERMINATED INTERESTS OR RIGHTS: (A) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND; (B) ENFORCING, LEVYING, ATTACHING, COLLECTING OR OTHERWISE RECOVERING IN ANY MANNER OR BY ANY MEANS, WHETHER DIRECTLY OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE OR ORDER; (C) CREATING, PERFECTING OR ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY LIEN OR ENCUMBRANCE OF ANY KIND; (D) ASSERTING ANY SETOFF, OFFSET, RIGHT OF SUBROGATION OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY, AGAINST ANY DEBT, LIABILITY OR OBLIGATION DUE TO ANY OF THE DEBTORS; AND (E) PROCEEDING IN ANY MANNER IN ANY PLACE WHATSOEVER, INCLUDING EMPLOYING ANY PROCESS, THAT***

DOES NOT CONFORM TO OR COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER, THAT THIS INJUNCTION WILL NOT APPLY TO (A) ANY CLAIMS CREDITORS MAY ASSERT UNDER THE PLAN TO ENFORCE THEIR RIGHTS THEREUNDER TO THE EXTENT PERMITTED BY THE BANKRUPTCY CODE OR (B) ANY CLAIMS CREDITORS OR OTHER THIRD PARTIES MAY HAVE AGAINST EACH OTHER, WHICH CLAIMS ARE NOT RELATED TO THE DEBTORS, IT BEING UNDERSTOOD, HOWEVER, THAT ANY DEFENSES, OFFSETS OR COUNTERCLAIMS OF ANY KIND OR NATURE WHATSOEVER WHICH THE DEBTORS MAY HAVE OR ASSERT IN RESPECT OF ANY OF THE CLAIMS OF THE TYPE DESCRIBED IN (A) OR (B) OF THIS PROVISO ARE FULLY PRESERVED.

(b) Released Claims. ***THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, THE CONFIRMATION ORDER WILL CONSTITUTE AN INJUNCTION PERMANENTLY ENJOINING ANY PERSON THAT HAS HELD, CURRENTLY HOLDS OR MAY HOLD A CLAIM, DEMAND, DEBT, RIGHT, CAUSE OF ACTION OR LIABILITY THAT IS RELEASED PURSUANT TO THE PLAN FROM ENFORCING OR ATTEMPTING TO ENFORCE ANY SUCH CLAIM, DEMAND, DEBT, RIGHT, CAUSE OF ACTION OR LIABILITY AGAINST (I) ANY DEBTOR, (II) THE LIQUIDATING TRUST, (III) ANY RELEASEE, (IV) ANY D&O RELEASEE, OR (V) ANY EXCULPATED PERSON, OR ANY OF ITS PROPERTY, BASED ON, ARISING FROM OR RELATING TO, IN WHOLE OR IN PART, ANY ACT, OMISSION, OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE WITH RESPECT TO OR IN ANY WAY RELATING TO THE CHAPTER 11 CASE, ALL OF WHICH CLAIMS, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES WILL BE DEEMED RELEASED ON AND AS OF THE EFFECTIVE DATE; PROVIDED, HOWEVER, THAT WITH RESPECT TO THE FORMER DIRECTORS, OFFICERS AND EMPLOYEES OF THE DEBTORS, THIS INJUNCTION WILL APPLY ONLY TO THE ENFORCEMENT OF CLAIMS, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES WITH RESPECT TO WHICH SUCH FORMER DIRECTORS, OFFICERS AND EMPLOYEES WOULD BE ENTITLED TO INDEMNIFICATION FROM THE DEBTORS UNDER CONTRACT OR LAW; AND, PROVIDED FURTHER, HOWEVER, THAT THIS INJUNCTION WILL NOT APPLY TO (A) ANY CLAIMS CREDITORS MAY ASSERT UNDER THE PLAN TO ENFORCE THEIR RIGHTS THEREUNDER TO THE EXTENT PERMITTED BY THE BANKRUPTCY CODE OR (B) ANY CLAIMS CREDITORS OR OTHER THIRD PARTIES MAY HAVE AGAINST EACH OTHER, WHICH CLAIMS ARE NOT RELATED TO THE DEBTORS, IT BEING UNDERSTOOD, HOWEVER, THAT ANY DEFENSES, OFFSETS OR COUNTERCLAIMS OF ANY KIND OR NATURE WHATSOEVER WHICH THE DEBTORS MAY HAVE OR ASSERT IN RESPECT OF ANY OF THE CLAIMS OF THE TYPE DESCRIBED IN (A) OR (B) OF THIS PROVISO ARE FULLY PRESERVED. THESE RELEASES INCLUDE CLAIMS AGAINST THE INDIVIDUALS LISTED IN PLAN SUPPLEMENT ATTACHMENT 7***.

d) Exculpation Relating to Chapter 11 Cases

The Plan contains standard exculpation provisions applicable to the key parties in interest with respect to their conduct in the Chapter 11 Cases. Specifically, the Plan provides that, none of the Debtors, the Liquidation Trustee, the Indenture Trustee, the Negotiating Group, the Advisory Board, the Plan Sponsor or any Exculpated Person will have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates or any of their successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, Filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating the Plan, or the Property to be distributed under the Plan, including all activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases, provided, however, that the foregoing exculpation will not apply to any act of gross negligence or willful misconduct. For the avoidance of doubt, the execution and delivery by the CRO on behalf of the Debtors of any documents contemplated under the Plan, including, without limitation, any of the documents described in that certain exhibit to the Plan Supplement that contains the Plan Effective Date steps schematic chart, is only in her representative capacity and not individually, and neither she nor GGG shall have any liability thereunder. The individuals listed in Plan Supplement Attachment 7 as being exculpated are included in the persons who are being exculpated under the Plan.

D. PRESERVATION OF RIGHTS OF ACTION

Except as otherwise provided in the Plan, the Asset Purchase Agreement or the Confirmation Order, in accordance with section 1123(b)(3) of the Bankruptcy Code, the Liquidation Trustee (as a representative of the Debtors' Estates) will retain and may exclusively enforce any Retained Actions subject only to any express waiver or release thereof in the Plan or in any other contract, instrument, release, indenture or other agreement entered into in connection with the Plan, and the Confirmation Order's approval of the Plan will be deemed a res judicata determination of such rights to retain and exclusively enforce such Retained Actions, and none of such Retained Actions is deemed waived, released or determined by virtue of the entry of the Confirmation Order or the occurrence of the Effective Date, notwithstanding that the specific Retained Actions are not identified or described. Absent such express waiver or release by the Debtors, the Liquidation Trustee may pursue Retained Actions, as appropriate, in accordance with the best interests of the Liquidating Trust.

Attached as Attachment 10 to the Plan Supplement is a non-exclusive listing of the Retained Actions, including potential avoidance actions.

Absent an express waiver or release as referenced above, nothing in the Plan will (or is intended to) prevent, estop or be deemed to preclude the Liquidation Trustee

from utilizing, pursuing, prosecuting or otherwise acting upon all or any of its Retained Actions and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such Retained Actions upon or after Confirmation, the Effective Date or the consummation of the Plan. By example only, and without limiting the foregoing, the utilization or assertion of a Retained Action, or the initiation of any proceeding with respect thereto against a Person, by the Liquidation Trustee will not be barred (whether by estoppel, collateral estoppel, res judicata or otherwise) as a result of (a) the solicitation of a vote on the Plan from such Person or such Person's predecessor in interest; (b) the Claim, Interest or Administrative Claim of such Person or such Person's predecessor in interest having been listed in a Debtor's Schedules, list of Holders of Interests, or in the Plan, Disclosure Statement or any exhibit thereto; (c) prior objection to or allowance of a Claim or, Interest of the Person or such Person's predecessor in interest; or (d) Confirmation of the Plan.

Notwithstanding any allowance of a Claim, the Debtors and the Liquidation Trustee reserve the right to seek, among other things, to have such Claim disallowed if any of the Debtors or the Liquidation Trustee, as the case may be, at the appropriate time, determines that it has a defense under section 502(d) of the Bankruptcy Code, e.g., any of the Debtors or the Liquidation Trustee holds an Avoidance Action against the Holder of such Claim and such Holder after demand refuses to pay the amount due in respect thereto.

E. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain after the Effective Date and until the Chapter 11 Cases are closed, exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

a) classify or establish the priority or secured or unsecured status of any Claim (whether Filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim pursuant to the Plan;

b) grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 328, 330, 331 or 503(b) of the Bankruptcy Code or otherwise provided for in the Plan, for periods ending on or before the Effective Date;

c) determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtors is a party or with respect to which any Debtors may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

d) ensure that all payments due under the Plan and performance of the provisions of the Plan are accomplished as provided herein and resolve any issues relating to Distributions to Holders of Allowed Claims pursuant to the provisions of the Plan;

e) construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, including, without limitation, the Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the Plan and protection of the Debtors or the Liquidation Trustee in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;

f) determine and resolve any case, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the Plan (and all Exhibits to the Plan and a Plan Supplement) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;

g) hear any application of the Debtors or the Liquidation Trustee to modify the Plan after the Effective Date pursuant to section 1127 of the Bankruptcy Code and Section 12.04 hereof or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code and the Plan;

h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

i) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

j) determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order, the Liquidating Trust, or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, except as otherwise provided in the Plan;

k) determine such other matters and for such other purposes as may be provided in the Confirmation Order;

l) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;

m) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Liquidating Trust;

n) enter one or more Final Decrees closing each of the Chapter 11 Cases;

o) determine and resolve any and all controversies relating to the rights and obligations of the Liquidation Trustee in connection with the Chapter 11 Cases;

p) allow, disallow, determine, liquidate or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);

q) permit the Debtors (and the Liquidation Trustee, to the extent provided for in the Plan, or the Liquidating Trust Agreement) to recover all assets of the Debtors and Property of their Estates, wherever located;

r) hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtors or the Debtors' Estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Case, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

s) hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, Filed or commenced after the Effective Date that may be commenced by the Liquidation Trustee thereafter, including Retained Actions, proceedings with respect to the rights of the Liquidation Trustee to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Debtors may have had;

t) to consider and act on the compromise of any Claim against, or Interest in, the Debtor, or any Cause of Action asserted on behalf of the Debtors' Estates; provided, however, that there will be no requirement that the Debtors or the Liquidation Trustee seek Bankruptcy Court approval of compromises and settlements except as provided herein; and

u) hear any other matter not inconsistent with the Bankruptcy Code.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtors, including with respect to the matters set forth above in Plan Section 11.01, Plan Article XI will not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

F. AMENDMENT, ALTERATION AND REVOCATION OF PLAN

The Debtors and the Plan Sponsor may alter, amend or modify the Plan in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date. After the Confirmation Date and prior to the substantial consummation of the Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Debtors may, so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings will be served in accordance with Bankruptcy Rules 2002 and 9014.

The Debtors and the Plan Sponsor reserve the right, at any time prior to Confirmation of the Plan, to withdraw the Plan. If the Plan is withdrawn or if the Confirmation Date does not occur, the Plan will be null and void and have no force and effect. In such event, nothing contained herein will be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

G. PLAN IMPLEMENTATION DOCUMENTS

The documents necessary to implement the Plan include the following:

(a) Asset Purchase Agreement
(b) Mountain Park Facility loan documents
(c) Exit Facility loan documents
(d) Subordination and Intercreditor Agreement between NewCo, New ClubCo and the Indenture Trustee
(e) Liquidating Trust Agreement
(f) Schedule of Assumed Contracts
(g) form of release agreements to be executed y the D&O Releasees
(h) list of the present and former officers and directors of the Debtors, the Debtors' Parent, CMAG, CMAHG, CIPOC, the members of the Negotiating Group and of the Advisory Board
(i) Note Restructuring Agreement
(j) Debt Assumption and Assignment Agreement
(k) Mortgage Assignment, Security Agreement and Fixture Filing between the Indenture Trustee and the IT SPE
(l) Assignment of Leases by the IT SPE to the Indenture Trustee

(m) Collateral Assignment of Master Lease by IT SPE to the Indenture Trustee
(n) Security Agreement between the IT SPE and the Indenture Trustee
(o) Collateral Assignment of IP/License Agreement between the IT SPE and the Indenture Trustee
(p) Agreement for Deed in Lieu of Foreclosure and Escrow Agreement between the IT SPE and the Indenture Trustee and Escrow Agent
(q) Amendment to the Indenture
(r) IT SPE limited liability company agreement
(s) formation documents of IT Representative, LLC
(t) Master Lease by and between the IT SPE and New ClubCo
(u) form of Subleases between New ClubCo and the golf operating subsidiaries
(v) Description of Use of Mountain Park Facility
(w) Revised New ClubCo Membership Plan
(x) Plan Effective Date steps schematic chart
(y) Chart of Retained Actions
(z) Narrative Supplement to the Plan Sponsor Projections

Such documents will be submitted in substantially the form to be implemented on the Effective Date as part of a Plan Supplement. A Plan Supplement was filed on July 1, 2012 [Docket Entry No 470]. All documents in the Plan Supplement will be in form, scope, and substance satisfactory to the Debtors and the Plan Sponsor. Upon such filing, all documents included in the Plan Supplement may be viewed and downloaded free of charge from the Debtors' case website at www.bmcgroup.com/cliffs, viewed and downloaded from the Bankruptcy Court electronic case filing system or inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request to the Debtors' Voting Agent at the address set forth in Section XV(G). or to the Debtors' counsel, McKenna Long & Aldridge LLP, 303 Peachtree Street, Suite 5300, Atlanta, Georgia 30308 Attn: Bryan E. Bates.

H. MEMBERSHIP INFORMATION

Confirmation of the Plan will maintain continuity of the Club Members' use of the club amenities. The Club Members, including inactive Club Members who have terminated their membership and are waiting for return of their deposit, will have the opportunity to join the New Membership Programs. Lot owners who have never been Club Members will also be given an opportunity to join the New Clubs. Club Members will receive additional details regarding the New Membership Programs, including additional details about the dues, along with the Plan Supplement. This will ensure that Club Members have ample time to review the information and determine how to vote on the Plan on or before the Voting Deadline. Club Members will also receive a form of ballot with the Plan Supplement, which will enable the Club Members to indicate whether they choose to opt in to or out of the New Membership Programs.

Membership Deposits and Prepaid Dues

New ClubCo will reimburse the members admitted to New Clubs for their Membership Deposits in accordance with the New ClubCo club documents. Vesting will be at the rate of 20% per year. Those members and former members who elect not to join the New Clubs will receive treatment afforded Holders of Allowed Rejecting Club Member Claims.

Transfer Fees

New ClubCo will charge a one-time fee (the "Transfer Fee") to any existing member of a Club of the Debtors who waives its general unsecured claim against the Debtors and becomes a member of one of the New Clubs to be owned New ClubCo (a "Rejoining Member").

The Transfer Fee will be payable by a member who is in good standing in the payment of post-Petition dues and other charges within 30 days of the Effective Date of the Plan for each type of membership and will be no less than:

- Golf/Charter or Corporate – Either $5,000 in one payment or $5,740 paid as follows: an initial payment of $2,500 within 30 days of the Effective Date of the Plan followed by twenty-four (24) monthly payments of $135 each.
- Family/Sports – $2,500.
- Wellness – $1,500
- Residence Club – $2,500.

The Reinstatement Fee will be payable by a resigned member who is in good standing in the payment of post-Petition dues and other charges within 30 days of the Effective Date of the Plan and wants his or her Membership Deposit Obligation assumed as follows:

- Golf/Charter or Corporate – 2,500.

- Family/Sports – $1,500.
- Wellness – $750
- Residence Club – $1,500 .

Amnesty Program

Resigned Club Members and all other persons who own property in The Cliffs and who are not current Club Members may elect to acquire new membership on or before August 31, 2012 by paying an activation fee, plus initiation fee, less a $20,000 discount, as follows:

- Golf or Corporate – $35,000 total (with a financing option that includes an initial payment of at least ½ of the total fee, with the remaining balance paid in two (2) semi-annual payments with interest at the rate of 8% per annum.)
  $5,000 Activation Fee
  $50,000 Initiation Fee
  -$20,000 Discount

- Sports – $17,500 total (with same financing option for golf)
  $2,500 Activation Fee
  $35,000 Initiation Fee
  -$20,000 Discount

- Wellness or Social – $1,500 total
  $1,500 Activation Fee
  $20,000 Initiation Fee
  -$20,000 Discount

Member Dues

New ClubCo's will charge on a monthly basis each member 1/12 of the applicable annual dues, for each type of membership of:

- Full Golf – $10,380
- Home Golf – $9,340
- Non-Resident Golf – $8,300
- Full Sports – $5,280
- Non-Resident Sports – $4,225
- Wellness – $3,720
- Social – $1,860
- Corporate – $10,380 plus $5,190 per each designee over 2
- Residence Club – $1,875

Membership Categories

At the New Clubs, New ClubCo will offer, at minimum, the following membership categories: a full golf membership, a home golf membership, a non-resident golf membership, a full sports membership, a non-resident sports membership, a wellness membership, a social membership, a corporate membership and a residence club membership. New ClubCo reserves the right to establish such additional membership classes as it deems appropriate, including, but not limited to, a social membership. New ClubCo will endeavor to have all property owners join a New Club at some level of membership.

Membership Level

Electing Club Members will have the opportunity to upgrade or to downgrade their membership as provided in the New ClubCo Membership Plan. Until such time as the Electing Club Members execute the New Membership Programs agreements, Club Members will remain at their current membership level and will continue to pay dues at this level. The Plan Sponsor anticipates that agreements to enter into the New Membership Programs will be effective September 1, 2012.

Filing Claims and Eligibility in New Clubs

Club Members who file a proof of claim in the Chapter 11 Cases will nevertheless be offered membership in the new clubs. The filing of a proof of claim in no way affects a Club Member's ability to join the new clubs or retain the deposits previously paid. The Schedules filed by the Debtors provide a claim for each Club Member in the amount of his or her deposit, as listed in the Debtors' records. Club Members may review the Debtors' Schedules for accuracy at www.bmcgroup.com/cliffs.

IX.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. REJECTION OF CONTRACTS AND LEASES

Pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any other person or entity will be deemed rejected by the Debtors (with the consent of the Plan Sponsor) as of the Effective Date, except for any executory contract or unexpired lease that: (a) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (b) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (c) is listed on the Schedule of Assumed Contracts set forth in Exhibit 1 to the Plan. The listing of a document on the Schedule of Assumed Contracts will not constitute an admission by the Debtors that such document is an executory contract or unexpired lease or that the Debtors have any liability thereunder.

Pursuant to the Plan, the entry of the Confirmation Order will, subject to and upon the occurrence of the Effective Date, constitute the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption and rejection of the executory contracts assumed and rejected pursuant to Article VI of the Plan.

B. CURE OF DEFAULTS, REJECTION DAMAGES, AND AMENDMENT OF SCHEDULE

Pursuant to Plan Section 6.02, the Debtors have included in the Schedule of Assumed Contracts the amount necessary to cure any default under any executory contract or unexpired lease to be assumed under the Plan, which amount will be paid in Cash by the Plan Sponsor on the Effective Date, except as set forth in the Plan. To the extent that any counterparty of any assumed executory contract asserts that any Debtor or non-Debtor affiliate has any liability on any assumed executory contract, upon payment by the Plan Sponsor of the full amount of each cure amount as set forth herein, any Debtor or non-Debtor affiliate such will have no liability to any counterparty of any assumed executory contract.

Any party to an executory contract or unexpired lease to be assumed will have twenty one (21) days after service of the Schedule of Assumed Contracts within which to file with the Bankruptcy Court an objection to the cure amount listed by the Debtors, an objection to the adequacy of assurance of future performance by the Plan Sponsor, or any other objection to the assumption of such executory contracts or unexpired lease. Any such objection will be resolved by the Bankruptcy Court at the Confirmation Hearing or, if the Court does not hear such objection at the Confirmation Hearing, at such other time as agreed to by the affected parties. If the Bankruptcy Court determines that the cure amount with respect to an executory contract or unexpired lease is greater than the amount listed by the Debtors, then the Debtors may elect to reject the contract or lease at issue.

Pursuant to Plan Section 6.03, any holder of a Claim arising out of the rejection of any executory contract or unexpired lease pursuant to Article VI of the Plan will file with the Bankruptcy Court proof of such claim no later than the later of (a) thirty (30) days after the Effective Date, or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not filed within such time period will be forever barred.

The Debtors and the Plan Sponsor will have the right, on or before the hearing on Plan Confirmation, to modify the Schedule of Assumed Contracts by filing a Plan Supplement, subject to the consent of the Agents, thus, by removing an executory contract or unexpired lease, providing for its rejection pursuant to Plan Section 6.01 or by adding any executory contract or unexpired lease, providing for its assumption and assignment pursuant to Plan Section 6.01. The Debtors will provide notice of any such modification to the parties to any executory contract or unexpired lease affected thereby and an opportunity for such parties to be heard.

C. SURVIVAL OF CERTAIN CORPORATE INDEMNITIES

Pursuant to Plan Section 5.18, the obligations of the Debtors pursuant to their operating agreements and other governing documents to indemnify persons serving on or after the Petition Date as officers, directors, agents, or employees of the Debtors with respect to actions, suits, and proceedings against the Debtors or such officers, directors, agents, or employees, based upon any act or omission for or on behalf of the Debtors occurring on or after the Petition Date, will not be impaired by the confirmation of the Plan. Such obligations will be deemed and treated as executory contracts to be assumed by the Debtors pursuant to the Plan and will continue as obligations of the Debtors to the extent of available insurance only.

D. CLUB MEMBERSHIP AGREEMENTS

As provided in Plan Section 6.06, except and to the extent previously rejected by an order of the Bankruptcy Court on or before the Effective Date, all Club Membership Agreements entered into before or after the Petition Date and not since terminated, will be deemed to be, and will be treated as though they are, executory contracts that are rejected under Plan Section 6.01. Notwithstanding the above, each party (other than the Debtors) to a Club Membership Agreement will be entitled to elect to have its Claims against the Debtors arising under the Club Membership Agreement treated pursuant to the terms of Class 7 in full satisfaction of such claims. In the event a Club Member does not elect in writing to have his or her Claim treated as provided in Class 7, all Claims of such Club Member under the applicable Club Membership Agreement, including any Rejection Claim, will be treated in accordance with Plan Section 6.04.

E. EASEMENTS

The Debtors and the Plan Sponsor are currently reviewing all known or asserted easements with respect to property, including without limitation the Clubs, owned or used by the Debtors. The Debtors and the Plan Sponsor are analyzing: (i) the validity of any such easements under state law; (ii) the avoidability of any such easements under bankruptcy law; and (iii) whether the property proposed to be conveyed pursuant to the Plan can be conveyed free and clear of such easements.

X.
CERTAIN RISK FACTORS TO BE CONSIDERED

The Holders of Claims in Classes 1, 3, 4, 5, 6 and 7 should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. GENERAL CONSIDERATIONS

The Plan sets forth the means for satisfying the Claims against each of the Debtors. See Section VII.E. of this Disclosure Statement entitled "Classification and Treatment of Claims and Interests" for a description of the treatments of each class of Claims and Interests. The Interests receive no distributions pursuant to the Plan.

B. CERTAIN BANKRUPTCY CONSIDERATIONS

Even if all voting Impaired Classes vote in favor of the Plan, and if with respect to any Impaired Class deemed to have rejected the Plan the requirements for "cramdown" are met, the Bankruptcy Court may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtors, and that the value of distributions to dissenting Holders of Claims and Interests will not be less than the value such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See **Exhibit D** for a liquidation analysis of the Debtors.

The Plan Sponsor may not close if it does not acquire certain non-Debtor assets indirectly controlled by James B. Anthony, including, without limitation, the Waterfall property, the Chapel property, the High Carolina property and intellectual property.

In the event that the Plan is not confirmed, then it is highly likely that the Debtors would have to close the Clubs with little advance notice once funds for operations under the DIP Facility are exhausted. The Debtors would have few options available but might convert the Chapter 11 Cases to Chapter 7 Cases, which constitute events of default under the Cash Collateral Order and the Financing Order, entitling the Indenture Trustee and the DIP Lender to stay relief; or attempt to sell the Clubs in the Chapter 11 Cases under less advantageous terms. Treatment of holders of all Claims under each of those alternatives will be much less favorable than the treatment proposed under the Plan because the Debtors will not be able to keep the Clubs open and the cost to reopen the Clubs will be problematic once the golf courses lie fallow and deteriorate. Under such circumstances, there is a substantial risk that only the DIP Lender and the Bridge Lender Claims will be repaid unless the Note Holders raise sufficient funds to satisfy such Claims, that there will be no distribution to Mechanic's Lien Claims or General Unsecured Claims and that the existing Club Members will lose all of their Membership Initiation Deposits and may have to pay a new deposit in order to become a member in any club established by a new owner should the clubs reopen after closing. Because the DIP Lender and the Bridge Lender have blanket liens in all of the Debtors' property, any groups of Club Members at specific Clubs interested in opening only one Club would have to raise sufficient funds to deal with the existing secured indebtedness (i.e., pay the $9.5 million principal plus interest and fees necessary to satisfy those loans and also make arrangements with the Indenture Trustee regarding the more than $70 million in Note Holder Claims, and the approximately $1.5 million in Mechanic's Lien Claims and pay the priority taxes of $1.9 million) and then cover the costs of reopening a closed golf course and operating the golf course going forward.

C. CLAIMS ESTIMATIONS

There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed amount of Claims likely

will differ in some respect from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, the actual Allowed amount of Claims may vary from those estimated herein.

D. CONDITIONS PRECEDENT TO CONSUMMATION

The Plan provides for certain conditions that must be satisfied (or waived) prior to confirmation of the Plan and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Bankruptcy Court confirms the Plan, there can be no assurance that the Plan will be consummated and the restructuring completed.

E. CERTAIN TAX CONSIDERATIONS

There are a number of income tax considerations, risks and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in Section XII regarding certain U.S. federal income tax consequences of the Plan to the Debtors and to the Holders of Claims who are entitled to vote to accept or reject the Plan.

F. SUBSEQUENT DEFAULT

It is possible that the Plan Sponsor and/or New ClubCo may subsequently default on its obligations under the Plan, and there is a chance of a subsequent bankruptcy.

XI.
APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

It is not currently expected that any registration statement will be filed under the Securities Act or any state securities laws with respect to any transfer under the Plan.

XII.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U. S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain Holders of Claims, is for general information purposes only, and should not be relied upon for determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim. The following summary does not address the federal income tax consequences to Holders whose Claims are: (i) unimpaired or otherwise entitled to payment in full in cash under the Plan (*e.g.*, Allowed Administrative Claims, Professional Fee Claims, Allowed Priority Tax Claims, DIP Facility Claims, and the Class 2 Claim (the Indenture Trustee – Bridge Loan Claim); (ii) not entitled to vote under the Plan; and (iii) not entitled to receive or retain any property under the Plan.

The following summary is based on the Internal Revenue Code of 1986, as amended (the "IRC" or the "Code"), U.S. Treasury Regulations promulgated thereunder (the "regulations"), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below.

In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it address the federal income tax consequences of the Plan to special classes of taxpayers (such as non-U.S. persons, foreign taxpayers, broker-dealers, traders that mark-to-market their securities, banks, mutual funds, insurance companies, other financial institutions, small business investment companies, persons whose functional security is not the U.S. dollar, persons subject to the alternative minimum tax, regulated investment companies, real estate investment trusts, tax-exempt organizations (including, without limitation, certain pension funds), persons holding Claims as part of a "straddle," "hedge," "constructive sale" or "conversion transaction" with other investments, pass-through entities and investors in pass-through entities. If a partnership (including any entity treated as a partnership for tax purposes) holds Claims, the tax treatment of a partner (or member) will generally depend upon the status of the partner and upon the activities of the partnership. Moreover, the following discussion generally does not address U.S. federal taxes other than income taxes, nor does it apply to any person that acquires any of the consideration provided under the Plan in the secondary market. This discussion assumes, except where otherwise indicated, that the respective Claims, the Series A Notes and the Series B Notes are each held as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the IRC.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a Holder of a Claim.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, Holders of Claims or Interests are hereby notified that: (a) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by Holders of Claims or Interests for the impose of avoiding penalties that may be imposed on them under the IRC; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) Holders of Claims should seek advice based on their particular circumstances from an independent tax advisor.

EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES (INCLUDING STATE, LOCAL AND NON-U.S.) OF THE PLAN TO SUCH HOLDER.

A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER. NO RULING HAS BEEN OR IS EXPECTED TO BE SOUGHT FROM THE IRS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OR IS EXPECTED TO BE OBTAINED BY THE DEBTORS WITH RESPECT THERETO.

A. TAX CONSEQUENCES TO THE DEBTORS

The Cliffs Club & Hospitality Group, Inc. ("ClubCo Parent") and CCHG Holdings, Inc. ("CCHG Holdings") are each a "qualified subchapter S subsidiary" (a "QSSS") of CCI within the meaning of Section 1361(b)(3)(B) of the Code, and as such, these QSSS entities are disregarded for federal income tax purposes. The rest of the ClubCos have ClubCo Parent as their sole member and as such, each of these single member limited liability companies are also disregarded for federal income tax purposes. Accordingly, prior to the Effective Date, each of the Debtors have been and continue to be treated as a "disregarded entity" for federal income tax purposes.

In general, for federal income tax purposes, items of income, gain, loss or deduction of the Debtors as disregarded entities, and the related federal income tax consequences of such items, are the responsibility of CCI, as the sole owner of the ClubCo Parent and CCHG Holdings as the disregarded entities, not the QSSSs themselves. Accordingly, to the extent that the transactions contemplated by the Plan would otherwise trigger federal income tax consequences to the Debtors as disregarded entities, the Plan contemplates and the Debtors believe that the federal income tax consequences of such transactions will not be borne by the Debtors as disregarded entities, but instead will be reported by CCI, the ultimate owner of the Debtors.

For federal income tax purposes, CCI is treated as a subchapter S corporation under Section 1361 of the Code. Since CCI is treated as a S corporation for federal income tax purposes, its owners will ultimately bear their respective portions of the federal income tax consequences of the transactions that the Debtors will undertake on the Effective Date as contemplated by the Plan. In general, for federal income tax purposes, the shareholders of an S corporation, and not the S corporation itself, are subject to taxation annually under the IRC on their respective distributive shares of items of income, gain, loss or deduction of the S corporation, whether or not they receive any distributions of cash for such year from the S corporation.

a) Modified Notes as "Debt" or "Equity".

The discussion in this summary assumes that both the old Notes and the modified Notes are treated as "debt" versus "equity" for federal income tax purposes.

Both the IRS and the courts indicate that the characterization of a debt instrument as "debt" or "equity" depends on the terms and conditions of the instrument, and all of the surrounding facts and circumstances analyzed in terms of economic and practical realities. Among the many factors that may be evaluated in making this determination are two fundamental considerations: (i) whether there is a written unconditional promise to pay on demand or on a specified date a sum certain in money in return for an adequate consideration in money or money's worth, and to pay a fixed rate of interest; and (ii) whether the debt instruments are intended to be treated as debt or equity for nontax purposes, including regulatory, rating agency, or financial accounting purposes.

The Debtors have treated the Notes as constituting "debt" for federal income tax purposes and the Debtors currently intend to also treat the modified Notes as "debt" as well. The Debtors also understand that New ClubCo intends to treat the modified Notes as "debt" for tax purposes (for New ClubCo to do otherwise would mean it could not include the Section 1274 "issue price" of the modified Notes in its tax basis for the Acquired Assets).

However, no opinion of counsel will be issued that the modified Notes are "debt" for federal income tax purposes. There can be no assurance given to Holders of Claims that the IRS will not challenge the Debtors' and New ClubCo's treatment of the modified Notes as "debt" for tax purposes.

The tax consequences of this "debt" versus "equity" treatment of the modified Notes with respect to Holders of Class 1 Claims is discussed in the applicable instances below. The Indenture Trustee as well as each Holder of a Class 1 Claim are each strongly urged to consult with their own tax advisors regarding whether the modified Notes should be treated as "debt" or "equity" for federal income tax purposes.

Notwithstanding anything else in the Plan, this Disclosure Statement or otherwise, the Notes shall not be deemed satisfied and thus extinguished, but rather restructured under the terms of the Plan and related documents, such that the payment obligation of the obligor under those Notes shall be to deliver payments totaling $64,050,000 to the Indenture Trustee.

b) Cancellation of Indebtedness Income.

A debtor generally must recognize income from the cancellation of debt ("COD Income") in the event that its debt is discharged for consideration to a creditor for an amount that is less than the amount of such debt. However, Section 108(a) of the Code provides that COD income is not required to be recognized, and is excluded from gross income, if the debtor is under the jurisdiction of a bankruptcy court in a case under Chapter 11 and the discharge is granted or is effectuated pursuant to a plan confirmed by the court (the "Bankruptcy Exception"). If the Bankruptcy Exception applies, the debtor is required to reduce certain of its tax attributes – such as net operating loss ("NOL") carryforwards, current year NOLs capital loss carryforwards,

tax credits and tax basis in assets – by the amount of COD income created pursuant to the plan (collectively, "Attribute Reduction"). For taxpayers outside bankruptcy, COD income from the cancellation of debt is not recognized by an insolvent debtor to the extent of insolvency (the "Insolvency Exception"). For this purpose, "insolvency" is defined as the excess of liabilities over the fair market value (the "FMV") of assets, both of which are to be calculated immediately before the exchange.

In this regard, as discussed above, because the Debtors are each disregarded from its respective owner and ultimately CCI, for federal income tax purposes, the Bankruptcy Exception cannot be applied to any of the Debtors for federal income tax purposes even though such Debtors are debtors in a Chapter 11 proceeding, nor can the Bankruptcy Exception be applied to the Debtors' ultimate owner CCI, since CCI is not a Chapter 11 debtor.

However, by virtue of Section 108(d)(7)(A) of the Code, Insolvency Exception determinations are generally made at the corporate level. Since the Debtors are each disregarded for federal income tax purposes, what matters is whether CCI as the S corporation is "insolvent" as defined under Section 108(d)(3) of the Code. That is, with respect to the discharge of the Debtors' indebtedness under the Plan, whether CCI is insolvent and the amount by which CCI is insolvent, is determined by whether CCI's liabilities exceed the FMV of its assets immediately before the discharge. The amount of the COD income that can be excluded under the Insolvency Exception cannot exceed the amount by which CCI is insolvent (as determined above).

For purposes of this Insolvency Exception and although this matter is not free from doubt, because each of the Debtors is disregarded for federal income tax purposes, the Debtors currently expect to take the position that the "indebtedness" of CCI within the meaning of Section 108(d)(1) of the Code should include the indebtedness of the Debtors. Neither the Code nor the regulations provide guidance on the definition of "liability" for purposes of the Insolvency Exclusion. This is particularly true in the case of "contingent liabilities", which would include the membership deposit obligations of the Debtors. Discounting the face amount of such contingent liabilities to their present value based on the probability of occurrence (the "discounting approach"), represents a broadly accepted method of valuing contingent liabilities under both general tax law principles and in bankruptcy case law. However, the IRS or the courts may not agree with this approach. In 1999, the Ninth Circuit announced a narrow standard upon which to treat contingent liabilities for purposes of the Insolvency Exception. Under this rule, contingent liabilities are included in the insolvency calculation only if the taxpayer can prove it is more likely than not that it will be called upon to pay the liability as compared with a discounting approach. Further, both the U.S. Tax Court and the Ninth Circuit indicated that if such contingent obligations were reflected on the face of the balance sheet of the taxpayer for GAAP purposes (versus solely being footnoted as contingent liabilities), this was a significant factor in determining whether to include such liabilities in the liabilities for Section 108(d)(3) purposes. In this regard, the Debtors 2007, 2008 and 2009 audited balance sheet and subsequent unaudited balance sheets of the Debtors continue to reflect the

full gross amount of such contingent liabilities (subject to a mark-to-market adjustment) of over $240 million.

Based on the foregoing, it would appear both reasonable and conservative for the Debtors to adopt the discounting approach to value the membership deposit obligations for Section 108(d)(3) liability purposes. Therefore, following such discounting approach, the Debtors currently estimate that for purposes of the Insolvency Exception, the excess of CCI's liabilities over the FMV of its assets is approximately $90 million, which is therefore the estimated amount of CCI's insolvency for purposes of the Insolvency Exception. If such calculations are respected, this also constitutes the estimated amount of COD income of the Debtors that can be excluded under the Insolvency Exception.

The Debtors believe that the modification of the Notes pursuant to the Plan will likely constitute a "significant modification" of the Notes which, as discussed below, results in a deemed taxable exchange for federal income tax purposes by the Holders of their "old" Notes for "new" debt in the form of the modified Notes. *See* Section XII.B.3., *"Holders of Class 1 Claims - Indenture Trustee's Claims (e.g., the Noteholders)"* below. Because no joint election will be filed by the Debtors and New ClubCo with the IRS electing to treat New ClubCo (as the buyer of the Debtors' assets) as modifying the Notes under Section 1.1274-5(b)(2) of the regulations, and assuming the Notes are "significantly modified," then Section 1.1274-5(b)(1) of the regulations provides that: (i) such significant modification of the Notes will be treated as a separate transaction for federal income tax purposes taking place *immediately before the sale of property by the Debtors to New ClubCo* pursuant to the Asset Purchase Agreement; and (ii) such separate Section 1001 "deemed exchange" transaction is attributed to the Debtors for federal income tax purposes.

Assuming the modified Notes are treated as "debt" for tax purposes, the significant modification of the Notes and the related collateral documents under Section 1.1001-3 of the regulations create the potential for COD income recognition by the Debtors as a result of: (i) the deemed issuance by the Debtors of the "new" modified Notes to the extent that the amount of the debt has been decreased; (ii) the discharge of the prepetition interest on the Notes of $9,481,505; and (iii) the release of the guarantees of the Notes issued by the Debtors. *See* Section XII.A.1. "*Modified Notes as "Debt" or "Equity"*, above. If the modified Notes were treated as "equity" for tax purposes, there could be no COD income resulting from such modification.

However, pursuant to Section 1.1001-2(a)(4)(i) of the regulations, since the modified Notes are nonrecourse debt, the IRS and the courts have traditionally taken the position that the Debtors' amount realized on the sale of the Acquired Assets to New ClubCo includes the full principal amount of the modified Notes, but that there is not also any COD income under Sections 61(a)(12) and 108 of the Code. Next, Section 108(e)(2) of the Code provides that there is no COD income from the discharge of indebtedness to the extent that the Debtors' payment of such prepetition accrued interest on the Notes would have given rise to an interest deduction under Section 163 of the Code, which would be the case here. Finally, as a general rule, the

release of a guarantee before it is called upon by the creditor does not result in any COD income.

Therefore, despite the potential for COD income recognition by the Debtors from the modification of the Notes, the Debtors currently expect to take the position that the Debtors should not recognize any COD income from the significant modification of the Notes pursuant to the Plan.

Based on the terms of the Plan, the Debtors currently estimate that absent the Insolvency Exception, the Debtors would separately generate COD income by virtue of the cancellation of indebtedness with respect to the Class 5 Claims and Class 7 Claims in an amount which is not likely to exceed $20 million. This result occurs because as of the Effective Date, the adjusted issue price of such indebtedness Claims being cancelled will exceed the sum of the cash paid on behalf of the Debtors pursuant to the Plan, plus the FMV of any additional consideration (beneficial interests in the Liquidation Trust) given in satisfaction of such Claims. That excess generally constitutes the amount of COD income that must be recognized for tax purposes.

Accordingly, to the extent these estimated calculations are accurate, the Debtors currently believe that the entire amount of estimated COD income that would likely be generated by the Debtors pursuant to the Plan can be excluded from CCI's taxable income under the Insolvency Exception for its calendar 2012 taxable year (assuming the Effective Date occurs in 2012).

For CCI as an S corporation, the price for such exclusion of the estimated COD income under the Insolvency Exception is the required reduction of certain tax attributes of CCI and its shareholders in the order and the manner set forth in Section 108(b)(1) of the Code and the regulations thereunder.

c) OID with respect to the Modified Notes.

As discussed below in Section XII.B.3., *"Holders of Class 1 Claims – Indenture Trustee's Claims (e.g., the Noteholders"),* the modification of the Notes on the Effective Date is expected to constitute a "significant modification" of the Notes within the meaning of Section 1.1001-3 of the regulations. For federal income tax purposes, such significant modification of the Notes will result in a deemed taxable exchange of the "old" Notes for the "new" modified Notes issued by the Debtors. Assuming the modified Notes are treated as "debt" for federal income tax purposes, the modified Notes will likely be treated as a new debt instrument issued for nonpublicly traded property (*i.e.*, the old Notes) under Section 1.1275-4(c) of the regulations.

Further, the modified Notes issued by the Debtors will likely constitute "contingent payment debt instruments" under Section 1.1275-4(c) of the regulations. Because the modified Notes do not provide for "adequate stated interest" (or any interest), a portion of the payments (both the annual fixed payments as well as the contingent payments) made on the modified Notes would likely be recharacterized as

original issue discount ("OID") under Section 1274 of the Code. Based on the assumption of the modified Notes by the Indenture Trustee SPE on the Effective Date, this OID will be deductible as interest by the Indenture Trustee SPE. If the IRS instead determines that the modified Notes are instead "equity" for federal income tax purposes, then there would not be any OID created with respect to the issuance of the modified Notes.

d) Sale of the Real Property and Personal Property Collateral.

After the "significant modification" of the Notes occurs pursuant to the Plan as described above: (i) the Debtors will transfer the Real Property Collateral and the Personal Property Collateral to New ClubCo in accordance with the Asset Purchase Agreement in exchange for the Sale Consideration (as that term is defined in Article I of the Plan); and (ii) New ClubCo will then contribute those Acquired Assets (subject to the Permitted Liens) to the Indenture Trustee SPE in exchange for 100% of its outstanding membership interests. Immediately following its receipt of such asset contributions from New ClubCo, the Indenture Trustee SPE will assume the payment obligations under the modified Notes for state law purposes.

Although the Debtors currently anticipate that the Indenture Trustee will receive a non-economic interest in the Indenture Trustee SPE, neither the Indenture Trustee nor the Holders of the modified Notes will receive any economic interest whatsoever in the Indenture Trustee SPE pursuant to the Plan. Further, the Debtors will also have no economic interest whatsoever in the Indenture Trustee SPE.

For federal income tax purposes, these asset transfers by the Debtors will be treated as taxable sales of the Debtors' assets to New ClubCo in exchange for: (a) the principal amount of the modified Notes secured by such assets; and (b) receipt of the Sale Consideration, which is comprised, *inter alia*, of certain specified cash payments on the Effective Date, certain post-Effective Date payment obligations and certain other executory promises) to be provided by New ClubCo pursuant to the Plan and the Asset Purchase Agreement.

Under Section 1001 of the Code, the "amount realized" by the Debtors on the sale of their assets *generally* equals the sum of the cash received plus the FMV of any property (other than cash) received and also, plus the principal amount of nonrecourse liabilities (*e.g.*, the modified Notes) from which the Debtors are relieved of as a result of the sale (notwithstanding the fact that the FMV of the security for such nonrecourse debt is less than such principal amount pursuant to Sections 1.1001-2(a)(4)(i) and 1.1001-2(b) of the regulations).

However, in this case, and although this matter is not free from doubt, the Debtors currently expect to take the position that, the Debtors' "amount realized" equals the "issue price" of the modified Notes on the Effective Date, as determined under Section 1.1274-2(g) of the regulations, increased in this case, by the FMV of the contingent payments payable pursuant to the modified Notes (*see* Section 1.1001-2(g)(ii) of the regulations) because the modified Notes are "contingent payment debt

instruments" issued for nonpublicly traded property under Section 1.1275-4(c) of the regulations. Finally, both the IRS and the courts generally take the position that there is no COD income recognized from such sales transaction and instead, the Debtors' must simply treat the assumption of the modified Notes as "amount realized" for Section 1001 purposes, in the manner calculated above.

Accordingly, the Debtors will recognize either gain or loss with respect to each asset sold based on the portion of the amount realized allocated to each asset sold and the Debtors' adjusted tax basis in that asset. Such gain would likely be capital gain or loss, except that the portion of such gain attributable to the recapture of depreciation on both depreciable real property and tangible personal property under Sections 1245 and 1250 of the Code would be treated as ordinary income.

As discussed above, the gains and losses recognized by the Debtors from these asset sales would flow through to CCI and be reportable by the CCI shareholders in CCI's calendar 2012 tax year assuming the Effective Date occurs in 2012. The Debtors currently estimate that the Debtors are unlikely to recognize any substantial gains from the sale of the Acquired Assets, and in the aggregate, the Debtors may recognize a net loss. Pursuant to Section 10.4 of the Asset Purchase Agreement, the specific amounts to be calculated as of the Effective Date will be based on an allocation of the aggregate purchase price to the specific assets sold which will be attached to the Asset Purchase Agreement.

As discussed above under Section XII.A.1., *"Modified Notes as "Debt" or "Equity"*, the discussion set forth above assumes the modified Notes are treated as "debt" for federal income tax purposes. If instead, the IRS took the position that they were "equity", then it is unclear how this would be treated. From a state contract law standpoint, New ClubCo (and the Indenture Trustee SPE) would presumably still treat the modified Notes as "debt" for state law purposes, but the Debtors would be relieved of these payment obligations for state law purposes. Therefore it would seem likely that the IRS would likely assert that the Debtors still need to include in their amount realized on the sale of assets, the FMV of the relief from having to honor the contractual obligations under the modified Notes.

e) Transfer of Liquidation Trust Assets to the Liquidation Trust.

Pursuant to the Plan, on the Effective Date, the Debtors will transfer certain assets to the Liquidation Trust on behalf of the respective Holders of Claims comprising the Liquidation Trust beneficiaries. *See* Section VII.B., "*Overall Structure of the Plan*," above. The transfer of assets by the Debtors to the Liquidation Trust pursuant to the Plan may result in the recognition of gain or income by the Debtors, depending in part on the FMV of such assets on the Effective Date and the Debtors' tax basis in such assets.

Although not free from doubt, the Debtors currently also anticipate that the gain or income, if any, recognized by the Debtors for tax purposes upon the transfer by the Debtors to the Liquidation Trust of the Retained Actions and certain other assets pursuant to the Plan is not likely to be substantial.

f) Debtors' Estimated Calendar 2012 Losses.

No current estimates exist for 2012.

B. TAX CONSEQUENCES TO U.S. HOLDERS OF CERTAIN CLAIMS

The federal income tax consequences to U.S. Holders of Claims and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for thereby will depend upon, among other things: (1) the manner in which a Holder acquired a Claim; (2) the length of time the Claim has been held; (3) whether the Claim was acquired at a discount; (4) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or any prior year; (5) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (6) the Holder's method of tax accounting; and (7) whether the Claim is an installment obligation for federal income tax purposes.

a) Distributions in Discharge of Accrued Interest.

In general, to the extent that any consideration received pursuant to the Plan (whether in cash or other property, including without limitation, beneficial interests in the Liquidating Trust), by a Holder of a Claim is received in satisfaction of interest accrued during its holding period, such amount will be taxable to the Holder as interest income (if not previously included in the Holder's gross income). Conversely, a Holder generally recognizes a deductible loss to the extent of any accrued interest or OID was previously included in its gross income and is not paid in full. Section 10.13 of the Plan provides that consideration received in respect of a Claim is allocable first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent of any excess, to the remainder of the Claim for accrued but unpaid interest. There is no assurance that the IRS will respect such allocation for federal income tax purposes.

Each Holder of a Claim is urged to consult its own tax advisor regarding the allocation of consideration received under the Plan, as well as the deductibility of accrued but unpaid interest and the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income for federal income tax purposes.

b) Character of Gain or Loss.

Where gain or loss is recognized by a Holder of a Claim upon the satisfaction of its Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including, among others, the tax status of the Holder, whether the Claim constitutes a capital asset in the hands of the Holder and how long it has been held, whether and to what extent the Holder previously had claimed a bad debt deduction, and the nature and tax treatment of any fees, costs or expense reimbursements to which consideration is allocated. Each Holder of a Claim is urged to consult its own tax advisor to determine

the character of any gain or loss recognized with respect to the satisfaction of its Claim.

Individual Holders of Claims who recognize capital losses as a result of the distributions under the Plan will be subject to the specific limits under the Code on their use of capital losses.

c) Holders of Class 1 Claims – Indenture Trustee's Claims (*e.g.* the Note Holders).

Pursuant to the Plan, the Notes will be modified on the Effective Date to provide for repayment of the $64,050,000 principal amount, without interest, in twenty (20) annual payments beginning on the one year anniversary of the Effective Date. The payments will be the greater of $1 million or 50% of New ClubCo Net Cash Flow with a balloon payment of the remaining principal, if any, at maturity. The collateral securing the Notes will also become subordinate to the Exit Facility and the Mountain Park Facility. Further, the guarantees of both the Debtors and the Guarantors will be released.

Section 1001 of the Code provides for the recognition of gain or loss on the sale or exchange of property. Section 1.1001-1(a) of the regulations provides that gain or loss is recognized from the exchange of property for other property differing materially either in kind or in extent. Section 1.1001-3 provides *inter alia*, that a debt instrument differs materially in kind or in extent if it has undergone a "significant modification", and provides rules for determining whether there has been a "modification" and whether such modification is "significant". Based on the combination of changes in the Notes and the related collateral documents that will occur pursuant to the Plan, the Debtors currently believe that the Notes will undergo a "significant modification" within the meaning of these regulations.

Therefore, for federal income tax purposes, the Holders of the Notes will be deemed to exchange in a taxable transaction, their "old" debt (the Notes) for "new" debt in the form of the modified Notes (the post-modification Notes being treated as a new debt instrument issued for nonpublicly traded property under Sections 1.1001-2(g)(2)(ii) and 1.1275.4(c) of the regulations).

This means that the Holders of the Notes will be required to recognize gain or loss for federal income tax purposes equal to the difference between the "amount realized" attributable to the modified Notes and such Holder's adjusted tax basis in the pre-modification Notes, in each case calculated as the Effective Date. A Holder's adjusted tax basis in the Notes will be increased by the amount of OID previously included in taxable income with respect to the Note and decreased by the amount of principal payments on the Notes prior to the Effective Date.

Because of the terms of the modified Notes, the modified Notes will likely be treated as "contingent payment debt instruments" (or "CPDIs") issued for nonpublicly traded property (*i.e.*, the old Notes) under Section 1.275-4(c) of the regulations.

Sections 1.1275-4(c) and 1.1001-2(g)(ii) of the regulations provide in the case of the deemed exchange for CPDIs, the "amount realized" attributable to the modified Notes is equal to the "issue price" of the modified Notes on the Effective Date, as determined under Section 1.1274-2(g) of the regulations, increased by the FMV of the contingent payments payable pursuant to the modified Notes.

Based on these preliminary calculations made by New ClubCo, it appears likely that the Holders of the Notes will recognize a loss on this taxable deemed exchange of their Notes for the modified Notes pursuant to the Plan. Loss recognized on the taxable disposition of a Note prior to its 2017 maturity date will generally be treated as ordinary loss to the extent of such Holder's prior inclusions of OID on the Note. Any loss in excess of such amount (which would be substantially all of such loss given that the OID inclusions would only be for part of 2010, the 2011 calendar year and the portion of 2012 prior to the Effective Date) will be treated as a capital loss by such Holder. The deductibility of capital losses by individuals is subject to specific limitations under the Code.

The discussion set forth above assumes the Section 1001 deemed taxable exchange is a "closed transaction" for tax purposes. In a "closed transaction", the taxpayer must recognize the entire amount of the gain or loss in the year of the sale or exchange under Section 1001. However, Section 1001 and Section 1.1001-1(g)(2)(ii) cited above would not apply if the IRS were to determine that the FMV of the contingent payments on the modified Notes is not reasonably ascertainable and/or is so speculative that it has no ascertainable FMV, then the amount realized cannot be calculated and the deemed sale transaction remains held "open" in order to determine the ultimate tax consequences (a so-called "open transaction" for tax purposes.) In an "open transaction", the taxpayer allocates payments received first to the recovery of its basis and begins to recognize gains only after it has fully recovered its basis in such modified Notes. Under the present facts, the Debtors currently believe that "open transaction" treatment would most likely prevent the Holder of Notes from recognizing its loss on the Section 1001 deemed exchange until it was clear that no further payments would be forthcoming on the modified Notes.

It should be noted that the IRS position as set forth in Section 1.1001-1(g)(2) of the regulations itself as cited above, and a 1931 decision of the U.S. Supreme Court indicates that only in rare and extraordinary cases will the FMV of the contingent payments be treated as not reasonably ascertainable.

Therefore, the Debtors currently expect that the Section 1001 deemed exchange described above should be reported by the Holders of Notes as a closed transaction with such Holders recognizing the entire amount of their loss in the year in which the Effective Date occurs. Under such "closed transaction" treatment, the Holders would obtain a tax basis in the modified Notes equal to the "amount realized" from the Section 1001 deemed exchange. In future years, until and unless such Holder receives payments on the modified Notes that exceed such Effective Date-established tax basis, such Holder would have no annual tax reporting obligations with respect to the

modified Notes, other than with respect to the annual inclusion as interest income the amount of OID reportable by such Holder on such modified Notes.

As discussed above under Section XII.A.3., *"OID with respect to the Modified Notes"*, the Debtors currently believe that the modified Notes will be issued with OID. The Debtors currently anticipate that the Indenture Trustee SPE, which will be making the annual payments to the Indenture Trustee under the modified Notes, will: (i) provide each Holder of modified Notes with an annual statement of the amount of OID that is reportable by such Holder with respect to the modified Notes; and (ii) satisfy all of the IRS annual withholding and information reporting obligations with respect to the modified Notes.

Finally, the discussion above with respect to the Holders' Section 1001 taxable deemed exchange of its Notes for modified Notes assumes that the modified Notes are treated as "debt" rather than "equity" for federal income tax purposes. As discussed above under Section XII.A.1., *"Modified Notes as "Debt" or "Equity"*, there can be no assurance given Holders of Notes that the IRS will treat the modified Notes as "debt" for tax purposes.

If instead, the modified Notes are treated as "equity" for tax purposes, the Debtors currently believe that the Holders would likely have to calculate their "amount realized" on the Section 1001 taxable deemed exchange as being equal to the FMV of the modified Notes as an equity instrument in New ClubCo (or the Indenture Trustee SPE) because the Debtors' obligations under the modified Notes will be discharged on the Effective Date pursuant to the Plan.

The Indenture Trustee and the Holders of the Notes are both strongly urged to consult with their own tax advisors regarding whether the modified Notes should be treated as "debt" or "equity" for federal income tax purposes.

d) Holders of the Class 3 Claims – Mechanic's Lien Claims.

The Holder of a Class 3 Claim will realize gain or loss for federal income tax purposes as a result of the consummation of the Plan equal to the difference between (i) the Holder's adjusted tax basis in its Claim determined immediately prior to the Effective Date, and (ii) the cash it receives from the Liquidation Trustee (funded by New ClubCo) on the Effective Date. A Holder of such Claim will recognize the full amount of its gain or loss realized on the exchange.

e) Holders of Class 4 Claims – Other Senior Secured Party Claims.

The Holder of a Class 4 Claim will realize gain or loss for federal income tax purposes as a result of the consummation of the Plan equal to the difference between (i) the Holder's adjusted tax basis in its Claim determined immediately prior to the Effective Date, and (ii) at the election of the Debtors (with the consent of the Plan Sponsor) either (a) the cash it receives after the Effective Date under the Plan, or (b) the FMV of the equipment under one or more leases securing its Claim received by such Holder under the Plan.

f) Holder of a Class 5 Claim – General Unsecured Claims.

The Holder of a Class 5 Claim will realize gain or loss for federal income tax purposes as a result of the consummation of the Plan equal to the difference between (i) the Holder's adjusted tax basis in its Claim determined immediately prior to the Effective Date, and (ii) the FMV of the interest in the Liquidating Trust it receives.

As discussed below in Section XII.G., *"Tax Treatment of Liquidation Trust and Beneficial Interests Holders,"* the Holder of a Class 5 Claim that receives a beneficial interest in the Liquidating Trust will be treated for federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Liquidating Trust assets (consistent with its economic rights in the trust) in a taxable transaction. Pursuant to the Plan, the Liquidation Trustee will in good faith value the Debtors' assets transferred to the Liquidating Trust, and all parties to the Liquidating Trust must consistently use such valuation for all federal income tax purposes.

The Holder's share of any cash proceeds subsequently received from the Liquidating Trust should not be included, for federal income tax purposes, in the Holder's amount realized in respect of its respective Claim, but should be separately treated as amounts realized in respect of such Holder's ownership interest in the underlying assets of the Liquidating Trust.

The Holder's tax basis in its respective share of the Liquidating Trust assets will generally equal the FMV of such interest on the Effective Date, and the Holder's holding period generally will begin the day following the establishment of the Liquidating Trust.

g) Holders of Class 6 Claims – Administrative Convenience Claims.

A Holder of a Class 6 Claim will realize gain or loss for federal income tax purposes as a result of the consummation of the Plan equal to the difference between (i) the Holder's adjusted tax basis in its claim determined immediately prior to the Effective Date, and (ii) the cash it receives from the Liquidation Trustee (funded by New ClubCo) on the Effective Date. A Holder of such Claim will recognize the full amount of its gain or loss realized on the exchange.

h) Holders of Class 7 Claims – Club Member Claims.

A Holder of a Class 7 Claim who elects in the ballot the New Club Membership Option will realize gain or loss for federal income tax purposes as a result of the consummation of the Plan equal to the difference between (i) the Holder's adjusted tax basis in its Claim determined immediately prior to the Effective Date, and (ii) the FMV of a membership with New ClubCo under the New ClubCo Membership Plan, plus the FMV of the right to satisfaction by New ClubCo of such Holder's Membership Deposit Obligations in accordance with the Vesting Schedule. It is unclear whether such Holder will be required to recognize the full amount of the gain realized on the exchange as of the Effective Date or whether such Holder will be allowed to recognize any gain realized over time based on the Vesting Schedule as an

installment sale under Section 453 of the Code. If the Holder realizes a loss on the exchange, then such Holder will be required to recognize the full amount of such loss in the year in which the Effective Date occurs. Any such loss would likely constitute a capital loss. For individuals, the Code provides specific limitations on the utilization of such capital losses in any one tax year.

Alternatively, a Holder of a Class 7 Claim who does not elect in the ballot the New Club Membership Option and complies with its requirements and conditions will realize gain or loss for federal income tax purposes as a result of the consummation of the Plan equal to the difference between (i) the Holder's adjusted tax basis in its Claim determined immediately prior to the Effective Date, and (ii) the FMV of the interest in the Liquidating Trust it receives.

As discussed below in Section XII.G., *"Tax Treatment of Liquidation Trust and Beneficial Interests Holders,"* each Holder of a Class 7 Claim that receives a beneficial interest in the Liquidating Trust will be treated for federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the Liquidating Trust assets (consistent with its economic rights in the trust) in a taxable transaction. Pursuant to the Plan, the Liquidation Trustee will in good faith value the Debtors' assets transferred to the Liquidating Trust, and all parties to the Liquidating Trust must consistently use such valuation for all federal income tax purposes.

A Holder's share of any cash proceeds subsequently received from the Liquidating Trust should not be included, for federal income tax purposes, in the Holder's amount realized in respect of its respective Claim, but should be separately treated as amounts realized in respect of such Holder's beneficial interest in the underlying assets of the Liquidating Trust.

A Holder's tax basis in its respective share of the Liquidating Trust assets will generally equal the FMV of such interest on the Effective Date, and the Holder's holding period generally will begin the day following the establishment of the Liquidating Trust.

C. TAX CONSEQUENCES FOR NOTE HOLDERS OF INDENTURE TRUSTEE SPE

The Debtors currently anticipate that neither the Indenture Trustee nor any of the Holders of the Notes will have any economic interest in the Indenture Trustee SPE. All of the Indenture Trustee SPE's profits and losses are to be allocated to New ClubCo and none to the Indenture Trustee or the Holders of the modified Notes. Accordingly, although this matter is not free from doubt, the Debtors currently believe that the Holders of the modified Notes would not have any federal income tax consequences as a result of the formation and operation of the Indenture Trustee SPE.

However, as discussed above under Section XII.A.1., *"Modified Notes as "Debt" or Equity"*, this discussion again assumes that the modified Notes are treated as "debt" for federal income tax purposes. If instead, the IRS took the position that

they were "equity", then either the Indenture Trustee or more likely, the Holders of modified Notes themselves, would be treated for tax purposes as having an "equity interest" in the Indenture Trustee SPE, even though they would not be actual owners of membership interests in this Delaware limited liability company. It is unclear exactly how the IRS would attempt to tax the Holders of modified Notes under these circumstances. For example, it is unclear whether such Holders of modified Notes would be treated as receiving a distributive share allocation of the Indenture Trustee SPE's operating income or profits for tax purposes equal to the cash payments made by the Indenture Trustee SPE on the modified Notes each year. As discussed above, the Holders of modified Notes would still have tax basis in such "equity interest" in the Indenture Trustee SPE equal to the "amount realized" they reported for federal income tax purposes in the Section 1001 taxable deemed exchange described above. Therefore, to the extent of such outside tax basis in such equity interest, such Holders could receive cash distributions from the Indenture Trustee SPE without recognizing gain for tax purposes. However, it remains unclear whether and to what extent the IRS would require such Holders to report both allocations of profits and losses for tax purposes as well as cash distributions based on such "equity interest" for federal income tax purposes in the Indenture Trustee SPE.

The Indenture Trustee and the Holders of Notes are both strongly urged to consult with their own tax advisors regarding whether the modified Notes should be treated as "debt" or "equity" for federal income tax purposes.

However, it is anticipated that the Indenture Trustee will be a non-economic member in the Indenture Trustee SPE and will hold certain rights upon certain defaults under the modified Notes and the Lease Prior to the exercise of such rights by the Indenture Trustee, and assuming the modified Notes are treated as "debt" rather than "equity" for tax purposes, the Debtors currently believe that the Holders of Notes would not have any federal income tax consequences from the Indenture Trustee's ownership of such rights.

The Indenture Trustee and Holders of the Notes are urged to consult their tax advisors regarding the tax consequences to them of both the modification of the Notes pursuant to the Plan and the formation of the Indenture Trustee SPE and the non-economic membership interest to be held in the Indenture Trustee SPE Post-Effective Date.

D. INFORMATION REPORTING AND BACKUP WITHHOLDING

All distributions to holders of Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under

penalty of perjury, that the TIN provided is its correct number and that it is a U.S. person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, the regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

The Debtors or the Liquidation Trustee, as the case may be, will withhold all amounts required by law to be withheld from payments of interest and will each comply with all applicable reporting requirements of the Code.

E. PROFESSIONAL TAX ASSISTANCE

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING DISCUSSION DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM AND IS NOT A SUBSTITUTE FOR TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE FOREIGN INCOME, AND OTHER TAX CONSEQUENCES OF THE PLAN.

F. RESERVATION OF RIGHTS

This tax section is subject to change (possibly substantially) based on subsequent changes to other provisions of the Plan. The Debtors and its advisors reserve the right to further modify, revise or supplement this discussion and the other tax related sections of the Plan in accordance with the terms of the Plan and the Bankruptcy Code.

G. TAX TREATMENT OF THE LIQUIDATION TRUST AND BENEFICIAL INTEREST HOLDERS

a) Gain or Loss Recognition.

Each Holder of an Allowed Class 5 and 7 Claim who receives an interest in the Liquidation Trust will recognize gain or loss in an amount equal to the difference between (i) the amount realized by such Holder in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (ii) such Holder's adjusted tax basis in such Claim (other than any Claim for accrued but unpaid interest). The amount realized by a Holder of a Claim will equal the FMV as of the Effective Date of the beneficial interest in the Liquidation Trust received by such Holder pursuant to the Plan.

Because the holders of Disputed Class 5 and 7 Claims will not receive a beneficial interest in the Liquidation Trust until such time, if any, as their Claims become Allowed Claims, the full value of the assets transferred to the Liquidation Trust should be deemed to have been received by those Holders whose Claims are Allowed Claims as of the end of the year in which the Liquidation Trust is formed. As a result, the FMV of the beneficial interests that such Holders would be deemed to have received upon the formation of the Liquidation Trust may exceed the amount that such Holders eventually receive from the Liquidation Trust. If this occurs, any gain recognized by such Holders would be overstated and any loss recognized by such Holders would be understated for the taxable year in which the Liquidation Trust is formed. Although such Holders would recognize additional losses in subsequent years (as additional Claims become Allowed Claims and/or when the Liquidation Trust makes a final distribution) that would offset the amount by which the gain (or loss) was overstated (or understated), such Holders would lose the benefit of the time value of the additional money paid in taxes with respect to the taxable year in which the Liquidation Trust is formed. Characterization differences also are possible, and Holders should note that capital losses generally are deductible only against capital gains. Holders should consult their tax advisors regarding the possible alternative treatments and characterizations of these transactions, including the possible treatment of the amount realized by a Holder in a manner that takes into account the subsequent allowance of Disputed Claims.

Any Holder of a Disputed Claim whose claim becomes an Allowed Claim after implementation of the Plan will be taxed on the receipt of the beneficial interest in the Liquidation Trust in the manner set forth above in the year in which such Holder's Claim is allowed. Specifically, such holder would be deemed to have received a beneficial interest in the Liquidation Trust in such year and would recognize gain or loss equal to the difference between the fair market value of such Holder's beneficial interest in the Liquidation Trust and such Holder's basis in its Claim. To the extent that other Disputed Claims become Allowed Claims in subsequent years, such Holder's gain (or loss) may be overstated (or understated) for the year in which the Holder receives its initial beneficial interest in the Liquidation Trust, subject to possible offsetting losses in subsequent years.

b) Classification of the Liquidation Trust.

The Liquidation Trust created pursuant to the Plan is intended to qualify as a "liquidating trust" for federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is treated for federal income tax purposes as a "grantor trust" (*i.e.*, a pass-through type entity). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for federal income tax purposes. The Liquidation Trust will be structured to comply with the general criteria set forth in IRS Revenue Procedure 94-45. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties will be required to treat, for federal income tax purposes, the Liquidation Trust as a grantor trust of which the Liquidation Trust beneficiaries are the owners and grantors. The following discussion assumes that the Liquidation Trust will be so respected for federal income tax purposes. However, no opinion of counsel has been requested, and neither the Debtors, the Reorganized Debtors nor the Liquidation Trustee will seek a ruling from the IRS, concerning the tax status of the Liquidation Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of a Liquidation Trust, the federal income tax consequences to the Liquidation Trust, the Liquidation Trust beneficiaries and the Debtors could vary from those discussed herein (including the potential for an entity-level tax on income of the Liquidation Trust).

c) General Tax Reporting by the Liquidation Trust and Beneficiaries.

For all federal income tax purposes, all parties must treat the transfer of the Liquidation Trust assets to the Liquidation Trust in accordance with the terms of the Plan. Pursuant to the Plan, the Liquidation Trust assets are treated, for federal income tax purposes, as having been transferred, subject to any obligations relating to those assets, directly to the Holders of the respective Allowed Class 5 or 7 Claims receiving an interest in the Liquidation Trust (with each Holder receiving in a taxable transaction an undivided interest in such assets in accordance with its economic interests in such assets) as of the Effective Date, followed by the transfer by the Holders to the Liquidation Trust of such assets in exchange for the interest in the Liquidation Trust. Accordingly, all parties must treat the Liquidation Trust as a grantor trust of which the holders of interests in the Liquidation Trust are the owners and grantors, and treat the Liquidation Trust beneficiaries as the direct owners of an undivided interest in the Liquidation Trust assets, consistent with their economic interests therein, for all federal income tax purposes.

Allocations of taxable income or loss of the Liquidation Trust will be allocated by reference to the manner in which an economic gain or loss would be borne immediately after a hypothetical liquidating distribution of the remaining Liquidation Trust assets. The tax book value of the Liquidation Trust assets for purpose of this paragraph will equal their FMV on the date the Liquidation Trust assets are transferred to the Liquidation Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, the applicable Treasury regulations, and other applicable administrative and judicial authorities and pronouncements.

As soon as reasonably practicable after the transfer of the Liquidation Trust assets to the Liquidation Trust, the Liquidation Trustee will make a good faith valuation of the Liquidation Trust assets, and will inform the Liquidation Trustee of its determination. The Liquidation Trustee will notify the holders of interests in the Liquidation Trust of the FMV determination in writing. All parties to the Liquidation Trust must consistently use such valuation for all federal income tax purposes. The valuation will be made available, from time to time, as relevant for tax reporting purposes.

Taxable income or loss allocated to a Liquidation Trust beneficiary will be treated as income or loss with respect to such Liquidation Trust beneficiary's undivided interest in the Liquidation Trust assets, and not as income or loss with respect to its prior respective Claim. The character of any income and the character and ability to use any loss will depend on the particular situation of the Liquidation Trust beneficiary. Interests in the Liquidation Trust will not be transferable.

Subject to the satisfaction of certain dollar thresholds to making such distributions, the Liquidation Trust is generally obligated to make annual cash distributions to the holders of interests in the Liquidation Trust. However, the federal income tax obligations of a holder with respect to its interest in the Liquidation Trust are not dependent on the Liquidation Trust distributing any cash or other proceeds. Thus, a holder may incur a federal income tax liability with respect to its allocable share of Liquidation Trust income even if the Liquidation Trust does not make a concurrent distribution to the holder. In general, a distribution of cash by the Liquidation Trust will not be separately taxable to a Liquidation Trust beneficiary because the beneficiary is already regarded for federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by the Liquidation Trust). Further, the Liquidation Trust will provide for the distribution of the available liquidation proceeds to the holders on each Distribution Date. The Liquidation Trustee will determine proportionate shares of the Liquidation Trust's income and distributable liquidation proceeds by treating any holder of a Disputed Claim as a current holder of an Allowed Claim. The Liquidation Trustee will maintain an escrow of any amounts required to be set aside on account of Disputed Claims. Taxes on the income of the Liquidation Trust attributable to this escrow will be paid by the escrow.

The Liquidation Trustee will file with the IRS returns for the Liquidation Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The Liquidation Trustee also will annually send to each holder of an interest in the Liquidation Trust a separate statement regarding the receipts and expenditures of the Liquidation Trust as relevant for federal income tax purposes and will instruct all such holders to use such information in preparing their federal income tax returns or to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their federal income tax returns.

XIII.
FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. FEASIBILITY OF THE PLAN

In connection with confirmation of the Plan, the Bankruptcy Court will be required to determine whether the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

The Plan itself proposes a Sale of substantially all of the Debtors' assets, and thus meets the feasibility test embodied in section 1129(a)(11) of the Bankruptcy Code. The Debtors believe that the Plan Sponsor can and will close the transaction and pay the Sale Consideration. In that regard, the Plan Sponsor has provided an affidavit of satisfaction of the $85 million in Cliffs Community properties having been acquired, and the Plan Sponsor and its controlling members have provided evidence to the Debtors of their ability to fund the Mountain Park Facility and the Exit Facility and to make all Plan distributions due to be paid on the Effective Date. The Plan contemplates the liquidation of the Debtors. The Debtors should have sufficient cash to fund their activities through the closing of the Sale contemplated by the Plan. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

B. ACCEPTANCE OF THE PLAN

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, Holders of Claims in each of Classes 1, 3, 4, 5, 6 and 7 will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number of the Claims actually voting in each Class cast their ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

C. BEST INTERESTS TEST

As noted above, even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of

a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtors' assets by chapter 7 trustee(s).

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 cases and the chapter 11 cases. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid administrative expenses incurred by the debtors in their chapter 11 cases that are allowed in the chapter 7 cases, litigation costs and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. LIQUIDATION ANALYSIS

For purposes of the best interests test, in order to determine the amount of liquidation value available to Creditors, the Debtors, with the assistance of their financial advisors, prepared a liquidation analysis, annexed hereto as **Exhibit D** (the "Liquidation Analysis"), which concludes that in the event of a liquidation of the Debtors' assets under chapter 7, the aggregate value to be realized by the Debtors' estates would be in the range of $7,154,000 to $9,303,000. All such value would be distributed to pay DIP Facility Claims, accrued unpaid post-petition professional fees, property taxes, sales and use taxes, post-petition trade accounts payable, and a portion of the Indenture Trustee Claims. No other Holder of a Claim would receive a distribution. These conclusions are premised upon the

assumptions set forth in **Exhibit D**, which the Debtors and GGG Partners, LLC believe are reasonable.

The Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The Liquidation Analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced or orderly sale of assets and/or business units, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates are based solely upon the Debtors' books and records.

The liquidation analysis assumes that the highest and best use of the Real Property Collateral is as operating country clubs. Operating as country clubs, the Real Property Collateral does not generate sufficient income to service the Note Obligations, and is worth substantially less than the obligations of the Debtors under the DIP Loan, the Bridge Loan and the Note Holder Claims, and no party has argued otherwise. The Debtors do not have a current appraisal of the Prepetition Note Collateral. The Debtors have received an estimate of $70,000 to $100,000 to complete current appraisals which would take at least 30 days to complete. The Debtors do not have the money or time to obtain appraisals at this point in time, and pursuant to the Cash Collateral Order, are not permitted to value the Prepetition Note Collateral. The Debtors conducted an auction and no party other than the Plan Sponsor made a bid for the Real Property Collateral. The values set forth in the Liquidation Analysis are the Debtors' best estimate of the liquidation value of the Real Property Collateral and is based, in part, on an EBITDA multiple analysis.

No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims that represents their best estimate of the chapter 7 liquidation dividend to Holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

E. APPLICATION OF THE "BEST INTERESTS" OF CREDITORS TEST TO THE LIQUIDATION ANALYSIS AND THE VALUATION

It is impossible to determine with certainty the value each Holder of a Claim will receive under the Plan as a percentage of any Allowed Claim. Notwithstanding the difficulty in quantifying recoveries with precision, the Debtors believe that the financial disclosures contained herein imply a greater recovery to Holders of Claims in Impaired Classes than the recovery available in chapter 7 liquidation. Accordingly, the Debtors believe that the "best interests" test of section 1129 of the Bankruptcy Code is satisfied.

F. CONFIRMATION WITHOUT ACCEPTANCE OF ALL IMPAIRED CLASSES: THE "CRAMDOWN" ALTERNATIVE

In the event any Class of Impaired Claims rejects the Plan, the Debtors may seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if all impaired classes do not accept the plan, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of a debtor if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. The Debtors believe the Plan does not discriminate unfairly with respect to the Claims and Interests in Classes 1, 3, 4, 5, 6 and 7.

A plan is "fair and equitable" as to holders of unsecured claims that reject the plan if the plan provides either that: (a) each holder of a claim of such class receives or retains on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that they could, if necessary, meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Claims and Interests in Classes 1, 3, 4, 5, 6 and 7.

XIV.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims in Classes 1, 3, 4, 5, 6 and 7 the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received, or the Plan is not confirmed and consummated, the theoretical alternatives include (a) formulation of an alternative Chapter 11 plan or plans or (b) liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

A. ALTERNATIVE PLAN(S) OF LIQUIDATION

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors (or, if the Debtors' exclusive periods in which to file and solicit acceptances of a plan of reorganization have expired, any other party-in-interest) could attempt to formulate and propose a different plan or plans of liquidation. Such a plan or plans might involve an orderly liquidation of assets. The Debtors believe that the Plan enables Creditors to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

B. LIQUIDATION UNDER CHAPTER 7

If no plan is confirmed, the Debtors' cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict with certainty how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors. It is, however, possible to predict that the Secured Lenders would assert that they held security interests in substantially all assets to be liquidated, likely resulting in nothing to distribute to any other Class of Claims or Interests.

The Debtors believe that liquidation under chapter 7 would cause a substantial diminution in the Debtors' Estates given the substantial premium in the enterprise value of their businesses over the liquidation value of their assets, and the additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets. More importantly, conversion to a chapter 7 liquidation would likely result in the immediate cessation of the Debtors' businesses, as most chapter 7 trustees are disinclined to continue operations.

XV.
THE SOLICITATION; VOTING PROCEDURES

A. PARTIES IN INTEREST ENTITLED TO VOTE

In general, a holder of a claim or interest may vote to accept or to reject a plan if the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (b) the claim or interest is "impaired" by the plan but entitled to receive or retain property under the plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless (a) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the

holder thereof or (b) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

B. CLASSES ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN

Holders of Claims in Classes 1, 3, 4, 5, 6 and 7 are entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan and each Impaired Class of Claims or Interests that will receive nothing under the Plan is deemed to have rejected the Plan and, therefore, the Holders of Claims or Interests in such Classes are not entitled to vote to accept or reject the Plan. Consequently, Class 2 is deemed to have accepted the Plan and Class 8 is deemed to have rejected the Plan and, therefore, none of the Holders of Claims or Interests in such Class are entitled to vote to accept or reject the Plan.

C. SOLICITATION ORDER

Upon approval of this Disclosure Statement, the Bankruptcy Court entered an order that, among other things, determines the dates, procedures and forms applicable to the process of soliciting votes on the Plan and establishes certain procedures with respect to the tabulation of such votes (the "Solicitation Order"). Parties in interest may obtain a copy of the Solicitation Order through the Bankruptcy Court's electronic case filing system, by downloading the Solicitation Order from the Debtors' case website at www.bmcgroup.com/cliffs or by making written request upon the Debtors' counsel or Voting Tabulation Agent.

D. WAIVERS OF DEFECTS, IRREGULARITIES, ETC.

All questions with respect to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of ballots will be determined by the Bankruptcy Court. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to seek rejection of any and all ballots not in proper form. The Debtors further reserve the right to seek waiver of any defects or irregularities or conditions of delivery as to any particular ballot. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Ballots previously furnished (and as to which

any irregularities have not theretofore been cured or waived) may be invalidated by the Bankruptcy Court.

E. WITHDRAWAL OF BALLOTS; REVOCATION

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Tabulation Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (a) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (b) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (c) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (d) be received by the Voting Tabulation Agent in a timely manner via regular mail, at BMC Group Attn: Cliffs Ballot Processing, P.O. Box 3020, Chanhassen, MN 55317-3020, or via overnight courier or hand delivery at BMC Group, Inc., Attn: Cliffs Ballot Processing, 18675 Lake Drive East, Chanhassen, MN 55317-3020. The Debtors intend to consult with the Voting Tabulation Agent to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Voting Tabulation Agent will not be effective to withdraw a previously cast ballot.

Any party who has previously submitted to the Voting Tabulation Agent prior to the Voting Deadline a properly completed ballot may revoke such ballot and change its vote by submitting to the Voting Tabulation Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot that bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

F. VOTING RIGHTS OF DISPUTED CLAIMANTS

Holders of Disputed Claims in Classes 1, 3, 4, 5, 6 and 7 whose Claims are (a) asserted as wholly unliquidated or wholly contingent in Proofs of Claim filed prior to the Voting Record Date (except for Holders of Contingent Club Member Claims) or (b) whose Claims are asserted in Proofs of Claim as to which an objection to the entirety of the Claim is pending as of the Voting Record Date (collectively, the "Disputed Claimants") are not permitted to vote on the Plan except as provided in the Solicitation Order. Pursuant to the procedures outlined in the Solicitation Order, Disputed Claimants may obtain a ballot for voting on the Plan only by filing a motion under Bankruptcy Rule 3018(a) seeking to have their Claims temporarily Allowed for voting purposes (a "Rule 3018 Motion"). Any such Rule 3018 Motion must be filed and served upon the Debtors' counsel and

the Voting Agent no later than 5:00 p.m. (Eastern time) on the seventh (7th) day after the later of (i) the Solicitation Date and (ii) the date of service of an objection, if any, to such claim. The ballot of any creditor filing such a motion, will not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing. Any party timely filing and serving a Rule 3018 Motion will be provided a ballot and be permitted to cast a provisional vote to accept or reject the Plan. If and to the extent that the Debtors and such party are unable to resolve the issues raised by the Rule 3018 Motion prior to the Voting Deadline established by the Bankruptcy Court, then at the Confirmation Hearing the Bankruptcy Court will determine whether the provisional ballot should be counted as a vote on the Plan. Nothing herein affects the Debtors' right to object to any Proof of Claim after the Distribution Record Date. With respect to any such objection, the Debtors may request that any vote cast by the Holder of the Claim subject to the objection be disallowed and not counted in determining whether the requirements of section 1126(c) of the Bankruptcy Code have been met.

G. FURTHER INFORMATION; ADDITIONAL COPIES

If you have any questions or require further information about the voting procedures for voting your Claim or about the package of materials you received, or if you wish to obtain an additional copy of the Plan or this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), please contact the Voting Tabulation Agent at:

If by regular mail:

BMC Group, Inc.
Attn: Cliffs Ballot Processing
P.O. Box 3020
Chanhassen, MN 55317-3020

If by overnight courier or hand delivery:

BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317-3020

If by telephone:

(888) 909-0100

XVI.
RECOMMENDATION

Based on the foregoing analysis of the Debtors and the Plan, the Debtors believe that the best interests of all parties would be served through confirmation of the Plan. **ALL CREDITORS ARE URGED TO VOTE TO "ACCEPT" THE PLAN.**

(The remainder of this page left blank intentionally.)

The Cliffs Club & Hospitality Group, Inc.

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

CCHG Holdings, Inc.

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Mountain Park Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Keowee Vineyards Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Walnut Cove Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Keowee Falls Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Keowee Springs Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at High Carolina Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Glassy Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs Valley Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

Cliffs Club & Hospitality Service Company, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

(The remainder of this page left blank intentionally.)

Dated: June 30, 2012

Respectfully submitted,

/s/ Däna Wilkinson
Däna Wilkinson
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-and-

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Attorneys for Debtors and Debtors in Possession

Exhibit A

First Amended and Restated Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor dated June 30, 2012

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
Debtors.	**Jointly Administered**

FIRST AMENDED AND RESTATED JOINT CHAPTER 11 PLAN
FILED BY THE DEBTORS AND THE PLAN SPONSOR

JUNE 30, 2012

(WITH SUCH AMENDMENTS STATED ON THE RECORD AT THE HEARING HELD ON JULY 2, 2012)

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Counsel for Cliffs Club Partners, LLC, the Plan Sponsor

[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

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INTRODUCTION

This first amended and restated joint chapter 11 plan (as amended or modified hereafter in accordance with its terms, the "Plan"), dated June 30, 2012, is proposed by The Cliffs Club & Hospitality Group, Inc., CCHG Holdings, Inc., The Cliffs at Mountain Park Golf & Country Club, LLC, The Cliffs at Keowee Vineyards Golf & Country Club, LLC, The Cliffs at Walnut Cove Golf & Country Club, LLC, The Cliffs at Keowee Falls Golf & Country Club, LLC, The Cliffs at Keowee Springs Golf & Country Club, LLC, The Cliffs at High Carolina Golf & Country Club, LLC, The Cliffs at Glassy Golf & Country Club, LLC, The Cliffs Valley Golf & Country Club, LLC, and Cliffs Club & Hospitality Service Company, LLC, the affiliated debtors in the above-captioned Chapter 11 Cases, as debtors and debtors in possession, together with the Plan Sponsor. Reference is made to the Disclosure Statement accompanying the Plan for a discussion of the Debtors' history, business, results of operations, historical financial information, properties, projections for future operations and risk factors, a summary and analysis of the Plan, and certain related matters. The Debtors and the Plan Sponsor are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

In summary, provided the Plan is Confirmed by the Bankruptcy Court and becomes effective, the Allowed Claims held by creditors of the Debtors will receive Distributions and be deemed satisfied through consideration provided to the Debtors and undertakings by the Plan Sponsor in exchange for a transfer of substantially all assets of the Debtors to entities owned in whole or in part, and managed by, the Plan Sponsor. In general, the Plan provides that: (i) the Allowed Secured Claims of the Note Holders represented by the Indenture Trustee will be satisfied through a combination of (x) a modification of the terms of the Notes to provide for repayment of $64,050,000, without interest, in twenty (20) annual payments beginning on the one year anniversary of the Effective Date in the amount of the greater of $1 million or 50% of New ClubCo Net Cash Flow and with a balloon payment of the remaining principal, if any, at maturity, all paid through the Indenture Trustee to the Note Holders subject to the terms of the Notes and Indenture, as may be modified and amended, and (y) the modification of the Prepetition Facility Documents, including without limitation, the Pledge and Security Agreement and the Collateral Trust Agreement to subordinate the Liens of the Indenture Trustee to the Exit Facility and the Mountain Park Facility, after which the Debtors will transfer the Real Property Collateral and substantially all other property of the Debtors to the Plan Sponsor, subject only to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances, and the Plan Sponsor will assume the payment obligations under the modified Notes until the Indenture Trustee SPE assumes the payment obligations under the modified Notes, as described below, followed by the Plan Sponsor's and/or Indenture Trustee SPE's execution of the Exit Facility and the Mountain Park Facility, and then the Plan Sponsor will contribute these assets to the Indenture Trustee SPE, subject to the Permitted Liens, in return for a 100% economic and managing membership interest in the Indenture Trustee SPE (the Indenture Trustee will hold a 0% non-economic membership interest in the Indenture Trustee SPE), and the Indenture Trustee SPE will assume the payment obligations under the modified Notes, all in satisfaction of the Note Holder Claims against the Debtors and the Guarantors of the Note Holder Claims (provided, however, that James B. Anthony will not receive a release without satisfaction of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly

or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan) as well as against NewCo or New ClubCo arising under the Notes or the Notes as modified and amended, after which the Indenture Trustee SPE will enter into the Lease(s) with New ClubCo (or its subsidiary entities, at the sole option and in the sole discretion of New ClubCo) and New ClubCo, in turn, shall enter into subleases with its subsidiaries or affiliates; (ii) the DIP Facility will be repaid by the Plan Sponsor in full, in Cash, on the Effective Date in full and final satisfaction, settlement and release of such DIP Facility Claims; (iii) the Allowed Secured Claim of the Bridge Lender represented by the Indenture Trustee will be satisfied on the Effective Date by the Plan Sponsor; (iv) the Plan Sponsor will, in conjunction with the Debtors, undertake commercially reasonable efforts to obtain substantially all other property used by the Debtors in connection with the operation of the Clubs, receipt of which is a condition to the Plan Sponsor's obligation to close the transaction contemplated herein, and, upon receipt of title to such assets, will contribute that title to the Indenture Trustee SPE, subject to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances; and (v) the Liquidating Trust will be formed, and the Plan Sponsor will either pay or transfer to the Liquidation Trustee amounts sufficient to satisfy Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Mechanic's Lien Claims, Allowed Other Senior Secured Party Claims and Allowed Administrative Convenience Claims in full (not otherwise paid by the Debtors or the Plan Sponsor on or before the Effective Date), together with General Unsecured Claims Sponsor Funding (payable in three annual installments), and the Rejecting Member Fund, while the Debtors will transfer to the Liquidation Trustee the Retained Actions, with such transfers to be free and clear of all liens, claims and encumbrances for the purpose of making Distributions to Creditors who will be the beneficiaries of the Liquidating Trust.

Club Members in good standing may elect between two options for Distribution towards their claims, either: (i) new membership in New ClubCo, which, through eight subsidiary entities, will adopt the New ClubCo Membership Plan and will offer memberships to Club Members in good standing and to new members; or (ii) absent an affirmative election in conjunction with Plan voting, treatment as a Rejecting Club Member Claim. A Club Member's election to join New ClubCo will constitute full and final satisfaction and waiver of any and all Claims against the Debtors including Rejection Claims. As more specifically provided in the New ClubCo Membership Plan, every rejoining Club Member will pay a one-time Transfer Fee, which will be used toward satisfaction of the Exit Costs, and will thereafter be responsible for Annual Dues. Rejoining Club Members who were not in good standing on the Plan Confirmation Date will also pay a one-time Membership Reinstatement Fee if such Rejoining Club Members wish to reinstate their membership initiation deposit Claims in accordance with the Vesting Schedule and the New ClubCo Membership Plan. If Transfer Fees exceed Exit Costs, Rejoining Club Members will receive back their pro rata share of any excess in the form of Dues Credits. If such Exit Costs exceed the total amount of the Transfer Fees, then the Plan

Sponsor will fund such excess Exit Costs through the Equity Infusion and then, if there remain unsatisfied Exit Costs, through the Exit Facility. Every rejoining Club Member who on or before August 9, 2012 elects to join and on or before the Effective Date pays the applicable Transfer Fee and Reinstatement Fee, if applicable, will be entitled to Distributions to be applied to repayment of the initiation deposit they paid to the Debtors prior to the Bankruptcy Cases in accordance with the Vesting Schedule and the New ClubCo Membership Plan and will receive a release by the Debtors.

No refund or resigned list designation for Member Deposit Obligations will carry over from the Debtors to the New ClubCo Membership Plan.

The New Clubs will operate the Clubs and complete the Mountain Park golf course. The Plan Sponsor pursuant to the Mountain Park Facility will provide funds for that completion.

ALL CREDITORS OF AND HOLDERS OF INTERESTS IN THE DEBTORS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019 AND THE PLAN, THE DEBTORS (WITH THE CONSENT OF THE PLAN SPONSOR) RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THE PLAN PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

Capitalized terms used herein will have the meanings set forth in Article I hereof. At the request of the Debtors, the Bankruptcy Court has entered an Order to jointly administer the Chapter 11 Cases. Accordingly, the Plan is being proposed as a joint plan of the Debtors and the Plan Sponsor. Claims against, and Interests in, the Debtors (other than the DIP Facility Claim, Administrative Claims and Priority Tax Claims) are classified in Article II hereof and the treatment thereof is described in Article III hereof.

ARTICLE I
DEFINITIONS, INTERPRETATION AND EXHIBITS

Section 1.01 Definitions. Unless the context requires otherwise, the following terms will have the following meanings whether presented in the Plan or the Disclosure Statement with initial capital letters or otherwise. As used herein:

"Accepting Club Member Claims" means all Allowed Club Member Claims held by Accepting Club Members.

"Accepting Club Members" means all Members In Good Standing who on or before August 9, 2012 indicate on their Ballot an election of the New Club Membership Option, and, who on or before the Effective Date: (i) enter into the New ClubCo Membership Plan, (ii) pay the applicable Transfer Fee and Reinstatement Fee, if applicable; and (iii) commit to pay the Annual Dues for the first year following the Effective Date.

"Access Fees" means a fee to be paid to New ClubCo equal to eight percent (8%) of the gross purchase price obtained by a First Generation Seller of any Undeveloped Lot, or eight percent (8%) of the Lot Sale Percentage obtained by a First Generation Seller of any Developed Lot, at the closing of any such sale in exchange for which the purchaser of such Undeveloped Lot or Developed Lot, and any subsequent purchaser of such Undeveloped Lot or Developed Lot, shall be eligible to apply for membership in the New Clubs, provided, however, that payment of an Access Fee shall not be required from the seller of a Developed Lot or Undeveloped Lot in which NewCo or any insider or affiliate of NewCo holds an interest for the purchaser of such lot to apply for membership in the New Clubs until and unless the Resolution Date occurs.

"Acquired Assets" means all assets of all of the Debtors other than those assets that constitute Excluded Assets under the Asset Purchase Agreement.

"Adequate Protection Claims" means all liens and claims of the Prepetition Senior Secured Parties granted pursuant to the Cash Collateral Order or subsequent order of the Bankruptcy Court.

"Administrative Claim" means a Claim for: (a) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code including, but not limited to (i) any actual and necessary post-Petition Date cost or expense of preserving the Debtors' Estates or operating the business of the Debtors, (ii) any post-Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by any of the Debtors in the ordinary course of its business, (iii) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code, and (iv) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; (b) any fees or charges assessed against the Debtors' Estates under section 1930 of title 28 of the United States Code; and (c) any Allowed administrative claim or superpriority claim granted to the Prepetition Senior Secured Parties pursuant to the Financing Order.

"Administrative Claim Bar Date" means the first Business Day that is thirty (30) days following the Effective Date, and in the case of Professional Fee Claims the first Business Day that is sixty (60) days following the Effective Date, except as specifically set forth in the Plan or a Final Order.

"Administrative Convenience Claims" means Holders of Allowed General Unsecured Claims, other than claims of Club Members arising from or associated with their membership in one or more Clubs, within the Convenience Class Cap.

"Administrative Convenience Claims Fund" means the amount of the Allowed Administrative Convenience Claims to be paid on the Effective Date by the Plan Sponsor to the Liquidation Trustee.

"Advisory Board" means the current and past members of the advisory board established pursuant to the Stockholders Agreement dated April 30, 2010 entered into by and between The Cliffs Club & Hospitality Group, Inc. and CCHG Holdings, Inc. and not the advisory board contemplated by the Club Membership Agreement.

"Affiliate" will have the meaning set forth in section 101(2) of the Bankruptcy Code.

"Allowed" means, with reference to any Claim, (a) any Claim against the Debtors that has been listed by the Debtors in the Schedules, as such Schedules may have been amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of claim has been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim the amount or existence of which has been determined or allowed by a Final Order, (d) any contingent Claim by a Club Member to any Membership Deposit Obligations in the amounts specified in any of the Debtors' Schedules, or (e) any Claim as to which a proof of claim has been timely filed before the Bar Date (or the Administrative Claim Bar Date if an Administrative Claim), provided that at the time of the Effective Date the Debtors have not identified such Claim as being objectionable in part or in whole and no objection to the allowance thereof has been filed by the Claims Objection Deadline; provided, however, that the term Allowed, with reference to any Claim, will not include (x) any unliquidated claim or (y) interest or attorneys' fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the Plan.

"Allowed Claim" means a Claim that is Allowed.

"Allowed Interest" means an Interest that is Allowed.

"Amnesty Program Lot" means a Developed Lot or an Undeveloped Lot, title to which is held by an individual or individuals who were eligible to apply for membership to one or more of the Clubs but who, as of August 31, 2012, had not become a member or members of the Club.

"Annual Dues" means, for the first year following the Effective Date and subject to adjustment thereafter, $10,380 for Full Golf, $9,340 for Home Golf, $8,300 for Non-Resident Golf, $5,280 for Full Sports, $4,225 for Non-Resident Sports, $3,720 for Wellness and $1,860 for Social. Certain dues exceptions may apply as provided in the New ClubCo Membership Plan.

"Asset Purchase Agreement" means that certain Asset Purchase Agreement between the Debtors and the Plan Sponsor that will be attached as an Exhibit to a Plan Supplement.

"Assumed Contracts" means those certain executory contracts and unexpired leases to be assumed by the Debtors and assigned to the Plan Sponsor as set forth on the Schedule of Assumed Contracts identified in Exhibit 1 hereto or as it may be attached to and/or amended in any Plan Supplement.

"Assumed Liabilities" means those liabilities of the Debtors assumed by the Plan Sponsor pursuant to the Asset Purchase Agreement.

"Avoidance Actions" means any and all Causes of Action which a trustee, the Debtors in possession, the Estates or other appropriate party in interest with standing, including the Liquidation Trustee, may assert under sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code (other than those which are released or dismissed as part of and pursuant to the Plan) or under other similar or related state or federal statutes or common law, including fraudulent conveyance laws.

"Ballot" means the forms of ballots accompanying the Disclosure Statement upon which Holders of Impaired Claims and Interests entitled to vote on the Plan will, among other things, indicate their acceptance or rejection of the Plan in accordance with the instructions regarding voting and on which Club Members and holders of Claims arising under Club Membership Agreements may elect to receive an Accepting Club Member Claim.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.,* as in effect on the Petition Date, together with all amendments and modifications thereto that subsequently may be made applicable to the Chapter 11 Cases.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of South Carolina, Spartanburg Division, or, if such court ceases to exercise jurisdiction over these proceedings, the court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

"Bankruptcy Rules" means: (a) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under section 2075 of title 28 of the United States Code; (b) the Federal Rules of Civil Procedure, as amended and promulgated under section 2072 of title 28 of the United States Code; (c) any local rules applicable to the Bankruptcy Court; and (d) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases or proceedings therein, as the case may be.

"Bar Date" means the applicable bar date by which a proof of Claim must be, or must have been, Filed, as established by an order of the Bankruptcy Court, which is May 31, 2012 for non-governmental claims and August 28, 2012 for governmental claims pursuant to the Order entered on April 10, 2012 at Docket No. 278.

"Bidding Procedures" means the bidding procedures approved by the Court by Order entered in the Chapter 11 Cases on March 16, 2012 at Docket No. 182.

"Bridge Lender" means SP 50 Investments, Ltd.

"Bridge Loan" means the advances by the Bridge Lender to the Indenture Trustee in the aggregate amount of $2,000,000 and thereafter advanced by the Indenture Trustee to the Debtors, all pursuant to that certain Amended and Restated Agreement Relating to Bridge Loan executed by the Indenture Trustee, the Debtors and the Bridge Lender on or about February 21, 2012.

"Bridge Loan Documents" those agreements and documents that evidence the respective obligations of parties to the Bridge Loan, including that certain Amended and Restated Agreement Relating to Bridge Loan executed by the Indenture Trustee, The Cliffs Club & Hospitality Group, Inc., and the Bridge Lender, on or about February 21, 2012 (as in effect on the date hereof).

"Business Day" means any day which is not a Saturday, a Sunday, a "legal holiday" as defined in Bankruptcy Rule 9006(a), or a day on which banking institutions in the State of South Carolina are authorized or obligated by law, executive order or governmental decree to be closed.

"Carlile Development" means Carlile Development Company, LLC, the DIP Lender and the stalking horse bidder for Plan Sponsorship rights under the Bidding Procedures, to which Cliffs Club Partners is successor.

"Cash" means money, currency and coins, negotiable checks, balances in bank accounts and other lawful currency of the United States of America and its equivalents.

"Cash Collateral Order" means the Interim Order entered in the Chapter 11 Cases on March 5, 2012 at Docket No. 98 and the Final Order entered in the Chapter 11 Cases on March 16, 2012 at Docket No. 180, authorizing and approving the Debtors' use of cash collateral pursuant to section 363 of the Bankruptcy Code and granting adequate protection to the Indenture Trustee.

"Causes of Action" means any and all actions, claims, rights, defenses, third-party claims, damages, executions, demands, crossclaims, counterclaims, suits, choses in action, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, accruing to the Debtors.

"Chapter 11 Cases" means the jointly administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court on the Petition Date.

"CIPOC" means the Cliffs Independent Property Owners Coalition, LLC, a South Carolina limited liability company that was formed among other things to represent the interests of property owners and Club Members in the Chapter 11 Cases.

"Claim" will have the meaning set forth in section 101(5) of the Bankruptcy Code.

"Claim Caps" means: Allowed (i) Professional Fees and Administrative Claims and the amount due on the DIP Facility will not in the aggregate exceed $7,771,000 plus cash on hand; (ii) Priority Claims will not exceed $1,250,000 (exclusive of certain accrued but not yet payable real property taxes which will be paid by the Plan Sponsor as and when due); (iii) Mechanic's Liens will not exceed $1,850,000 and (iv) Cure Amounts will not exceed $925,000.

"Claims Objection Deadline" means the latest of: (a) 120 days after the Effective Date; or (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) above.

"Class" means each class of Claims or Interests as classified in Article II of the Plan.

"Cliffs Club Partners" means Cliffs Club Partners, LLC, which as the successor to Carlile Development is the Plan Sponsor, and also is referred to herein as New ClubCo.

"Cliffs Community" means a Cliffs residential development that adjoins and is served by one of the Clubs.

"Closing" means the Closing as defined in the Asset Purchase Agreement.

"Club Member" means a Person who as of the Record Date is a current or resigned member of one or more of the Clubs.

"Club Member Claim" means any Claim of whatever nature held by a Club Member against one or more of the Debtors that is not a Note Holder Claim, including, without limitation, a Claim under any of the Club Membership Agreements for Membership Deposit Obligations, club credits, dues credits, and any other credits or claims under any other agreements, specifically including under any agreements for honorary membership(s), or any Claim of whatever nature held by any other person with respect to a discounted or free membership in any of the Clubs or access to any of the Clubs. For the avoidance of doubt, a Note Holder may hold both a Club Member Claim and a Note Holder Claim.

"Club Membership Agreements" means all agreements entered into by one of more of the Debtors or any predecessor or Affiliate of the Debtors with Club Members relating to the Debtors' golf, family, wellness and other membership programs including, without limitation, any discounted membership agreement, any honorary membership agreement and the Membership Deposit Obligations.

"Clubs" means the golf and country clubs, as of the Petition Date owned or operated by any of the Debtors, some of which are not yet complete, which operate under the names, The Cliffs at Glassy Golf & Country Club, The Cliffs Valley Golf & Country Club, The Cliffs at Keowee Springs Golf & Country Club, The Cliffs at Keowee Vineyards Golf & Country Club, The Cliffs at Keowee Falls Golf & Country Club, The Cliffs at Walnut Cove Golf & Country Club, The Cliffs at Mountain Park Golf & Country Club and The Cliffs at High Carolina Golf & Country Club.

"CMAG" means the Cliffs Member Advisory Group that was formed to represent the interests of Club Members prior to the commencement of the Chapter 11 Cases.

"CMAHG" means the Cliffs Member Ad Hoc Group, Inc., a South Carolina non-profit corporation formed to represent the interests of Club Members in the Chapter 11 Cases.

"Collateral Trust Agreement" means that certain Collateral Trust Agreement dated April 30, 2010 that provided for a security interest on a subordinated basis for certain Membership Deposit Obligations as defined in the Collateral Trust Agreement owed to the Note Holders.

"Committee" means the official committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code by the United States Trustee, as the membership of such committee is from time to time constituted and reconstituted.

"Committee Members" mean the members of the Committee.

"Confirmation" or "Confirmed" means the entry by the Bankruptcy Court of the Confirmation Order.

"Confirmation Date" means the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court with respect to the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

"Confirmation Hearing" means the hearing held before the Bankruptcy Court to consider Confirmation of the Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code.

"Confirmation Order" means the order entered by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which will be acceptable in form and substance to the Plan Sponsor.

"Consummation Date" means the date on which the Liquidation Trustee makes the final Distribution of the General Unsecured Claims Fund in accordance with the Plan or such earlier date as the Liquidation Trustee determines that the Plan has been substantially consummated.

"Convenience Class Cap" means Allowed General Unsecured Claims less than or equal to One Thousand Dollars ($1,000).

"Creditor" means any Person that is the Holder of any Claim against any of the Debtors.

"CRO" means Katie S. Goodman whose appointment as Chief Restructuring Officer by the Debtors was approved by the Court in the Chapter 11 Cases by Interim Order entered on March 6, 2012 at Docket No. 102 and by Final Order entered on March 16, 2012 at Docket No. 175.

"Cure Amounts" means all amounts that must be paid and all obligations that otherwise must be satisfied, including pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code, in connection with the assumption and/or assignment of the Assumed Contracts to the Plan Sponsor as provided in the Asset Purchase Agreement as and to the extent provided on Schedule 1 hereto, in any Plan Supplement, or as otherwise ordered by the Bankruptcy Court.

"Day(s)" means, unless expressly otherwise provided, calendar day(s).

"Debtor" means any one of the Debtors.

"Debtors" means the following entities (followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers): The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

"Developed Lot" means a parcel of real property on which some form of residential construction has been completed or is under construction.

"DIP Credit Agreement" means that certain Debtor in Possession Loan and Security Agreement by and among the Debtors and the DIP Lender dated as of February 29, 2012 (as the same may be amended, restated, supplemented or otherwise modified from time to time pursuant to the terms thereof).

"DIP Facility" means the DIP Revolving Loans.

"DIP Facility Claim" means the DIP Lender's Claim for repayment of the DIP Facility.

"DIP Lender" means Carlile Development in its capacity as lender under the DIP Loan Documents.

"DIP Loan Documents" means the DIP Credit Agreement together with any related documents and instruments delivered pursuant to or in connection therewith.

"DIP Revolving Commitment" means $7,500,000.

"DIP Revolving Loans" means that certain super priority non-amortizing revolving credit facility in an aggregate principal amount not to exceed the DIP Revolving Commitment.

"Disallowed" means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in the Debtors which: (a) has been withdrawn, in whole or in part, by agreement of the Debtors, the Reorganized Debtor or the Liquidation Trustee, as applicable, and the Holder thereof; (b) has been withdrawn, in whole or in part, by the Holder thereof; or (c) has been disallowed, in whole or part, by Final Order of a court of competent jurisdiction. In each case a Disallowed Claim or a Disallowed Interest is disallowed only to the extent of disallowance or withdrawal.

"Disallowed Claim" means a Claim, or any portion thereof, that is Disallowed.

"Disallowed Interest" means an Interest, or any portion thereof, that is Disallowed.

"Disclosure Statement" means the Disclosure Statement for the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor dated May 22, 2012, including all exhibits,

appendices, schedules and annexes, if any, attached thereto, as submitted by the Debtors, as the same may be altered, amended, supplemented or modified from time to time, which was prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018, and which will be acceptable in form and substance to the Plan Sponsor.

"Disputed" means any Claim or Interest that has been neither Allowed nor Disallowed.

"Disputed Claim" means a Claim, or any portion thereof, that is Disputed. For purposes of the Plan, a Claim that has been neither Allowed nor Disallowed will be considered a Disputed Claim.

"Disputed Interest" means an Interest, or any portion thereof, that is Disputed. For purposes of the Plan, an Interest that has been neither Allowed nor Disallowed will be considered a Disputed Interest.

"Distribution" means any distribution by the Debtors or the Liquidation Trustee to a Holder of an Allowed Claim or Interest.

"Distribution Date" means (i) the Initial Distribution Date, and (ii) the Business Day in which any subsequent Distribution occurs and continuing until the Final Distribution Date; provided, however, that a Distribution Date (other than the Initial Distribution Date and the Final Distribution Date) will not occur if the aggregate value of the consideration to be distributed on account of all Allowed Claims on such Distribution Date is less than $1,000, in which case the amount to be distributed will be retained and added to the amount to be distributed on the next Distribution Date.

"D&O Releasees" means those current and former directors, members, and managers of the Debtors or of the Parents, in each case as of the Petition Date or that have become directors, members, or managers thereafter but prior to the Effective Date, but only to the extent each such party agrees, via execution of an agreement (the form of which will be included as an exhibit to a Plan Supplement), to forever release, waive and discharge any and all Claims, obligations, suits, judgments, remedies, damages, demands, debts, rights, causes of action, and liabilities whatsoever (other than a Note Holder Claim or Club Member Claim) against the Debtors, the Estates, the Liquidating Trust, the Liquidation Trustee, the Indenture Trustee, the Negotiating Group, the Advisory Board, the Committee Members, CIPOC, CMAG, CMAHG, the Plan Sponsor or any of their respective current and former officers, directors, employees, agents, stockholders, shareholders, managers, members, affiliates, partners, attorneys, advisors and professionals, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence, taking place on or prior to the Effective Date in any way relating to the Plan Sponsor or any of its members, partners, shareholders or affiliates, the Debtors, the Estates, the conduct of the Debtors' business, the Chapter 11 Cases, the Plan, the Liquidating Trust or the Liquidation Trustee.

"Dues Credits" means credits against Annual Dues for Excess Transfer Fees.

"Effective Date" means the first Business Day following the date on which all conditions to consummation set forth in Article IX of the Plan have been satisfied or waived (if capable of being duly and expressly waived in accordance with Section 9.03 of the Plan), provided that no stay of the Confirmation Order is then in effect.

"Entity" means any individual, corporation, limited or general partnership, joint venture, association, joint stock company, limited liability company, estate, trustee, United States Trustee, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency or political subdivision thereof.

"Equity Infusion" means payments by NewCo to New ClubCo as capital contributions and not loans from and after the Effective Date to fund the following: (i) an amount not to exceed the Maximum Exit Equity Infusion necessary to satisfy the Exit Costs to the extent the Exit Costs exceed the Transfer Fees; (ii) $1,000,000 to fund the Reserve Account; (iii) plan of reorganization payment obligations to trade and other unsecured creditors not constituting Exit Costs; (iv) capital improvements for new facility construction, but not for repair, maintenance or improvements of existing facilities; (v) negative operating cash flow; and (vi) any shortfall in New ClubCo's operating revenues needed to satisfy the annual rent obligations to the Indenture Trustee SPE.

"Estates" means the estates created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code upon commencement of the Chapter 11 Cases.

"Excess Transfer Fees" means the amount of Transfer Fees in excess of the amount of Exit Costs, if any.

"Excluded Assets" means those assets of the Debtors' Estates that the Plan Sponsor is not acquiring pursuant to the Asset Purchase Agreement, including, but not limited to, the Retained Actions.

"Exculpated Persons" means: (a) directors, officers and employees of the Debtors, as of the Petition Date but prior to the Effective Date and the Debtors' agents and professionals including, without limitation, the CRO and counsel for the Debtors, (b) the DIP Lender, (c) the Bridge Lender, (d) the Indenture Trustee, Negotiating Group and Advisory Board, (e) the Plan Sponsor, (f) the Committee and the Committee Members, (g) the Liquidation Trustee, (h) CMAHG, CMAG and CIPOC, and (i) to the extent that such parties are deemed to be Exculpated Persons, the respective current and former officers, directors, employees, agents, stockholders, managers, members, affiliates, partners, attorneys, advisors and professionals of the parties identified in subclauses (a) through (h).

"Exit Costs" means the aggregate of any and all payments that are made pursuant to this Plan on or about the Effective Date, including, but not limited to, payment of funds to satisfy the DIP Loan, the Bridge Loan, Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Senior Secured Party Claims, Allowed Mechanics' Lien Claims, Administrative Convenience Claims Fund, Allowed Cure Claims, the first installment of General Unsecured Claims Fund, the Rejecting Member Fund, and the Post-Effective Date Administration Plan Sponsor Funding.

"Exit Facility" means a senior facility secured by all assets of New ClubCo, Indenture Trustee SPE and each of their respective subsidiary entities associated with ownership of assets or operation of the New Clubs, to be provided by NewCo to fund the Exit Costs to the extent that such Exit Costs exceed the sum of: (i) the Transfer Fees; and (ii) the Maximum Exit Equity Infusion, which will be payable together with eight percent (8%) interest, from cash flow of New ClubCo prior to any allocation of New ClubCo Net Cash Flow to payments under the Lease other than the Guaranteed Minimum Lease Payment.

"File, Filed or Filing" means file, filed or filing with the Bankruptcy Court in the Chapter 11 Cases.

"Final Decree" means the final decree entered by the Bankruptcy Court after the Effective Date and pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

"Final Distribution" means the final Distribution by the Liquidation Trustee or by the Debtors to the Holders of Allowed Claims to the extent provided in accordance with this Plan.

"Final Distribution Date" means the Distribution Date on which the Final Distribution is made.

"Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, vacated, modified or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal, petition for certiorari, or seek review or rehearing has expired and as to which no appeal, petition for certiorari, or petition for review or rehearing was filed or, if filed, remains pending; provided, however, that the possibility that a motion may be filed pursuant to Rules 9023 or 9024 of the Bankruptcy Rules or Rules 59 or 60(b) of the Federal Rules of Civil Procedure will not mean that an order or judgment is not a Final Order.

"Financing Order" means the Order entered in the Chapter 11 Case on March 6, 2012 at Docket No. 99 and the Order entered in the Chapter 11 Case on March 16, 2012 at Docket No. 181, entered by the Bankruptcy Court permitting Debtor in possession financing pursuant to section 364 of the Bankruptcy Code, and any extensions or amendments thereof.

"First Generation Seller" means a seller of either a Developed Lot or an Undeveloped Lot which lot had not previously been associated with a membership in either the Clubs or the New Clubs and which does not constitute an Amnesty Program Lot.

"General Unsecured Claims" means, collectively, trade claims, Rejection Claims and any other Claim that is not an Administrative Claim, DIP Facility Claim**,** Priority Tax Claim, Professional Fee Claim, or an otherwise classified Claim.

"General Unsecured Claims Fund" means the General Unsecured Claim Plan Sponsor Funding.

"General Unsecured Claims Plan Sponsor Funding" means the funding provided by the Plan Sponsor to the Liquidation Trustee for the General Unsecured Claims Fund consisting of a $953,867 payment on the Effective Date, which will constitute an Exit Cost, and a $953,867 payment on the first anniversary of the Effective Date as well as a $953,867 payment on the second anniversary of the Effective Date, all of which will be part of the Equity Infusion.

"Governmental Unit" will have the meaning set forth in section 101(27) of the Bankruptcy Code.

"Gross Revenues" will mean all New ClubCo revenues (including, but not limited to, Access Fees, net Membership Initiation Fees, Annual Dues (net of Dues Credits), food & beverage, rental, golf, tennis, wellness, merchandise, and all other revenues).

"Guarantors" means CCHG Holdings, Inc., each of The Cliffs Club & Hospitality Group, Inc.'s subsidiaries, and James B. Anthony, individually, pursuant to Article X of the Indenture and the Debtors who are guarantors under any other documents.

"Guaranteed Minimum Lease Payment" means one million dollars ($1,000,000) annually.

"Holder" means an Entity holding a beneficial interest in a Claim or Interest and, when used in conjunction with a Class or type of Claim or Interest, means a holder of a beneficial interest in a Claim or Interest in such Class or of such type.

"Impaired" means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

"Impaired Claim" means a Claim which is Impaired.

"Impaired Interest" means an Interest which is Impaired.

"Imputed Tax Amount" shall mean, with respect to each calendar year, an amount equal to forty percent (40%) of all ordinary business income and all separately stated items of NewCo and its subsidiaries (without consolidating with NewCo's parent or other affiliates) for such calendar year.

"Indenture" means that certain Indenture dated as of April 30, 2010 (as in effect on the date hereof) by and among The Cliffs Club & Hospitality Group, Inc., the Guarantors (as defined therein) and the Indenture Trustee, and the Note Holders.

"Indenture Trustee" means Wells Fargo Bank, National Association, in its capacity as indenture trustee under the Indenture and collateral trustee under the Pledge and Security Agreement and the Collateral Trust Agreement.

"Indenture Trustee SPE" means that certain Delaware limited liability company (with all the protections of a special purpose entity such that the Indenture Trustee SPE is a bankruptcy remote entity) formed by New ClubCo as managing member with a one hundred percent (100%) interest in profits and losses and the Indenture Trustee, or its designee, as a member with a zero

percent (0%) interest in profits and losses, to receive title to all the Acquired Assets that the Indenture Trustee has a Lien on and all other real property related to the Clubs thereafter acquired, and to lease all such property to New ClubCo or subsidiary entities of New ClubCo (at New ClubCo's sole option and in its sole discretion) pursuant to one or more Leases.

"Initial Distribution Date" means the Effective Date or as soon as reasonably practical thereafter; provided, however, that in no event will the Initial Distribution Date be more than sixty (60) days after the Effective Date unless otherwise ordered by the Bankruptcy Court.

"Interests" means any and all equity interests, ownership interests or member units in the Debtors issued by the Debtors prior to the Petition Date (including, without limitation, all capital stock, stock certificates, common stock, preferred stock, partnership interests, membership and other interests in a corporation or limited liability company, rights, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtors, partnership interests in the Debtors' stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights and liquidation preferences, puts, calls or commitments of any character whatsoever relating to any such equity, ownership interests or shares of capital stock of the Debtors or obligating the Debtors to issue, transfer or sell any shares of capital stock) whether or not certificated, transferable, voting or denominated "stock" or a similar security, and any Claim or Cause of Action related to or arising from any of the foregoing.

"Lease(s)" means one or more non-recourse triple net lease(s) and/or sublease(s) between Indenture Trustee SPE, as landlord, and New ClubCo and/or one or more subsidiary entities of New ClubCo, as tenant and/or sublessor, substantially similar in form and substance to lease(s) and/or sublease(s) which will be attached as an exhibit to a Plan Supplement, which will contain annual rent obligations equal to the greater of the Guaranteed Minimum Lease Payment or fifty percent (50%) of New ClubCo Net Cash Flow.

"Liens" means, with respect to any asset or Property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages, liens, pledges, attachments, charges, leases that constitute a capital lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or Property, or upon the rents, revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any Property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment of debt or performance of any other obligation in priority to the payment of general unsecured Creditors.

"Liquidating Trust" means the trust to be established in accordance with Section 5.04 of the Plan.

"Liquidating Trust Agreement" means the agreement to be executed between the Liquidation Trustee and the Debtors establishing the Liquidating Trust, which will be filed with a Plan Supplement and which will be acceptable in form and substance to the Plan Sponsor.

"Liquidating Trust Documents" means the Liquidating Trust Agreement and any ancillary documents relating thereto, which will be acceptable in form and substance to the Plan Sponsor.

"Liquidation Trustee" means the Katie S. Goodman who will be the trustee of the Liquidating Trust.

"Lot Sale Percentage" means that percentage of the total purchase price of a Developed Lot not allocable to the improvements to such Developed Lot.

"Management Fee" means an annual fee of four percent (4%) of Gross Revenues, payable to NewCo in connection with its general oversight and supervision of the operations, maintenance and finances of the Clubs.

"Maximum Equity Infusion" means an amount of money, which for the purpose of satisfying Exit Costs, will not exceed $1.6 million.

"Mechanic's Lien Claims" means a Claim with respect to which the Holder (a) holds a statutory lien under state law by virtue of compliance with the laws of the State of South Carolina or North Carolina, as applicable, including by filing a notice of lien and by commencing of litigation within the time periods required under applicable state law, or (b) was eligible on the Petition Date to hold a statutory lien under state law by virtue of compliance with the laws of the State of South Carolina or North Carolina, as applicable, because of the timely filing a notice of lien and whose deadline to commence an action had not passed as of the Petition Date.

"Member In Good Standing" means either: (i) a Club Member who, as of August 9, 2012, holds an active membership and is current on all obligations for dues, fees or other obligations to the Debtors relating to membership in, or use of, the Clubs; or (ii) who on or before August 9, 2012 has exercised the Membership Reinstatement Option.

"Membership Deposit Obligations" means any obligation of one or more of the Debtors to refund all or a portion of the initiation deposit paid by a Club Member of any of the Debtors or a predecessor of the Debtors.

"Membership Initiation Fees" means new member Initiation Fees net of applicable refunds.

"Membership Reinstatement Fee" means a cash payment associated with exercise of the Membership Reinstatement Option for the applicable category of membership as follows: (i) Wellness - $750; (ii) Family - $1,500; and (iii) Golf - $2,500.

"Membership Reinstatement Option" means the option allowed to a Club Member who, as of August 9, 2012, does not hold an active membership or is not current on all obligations for dues, fees or other obligations to the Debtors relating to membership in, or use of, the Clubs to, on or before the Effective Date, deliver to the New ClubCo the sum of the following: (i) all unpaid dues, fees, expenses and other obligations relating to membership in, or use of, the Clubs

arising, accruing or coming due from and after the Petition Date; plus (ii) the applicable Membership Reinstatement Fee.

"Mountain Park Facility" means a facility of up to $7.5 million (with an expected maximum of $5 million) secured by all assets of New ClubCo, Indenture Trustee SPE and each of their respective subsidiary entities associated with ownership of assets or operation of the New Clubs, to be provided by NewCo for the purpose of funding golf course and amenity construction on what was Debtor owned property on the Effective Date at the Mountain Park golf course, which facility will be secured by liens senior to all liens other than those securing the Exit Facility and which will be payable in full without interest from cash flow of New ClubCo prior to any allocation of New ClubCo Net Cash Flow to payments under the Lease other than the Guaranteed Minimum Lease Payment.

"Negotiating Group" means the current and past members of the "Negotiating Group" established under the terms of the Proxy attached to the Advisory Board Notice to Note Holders dated as of February 13, 2012 in which the Advisory Board delegated its authority to the Negotiating Group to give direction to the Indenture Trustee with respect to certain matters as set forth in the Proxy.

"New ClubCo" means Cliffs Club Partners, LLC, the limited liability company that will operate the Clubs following the Effective Date, having as it sole member NewCo, and that will be the managing member of Indenture Trustee SPE.

"New ClubCo Dues Revenues" means an amount equal to sixteen million five hundred thousand dollars ($16.5 million) annualized.

"New ClubCo Net Cash Flow" means all New ClubCo Revenues minus all disbursements (including, but not limited to, all personnel costs, general and administrative costs, utilities, leases, property taxes, maintenance, supplies, materials, payment of the Exit Facility, payment of the Mountain Park Facility, overhead-related and all other costs, Plan payments not the subject of a NewCo Equity Infusion, the Management Fee and capital expenditures for any purpose other than construction of new facilities); provided, however, distributions to NewCo's parent in excess of the Imputed Tax Amount shall not be considered disbursements for purposes hereof.

"New ClubCo Revenues" means all revenues of New ClubCo, all Access Fees received by NewCo, as well as revenues of lessees and sublessees New ClubCo engaged in operation of the Clubs (including, but not limited to, Access Fees, net Membership Initiation Fees, Annual Dues (net of Dues Credits), food & beverage, rental, golf, tennis, wellness, merchandise, and all other revenues).

"New Clubs" means the wholly owned limited liability companies of New ClubCo following the Effective Date.

"New Club Membership Option" means the option of the Holder of a Club Member Claim to opt, as indicated on a Ballot, to receive, in full and final satisfaction of any and all

claims (other than a Note Holder Claim) it may have against any of the Debtors, the treatment set forth in Article 3.13 of the Plan.

"New ClubCo Membership Plan" means that certain Membership Plan relating to memberships with New ClubCo, and ancillary documents and agreements therewith, including The Cliffs Clubs Master Membership Plan, The Cliffs Clubs Application and Membership Agreement For Historic Member, and Historic Member Addendum, that is attached hereto or as an Exhibit to a Plan Supplement.

"NewCo" means The Cliffs Club Holdings, LLC.

"Non-Resident Club Member" means a Club Member where (1) neither the Club Member nor any member of such Club Member's immediate family owns a residence, or leases or resides at a residence (other than on a transient basis), located within a Cliffs Community or within a 125 mile radius from the nearest Cliffs Club, and (2) such Club Member has executed and delivered a Non-Resident member addendum to the Club Member's application and membership agreement, in a form provided by the Plan Sponsor or its designee.

"Note Holder Claim" means as of the Petition Date the aggregate amount of $73,531,505 owed by the Debtors to approximately 535 Note Holders, plus any dues credit or subordinated security interest for any Membership Deposit Obligations. The Cash Collateral Order established the amount of the Note Claim (as defined in the Cash Collateral Order), subject to the Indenture Trustee's right to file a proof of claim in an increased amount and the Debtors' right to object to such increased amount, which order is conclusive and binding on all parties.

"Note Holders" means, collectively, the holders of the Notes.

"Note Obligations" means the obligations created by the Notes and any of the other Note Documents, which as of the Petition Date totaled an amount not less than $73,531,505, secured by the Prepetition Note Collateral.

"Notes" means, collectively, the Series A Notes and the Series B Notes, issued in the aggregate principal amount of $64,050,000.

"Objection" means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to Disallow, determine, liquidate, classify, reclassify or establish the priority, expunge, subordinate or estimate any Claim (including the resolution of any request for payment of any Administrative Claim) or Interest other than a Claim or an Interest that is Allowed.

"Ordinary Course Trade Claims" means all trade accounts payable incurred by the Debtors after the Petition Date in the ordinary course of business and outstanding as of the Effective Date.

"Parent" in the case of Debtor CCHG Holdings, Inc. means Cliffs Communities, Inc., in the case of Debtor The Cliffs Club & Hospitality Group, Inc. means CCHG Holdings, Inc., and in the case of the remaining Debtors means The Cliffs Club & Hospitality Group, Inc.

"Permitted Liens" means (a) those liens held by the Prepetition Senior Secured Parties and (b) those Liens that secure the Exit Facility and the Mountain Park Facility.

"Person" means and includes a natural person, individual, partnership, corporation (as defined in section 101(a) of the Bankruptcy Code), or organization including, without limitation, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, or other organizations, irrespective of whether they are legal entities, governmental bodies (or any agency, instrumentality or political subdivision thereof), or any other form of legal entities; provided, however, "Person" does not include governmental units, except that a governmental unit that (a) acquires an asset from a Person (i) as a result of the operation of a loan guarantee agreement or (ii) as receiver or liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of a Debtors or an Affiliate of a Debtors of; or (c) is the legal or beneficial owner of an asset of (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986 or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, will be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit.

"Personal Property Collateral" means the personal property of the Debtors in which they granted security interests pursuant to the Pledge and Security Agreement to secure the Note Obligations.

"Petition Date" means February 28, 2012.

"Plan" means this First Amended and Restated Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor dated June 30, 2012, including all exhibits, appendices, schedules and annexes, if any, attached hereto, as submitted by the Debtors, including any Plan Supplement, as such Plan may be altered, amended, supplemented or modified from time to time in accordance with the terms hereof, provisions of the Bankruptcy Code and the provisions of the Bankruptcy Rules, the Confirmation Order and the terms and conditions of Section 12.04 of the Plan, and which will be reasonably acceptable in form and substance to the Debtors and the Plan Sponsor.

"Plan Funding Sources" means the Transfer Fees, the Equity Infusion and the Exit Facility.

"Plan Sponsor" means New ClubCo, the party determined to be the highest and best bidder by the Debtors and the CRO in accordance with the Bidding Procedures. New ClubCo's indirect parent is Silver Sun, LLC, whose members are SunTx Urbana GP I, L.P., Arendale Holdings Corp., and Carlile Cliffs Investment, LLC. New ClubCo's sole member is NewCo.

"Plan Supplement" means the compilation of documents and forms of documents, schedules, attachments and exhibits to this Plan, to be filed by the Debtors following the filing of this Plan as set forth herein, each of which documents and other materials will be reasonably acceptable in form and substance to the Debtors and the Plan Sponsor, as such Plan Supplement documents may be amended, modified, or supplemented from time to time and which will include, but not be limited to, the following: (i) the Liquidating Trust Agreement, including any

schedule of Retained Actions; (ii) the Liquidating Trust Documents; and (iii) any amended or supplemental Schedule of Assumed Contracts.

"Pledge and Security Agreement" means that certain Pledge and Security Agreement dated as of April 30, 2010 by the Debtors in favor of the Indenture Trustee.

"Post-Effective Date Administration Plan Sponsor Funding" means the sum of $100,000 to be provided by the Plan Sponsor to the Liquidation Trustee on or about the Effective Date, for the payment of US Trustee Quarterly Fees coming due for any quarter after the quarter in which the Effective Date occurs, for the preparation and filing of post-Confirmation US Trustee Reports, and for the preparation and filing of any interim reports on substantive consummation of the Plan, the Final Report and the Application for Final Decree, which will constitute an Exit Cost.

"Prepetition Facility Documents" means all ancillary documents executed or delivered in connection with the Indenture.

"Prepetition Loan Documents" means collectively the Indenture, the Notes and the Prepetition Bridge Loan Agreement, the Pledge and Security Agreement, the Mortgages, the Collateral Trust Agreement, and any other documents related to the Notes or the Prepetition Bridge Loan.

"Prepetition Note Collateral" means the Real Property Collateral and the Personal Property Collateral.

"Prepetition Senior Secured Parties" means the Indenture Trustee and any Holder of any properly filed lien regarding equipment that was leased or lease financed and that is senior to the liens of the Indenture Trustee as of the Petition Date; provided, however, it does not include any secured claim relating to the guaranty of an equipment lease or lease finance agreement.

"Priming Liens" means certain first-priority Liens granted to the DIP Lender, which are senior to those of the Bridge Lender and of the Indenture Trustee, and securing financing provided by the DIP Lender up to the DIP Revolving Commitment as provided more fully in the DIP Credit Agreement.

"Priority Tax Claim" means any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

"Pro Rata Share" means, with respect to any Claim, a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class to the consideration distributed on account of all Allowed Claims in that Class is the same as the ratio such Claim bears to the total amount of all Allowed Claims in that Class (plus Disputed Claims in that Class until disallowed).

"Professional Fee Claim" means a claim for compensation and/or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code relating to services incurred on and after the Petition Date and prior to and including the Effective Date

in connection with an application made to the Bankruptcy Court by Professionals in the Chapter 11 Cases. Any Professional Fee Claim (including deferred compensation for services rendered after the Petition Date and prior to and including the Effective Date) that has not been paid by the Debtors as of the Effective Date will be the joint and several responsibility of the Debtors and the Plan Sponsor.

"Professionals" means any professional employed in these Chapter 11 Cases pursuant to sections 327, 363 or 1103 of the Bankruptcy Code or any Professional entitled to compensation pursuant to sections 327, 328, 330, 331, 503(b)(2) or (4), or 1103 of the Bankruptcy Code.

"Property" means any and all assets or property of the Debtors' Estates of any nature whatsoever, real or personal, tangible or intangible, including contract rights, accounts and Causes of Action, previously or now owned by the Debtors, or acquired by any of the Debtors' Estates, as defined in section 541 of the Bankruptcy Code.

"Real Property Collateral" means the real property of the Debtors in which they granted a mortgage, deed of trust, or leasehold mortgage to the Indenture Trustee as collateral trustee to secure the Note Obligations.

"Record Date" means, (i) for purposes of making Distributions under this Plan on account of Allowed Claims, the Effective Date, and (ii) for purposes of casting Ballots, the date set forth in the order approving the Disclosure Statement that accompanies this Plan (if no date is expressly provided, then the date of the order approving the Disclosure Statement).

"Reinstated or Reinstatement" means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code; or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitled the Holder of such Claim; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence or which prohibit certain transactions or actions contemplated by the Plan, or conditioning such transactions or action on certain factors, will not be required to be reinstated in order to accomplish Reinstatement.

"Rejection Claim" means the Claim of any non-Debtor counterparty other than a Club Member to any unexpired lease of nonresidential real property or any executory contract (other than Club Membership Agreements) arising on account of the rejection of such lease or executory contract by the Debtors during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code or pursuant to the Plan.

"Rejecting Club Members" means all Club Members who are not Accepting Club Members.

"Rejecting Club Member Claim" means the Club Member Claim of any Rejecting Club Member including, without limitation, for a Membership Deposit Obligation and any Claim arising on account of the rejection of any Club Membership Agreement with a Rejecting Club Member by the Debtors during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code or pursuant to the Plan.

"Rejecting Member Fund" means $100,000 plus the net recovery of the Retained Actions.

"Releasees" means, provided the Plan is confirmed, and on the Effective Date: (a) the Debtors, (b) the CRO, (c) the DIP Lender, (d) the Bridge Lender, (e) the Indenture Trustee, Negotiating Group member (provided he or she is an Accepting Club Member), Advisory Board member (provided he or she is an Accepting Club Member), and any Note Holder who votes a Class 1 Claim to accept the Plan, (f) the Plan Sponsor, (g) the Committee, (h) officers and directors of CMAG, CMAHG or CIPOC provided they are an Accepting Club Member, (i) the respective current and former officers, directors, employees, agents, stockholders, shareholders, managers, members, affiliates, partners, attorneys, advisors and professionals of the parties identified in subclauses (a) through (h); and (j) and any Club Member who is an Accepting Club Member. Anything to the contrary notwithstanding, the releases of James B. Anthony, Lucas Anthony and Timothy Cherry are each conditioned upon the satisfaction by James B. Anthony of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan.

"Reserve Account" means a cash reserve on New ClubCo's financial statements for working capital, capital improvements, capitalized maintenance, repairs, renovations and amenities construction in the amount of one-million dollars ($1,000,000).

"Resolution Date" means the date on which any and all claims, debts, demands, causes of action, lawsuits or other assertions of liability by any of the Debtors or their affiliates, or any insiders, members, shareholders, agents, servants, employees or affiliates of the Debtors or their affiliates, against NewCo, any of its insiders, members, affiliates, shareholders, agents, servants or employees are released, dismissed with prejudice by Final Order, withdrawn or otherwise terminated.

"Retained Actions" means all Causes of Action that are Avoidance Actions and all other Causes of Action and other assets that constitute Excluded Assets as defined and set forth in the

Asset Purchase Agreement which Retained Actions will be detailed in an exhibit to a Plan Supplement.

"Sale" means the conveyance of the Acquired Assets under or in connection with the Plan and the Asset Purchase Agreement.

"Sale Consideration" means the following consideration to be provided by a Plan Sponsor: (a) payment in full, in Cash, of the DIP Loan at the Closing, (b) payment in full, in Cash, of the Bridge Loan at the Closing; (c) payment in full, in Cash, of all Professional Fees and Administrative Claims at Closing, or, to the extent any such Claim is Allowed after the Closing, as soon as practicable thereafter, (d) payment in full, in Cash, of all Priority Claims at Closing, or, to the extent any such Claim is Allowed after the Closing, as soon as practicable thereafter, (e) payment in full, in Cash, on the Effective Date of all claims that are Allowed, exclusive of interest and attorneys' fees, and that are secured by Mechanic's Liens, except that no installment will be paid earlier than the day after each such Mechanic's Lien is Allowed, (f) to the Liquidation Trustee, for the Pro Rata benefit of General Unsecured Claims, the General Unsecured Claims Plan Sponsor Funding, (g) payment of Accepting Club Member Claims as to those holders of Member Claims that elect the New Membership Option in accordance with the Vesting Schedule, (h) to the Liquidation Trustee, for the Pro Rata benefit of Rejecting Club Member Contingent Claims, a single aggregate cash payment to the Liquidation Trustee of $100,000 to be paid at the Closing, (i) to the Liquidation Trustee, for post-Effective Date case administration the Post-Effective Date Administration Plan Sponsor Funding, (j) commitment by the Plan Sponsor, or an Affiliate of the Plan Sponsor, of up to eighty five million dollars ($85,000,000) to acquire, joint venture, land bank or otherwise gain control of lots, (k) advance up to $7.5 million dollars ($7,500,000) in funding pursuant to the Mountain Park Facility, (l) satisfaction of the Cure Amounts, (m) establishment of the Reserve Account; (n) payment in full in Cash of the Administrative Convenience Class Claims by paying the sum of $56,000 for the Administrative Convenience Claims Fund to the Liquidation Trustee for Distribution to the holders of Allowed Administrative Convenience Class Claims; (o) enter into the Lease(s) and (p) commitment by the Plan Sponsor, or an Affiliate of the Plan Sponsor to fund negative operating cash flow of New ClubCo, including, but not limited to, amounts necessary to satisfy the Minimum Lease Payment.

"Sale Documents" means the Asset Purchase Agreement, the Schedule of Assumed Contracts, and any schedules, exhibits or other documents attached thereto or contemplated thereby, in each case as amended from time to time in accordance with their terms.

"Schedule of Assumed Contracts" means the schedule listing certain executory contracts and unexpired leases to be assumed and assigned by the Debtors to the Plan Sponsor with associated cure costs, which schedule may be set forth in an exhibit to a Plan Supplement and which will be acceptable in form and substance to the Plan Sponsor, as the same may be amended in any Plan Supplement.

"Schedules" means the schedules of assets and liabilities and the statements of financial affairs Filed by each of the Debtors in their chapter 11 case, as required by section 521 of the Bankruptcy Code, as the same may have been or may be amended, modified or supplemented.

"Secured Claim" means any Claim arising before the Petition Date that is: (a) secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law on Property in which the Debtors' Estates have an interest and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law; or (b) subject to setoff under section 553 of the Bankruptcy Code, but, with respect to both case (a) and (b), only to the extent of the value as of the Confirmation Date of the assets or Property securing any such Claim or the amount subject to setoff, as the case may be.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Series A Notes" means those certain Series A Notes due 2017 issued in the original principal amount of $39,800,000 in connection with the Indenture and with accrued interest in the aggregate outstanding amount of not less than $5,891,708 as of the Petition Date.

"Series B Notes" means those certain Series B Notes due 2017 issued in the original principal amount of $24,250,000 in connection with the Indenture and accrued interest in the aggregate outstanding amount of not less than $3,589,797 as of the Petition Date.

"Tax" means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign governmental authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem, estimated, severance, stamp, occupation and withholding tax, together with any interest, penalties, fines or additions attributable to, imposed by, or collected by any such federal, state, local or foreign governmental authority.

"Transfer Fee" means the fee to be paid by each Holder of an Accepting Club Member Claim as follows: if paid within 30 days of the Effective Date, unless otherwise indicated: (i) Wellness - $1,500; (ii) Family/Sports - $2,500; (iii) Residence Club - $2,500; and (iv) Golf/Charter or Corporate – either $5,000 in one payment, or $5,740 paid as follows: a first payment of $2,500, followed by twenty-four (24) monthly installments of $135.00.

"Unclaimed Property" means any Distribution of Cash or any other Property made to the Holder of an Allowed Claim pursuant to the Plan that is returned to the Debtors, the Reorganized Debtor or the Liquidation Trustee as undeliverable and no appropriate forwarding address is received prior to the date on which the Final Decree is entered in the Chapter 11 Case, in the case of a Distribution made in the form of a check, is not negotiated and no request for reissuance is made as provided for in Section 5.07 of the Plan.

"Undeveloped Lot" means a parcel of real property not constituting a Developed Lot.

"Unimpaired" means any Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

"United States Trustee" means the United States Trustee appointed under section 581(a)(3) of title 28 of the United States Code to serve in the District of South Carolina.

"U.S. Trustee's Fee Claims" means any fees assessed against the Debtors' Estates pursuant to section 1930(a)(6) of title 28 of the United States Code.

"Vesting Schedule" means, except as otherwise provided in the New ClubCo Membership Plan, the following percentage of an amount that equals the lesser of (i) that Club Member's initiation deposit or (ii) 75% of the New Club membership initiation fee at the time of the repayment of the Club Member's initiation deposit (the "Vesting Amount"):

1st anniversary of rejoining:	20% of Vesting Amount
2nd anniversary of rejoining:	40% of Vesting Amount
3rd anniversary of rejoining:	60% of Vesting Amount
4th anniversary of rejoining:	80% of Vesting Amount
5th anniversary of rejoining:	100% of Vesting Amount

"Voting Tabulation Agent" means BMC Group, Inc.

Section 1.02 Rules of Interpretation. All references to "the Plan" herein will be construed, where applicable, to include references to this document and all its exhibits, appendices, schedules, annexes and Plan Supplement, if any (and any amendments thereto made in accordance with the Bankruptcy Code and the Plan). Whenever from the context it appears appropriate, each term stated in either the singular or the plural will include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender will include the masculine, feminine and the neuter. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular paragraph, subparagraph, or clause contained in the Plan. The words "includes" and "including" are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. The captions and headings in the Plan are for convenience of reference only and will not limit or otherwise affect the provisions hereof. Any term used in the Plan that is not defined in the Plan, either in Article I hereof or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules will have the meaning assigned to that term in (and will be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the case of a conflict or ambiguity). Without limiting the preceding sentence, the rules of construction set forth in section 102 of the Bankruptcy Code will apply to the Plan, unless superseded herein. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) and Section 12.15 hereof will apply, but Bankruptcy Rule 9006(a) will govern.

Section 1.03 Exhibits. All Exhibits to the Plan, including any Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein, regardless of when Filed.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

Section 2.01 Summary. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the

Class, and is classified in a different Class to the extent the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released, settled or otherwise satisfied prior to the Effective Date. The classification of Claims under this Plan is as follows:

Class	Claim	Status	Entitled to Vote
1	Indenture Trustee – Note Holder Claims	Impaired	Yes
2	Indenture Trustee Bridge Loan Claim	Unimpaired	No
3	Mechanic's Lien Claims	Impaired	Yes
4	Other Senior Secured Party Claims	Impaired	Yes
5	General Unsecured Claims	Impaired	Yes
6	Administrative Convenience Claims	Impaired	Yes
7	Club Member Claims	Impaired	Yes
8	Equity Interests	Impaired	No

Section 2.02 Unclassified Claims. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including the DIP Facility Claim), and Priority Tax Claims are not classified and are excluded from the Classes designated in this Article II of the Plan. The treatment accorded to Administrative Claims (including the DIP Facility Claim) and Priority Tax Claims is set forth in Article III of the Plan.

Section 2.03 Unimpaired Classes Deemed to Accept. The Plan classifies the following Unimpaired Claims that are not entitled to vote on the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of a Claim in the following Class is conclusively presumed to have accepted the Plan in respect of such Claims and is not entitled to vote to accept or reject the Plan:

Class 2 will consist of the Indenture Trustee – Bridge Loan Claim.

Section 2.04 Impaired Classes Entitled to Vote. The Plan classifies the following Classes as the only Impaired Classes that may receive a Distribution under the Plan and that are entitled to vote to accept or reject the Plan:

Class 1 will consist of the Indenture Trustee - Note Holder Claims.

Class 3 will consist of all Mechanic's Lien Claims.

Class 4 will consist of all Other Senior Secured Party Claims.

Class 5 will consist of General Unsecured Claims.

Class 6 will consist of all Administrative Convenience Claims.

Class 7 will consist of all Club Member Claims.

Section 2.05 Impaired Classes Deemed to Reject. The Plan classifies the following Impaired Class of Interests as an Impaired Class that is not entitled to vote to accept or reject the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of Claims or Interests that will receive no Distribution is conclusively presumed to have rejected the Plan in respect of such Claims or Interests because the Plan does not entitle the Holders of such Claims Interests to receive or retain any Property under the Plan on account of such Claims or Interests. The Plan classifies Class 8 as an Impaired Class deemed to reject and not entitled to vote to accept or reject the Plan.

ARTICLE III
PROVISIONS FOR TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

Section 3.01 Satisfaction of Claims and Interests. The treatment of and consideration to be received by Holders of Allowed Claims or Allowed Interests pursuant to this Article III and the Plan will be in full satisfaction, settlement, release, and extinguishment of their respective Claims against or Interests in the Debtors and the Debtors' respective Estates, except as otherwise provided in the Plan or the Confirmation Order.

Section 3.02 Unclassified Claims, Classified Unimpaired and Impaired Claims and Classified Interests. Administrative Claims (including the DIP Facility Claim) and Priority Tax Claims are treated in accordance with section 1129(a)(9)(A) and section 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such Claims are Unimpaired under the Plan and, in accordance with section 1123(a)(1) of the Bankruptcy Code, are not designated as Classes of Claims for purposes of this Plan and for purposes of sections 1123, 1124, 1126 and 1129 of the Bankruptcy Code. In addition, the Class 2 Claim is classified as a Class of Claims that is Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the Holders of Claims in such Class are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Class 1, 3, 4, 5, 6 and 7 Claims are Impaired and the Holders thereof are entitled to vote to accept or reject the Plan on account of such Allowed Claims. The Class 8 Interests will neither receive nor retain any Property on account of such Interest and, pursuant to section 1126(g) of the Bankruptcy Code, the Holders of such Interests are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan on account of such Interests.

Section 3.03 Administrative Claims.

(a) General. Except as otherwise provided for in the Plan, on the later of (i) the Initial Distribution Date, if an Administrative Claim is Allowed as of the Effective Date, or (ii) as soon

as practicable after the date such Administrative Claim becomes an Allowed Claim, if an Administrative Claim is not Allowed as of the Effective Date, each holder of an Allowed Administrative Claim will receive from the Debtors (before the Effective Date) or the Liquidation Trustee or Plan Sponsor thereafter, in full satisfaction, settlement and release of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such less favorable treatment to which the Debtors (with the consent of the Plan Sponsor) or Liquidation Trustee and the holder of such Allowed Administrative Claim will have agreed upon in writing; provided, however, that Allowed Ordinary Course Trade Claims will be paid in the ordinary course of business of New ClubCo and/or its sublessees in accordance with the terms and subject to the conditions of any agreements governing or relating thereto.

(b) Payment of Statutory Fees. The Debtors, as determined, if necessary, by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, will pay on or before the Effective Date all U.S. Trustee Fee Claims that come due on or before the Effective Date. Because of the substantive consolidation of the Debtors provided for in the Plan, the Liquidation Trustee will pay the U.S. Trustee Fee Claims for the quarter in which the Effective Date occurs for eleven Debtors, and the Chapter 11 Cases of all of the Debtors other than that of The Cliffs Club & Hospitality Group, Inc. will be Closed, so that following the Effective Date there will only be one Debtor for which the Liquidation Trustee will pay U.S. Trustee Fee Claims based on cash disbursements made during any quarter following the quarter in which the Effective Date occurs until a Final Decree is entered in that Chapter 11 Case.

(c) Bar Date for Administrative Claims.

(i) General. Except for Administrative Claims of Professionals for Professional Fee Claims, which are addressed in Section 3.03(c)(ii) below, and except as otherwise provided herein, requests for payment of Administrative Claims must be Filed and served on counsel for the Debtors, counsel for the Committee, Counsel for the Indenture Trustee and counsel for the Plan Sponsor no later than (x) the Administrative Claim Bar Date, or (y) such later date, if any, as the Bankruptcy Court will order upon application made prior to the end of the Administrative Claim Bar Date, which is thirty (30) days after the Effective Date. Holders of Administrative Claims (including, without limitation, the holders of any Claims for federal, state or local taxes) that are required to File a request for payment of such Claims and that do not File such requests by the applicable bar date will be forever barred from asserting such Claims against any of the Debtors, the Plan Sponsor, the Liquidation Trustee or the Indenture Trustee.

(ii) Professional Fee Claims. Except as otherwise provided for in the Plan, all requests for compensation or reimbursement of Professional Fee Claims for services rendered from the Petition Date through the Effective Date will be Filed and served on the Debtors, counsel to the Debtors, the United States Trustee, counsel for the Indenture Trustee, counsel to the Committee, counsel to the Plan Sponsor, the Liquidation Trustee, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court, prior to the end of the Administrative Claim Bar Date for Professional Fee Claims, which is sixty (60) days after the Effective Date, unless such date is otherwise modified by order of the Bankruptcy Court. Holders of Professional Fee Claims that are required to file and serve applications for final allowance of its Professional Fee Claims and that do not file and

serve such applications by the required deadline will be forever barred from asserting such Claims against the Debtors, the Plan Sponsor, the Liquidation Trustee or the Indenture Trustee, and such Professional Fee Claims will be deemed discharged as of the Effective Date. Objections to any Professional Fee Claims must be filed and served on counsel for the Debtors, counsel for the Plan Sponsor, counsel for the Committee, counsel for the Indenture Trustee, and the Liquidation Trustee and the requesting party on or before twenty-one (21) days after the filing and service of such request.

Section 3.04 DIP Facility Claims. The DIP Facility Claims will be repaid by the Debtors in full, in Cash, on the Effective Date in full and final satisfaction, settlement and release of such DIP Facility Claims.

Section 3.05 Priority Tax Claims. Except as otherwise provided for in the Plan, on (i) the Initial Distribution Date, if a Priority Tax Claim is Allowed as of the Effective Date, or (ii) the first Distribution Date after the date such Priority Tax Claim becomes Allowed, each holder of an Allowed Priority Tax Claim will receive from the New ClubCo, in full satisfaction, settlement and release of, and in exchange for, such Allowed Priority Tax Claim, (A) Cash of New ClubCo equal to the amount of such Allowed Priority Tax Claim, (B) such less favorable treatment as to which such Debtors (with the consent of the Plan Sponsor), and the holder of such Allowed Priority Tax Claim will have agreed upon in writing; or (C) at the option of the Debtors, Cash of New ClubCo in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period of not more than five (5) years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code.

Section 3.06 Other Priority Claims. Except as otherwise provided for in the Plan, on the seventh (7^{th}) day following the later of the Closing Date under the Asset Purchase Agreement or the date on which such Priority Claim is Allowed, the New ClubCo will pay in full, in Cash, all other Priority Claims.

Section 3.07 Class 1: Indenture Trustee – Note Holder Claims.

(a) Classification: Class 1 consists of the Indenture Trustee – Note Holder Claims against the Debtors.

(b) Treatment: Class 1 Indenture Trustee – Note Holder Claims are Impaired. The Indenture Trustee shall have an Allowed Claim in the amount of $64,050,000, which shall be treated as follows: on the Effective Date, (i) the Allowed Secured Claims of the Note Holders represented by the Indenture Trustee will be satisfied through a combination of (x) a modification of the terms of the Notes to provide for repayment of $64,050,000, without interest, in twenty (20) annual payments beginning on the one year anniversary of the Effective Date in the amount of the greater of $1 million or 50% of New ClubCo Net Cash Flow and with a balloon payment of the remaining principal, if any, at maturity, all paid through the Indenture Trustee to the Note Holders subject to the terms of the Notes and Indenture, as may be modified and amended, and (y) the modification of the Prepetition Facility Documents, including without limitation, the Pledge and Security Agreement and the Collateral Trust Agreement to subordinate the Liens of the Indenture Trustee to the Exit Facility and the Mountain Park Facility, after which the Debtors will transfer the Real Property Collateral and substantially all other property

of the Debtors to the Plan Sponsor, subject only to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances, and the Plan Sponsor will assume the payment obligations under the modified Notes until the Indenture Trustee SPE assumes the payment obligations under the modified Notes, as described below, followed by the Plan Sponsor's and/or Indenture Trustee SPE's execution of the Exit Facility and the Mountain Park Facility, and then the Plan Sponsor will contribute these assets to the Indenture Trustee SPE, subject to the Permitted Liens, in return for a 100% economic and managing membership interest in the Indenture Trustee SPE (the Indenture Trustee will hold a 0% non-economic membership interest in the Indenture Trustee SPE), and the Indenture Trustee SPE will assume the payment obligations under the modified Notes, all in satisfaction of the Note Holder Claims against the Debtors and the Guarantors of the Note Holder Claims (provided, however, that James B. Anthony will not receive a release without satisfaction of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan) as well as against NewCo or New ClubCo arising under the Notes or the Notes as modified and amended. Then, the Indenture Trustee SPE will enter into the Lease(s) with New ClubCo (or its subsidiary entities, at the sole option and in the sole discretion of New ClubCo) and New ClubCo, in turn, shall enter into subleases with its subsidiaries or affiliates. From and after the Effective Date, the Debtors will have no liability to the Indenture Trustee or to the Note Holders. Upon receipt of title to the Acquired Assets, the Indenture Trustee SPE will execute such documents as are required to evidence its assumption of the payment obligations under the modified Notes and underlying security interest(s) as modified pursuant to the Plan and to secure the obligations thereunder. In the event the Indenture Trustee SPE defaults under the Note Restructuring Agreement subsequent to the Effective Date, the Indenture Trustee will have a number of remedies, including without limitation, the following: (i) the right to foreclose on the assets subject to its liens; (ii) the right to require deeds in lieu of foreclosure; and (iii) the right to acquire the 100% economic member interest of the Plan Sponsor in the Indenture Trustee SPE. The enforceability of the aforementioned remedies upon a default or subsequent bankruptcy of the Indenture Trustee SPE is not absolute. The foregoing will be effectuated and governed by the terms of certain operative documents, which will include but will not be limited to: Note Restructuring Agreement by and between the Debtors and the Indenture Trustee; Assumption Agreement by and between Cliffs Club Partners and the Indenture Trustee; Assumption Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Master Lease by and between Indenture Trustee SPE and Cliffs Club Partners; Mortgages/Deeds of Trust by and between Indenture Trustee SPE and the Indenture Trustee; Security Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Collateral Assignment of IP/License Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Deeds in Lieu/Escrow Agreement by and between Indenture Trustee SPE and the Indenture Trustee; Amendment to Indenture; Indenture Trustee SPE Operating Agreement; Establishment of IT Representative, LLC; and

Subleases by and between Cliffs Club Partners and the golf operating subsidiaries. Each of the Note Holders by voting its Class 1 Claim to accept the Plan is deemed to consent to the use of the Indenture Trustee's cash collateral by the Debtors to fund Distributions under the Plan, to the subordination of its Liens to those of the Exit Facility and the Mountain Park Facility and to all other provisions of the Plan that affect the Note Holders. By accepting the Plan, the Note Holders and the Indenture Trustee will be deemed to waive the right: (i) to any dues credits or club credits; (ii) the right to any subordinate lien securing their Membership Deposit obligations; and (iii) the right to any deficiency claim against the Debtors and Guarantors of the Note Holder Claims (but not their Membership Deposit Obligations that are treated under Plan Class 7).

(c) Voting: Class 1 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 1 Claims are entitled to vote to accept or reject the Plan.

Section 3.08 Class 2: The Indenture Trustee - Bridge Loan Claim.

(a) Classification: Class 2 consists of the Indenture Trustee - Bridge Loan Claim.

(b) Treatment: The Class 2 Indenture Trustee - Bridge Loan Claim is Unimpaired. The Bridge Lender as the Holder of the Allowed Class 2 Indenture Trustee - Bridge Loan Claim will receive in full satisfaction, settlement, release, and extinguishment of such Claim, and of any lien securing such Claim, Cash equal to the amount of such Allowed Bridge Loan Claim, including all interest accrued thereon as and to the extent provided by the Bridge Loan Documents, on or as soon as practicable after the Effective Date.

(c) Voting: Class 2 is Unimpaired and the Holder of the Class 2 Claim is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holder of the Claim in Class 2 is not entitled to vote to accept or reject the Plan.

Section 3.09 Class 3: Mechanic's Lien Claims.

(a) Classification: Class 3 consists of the Mechanic's Lien Claims against the Debtors.

(b) Treatment: The Class 3 Claims are Impaired. Each Holder of an Allowed Class 3 Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, and of any lien securing such Claim, and as a condition precedent thereto, the following treatment:

Payment in full of the principal amount, in Cash, without pre-petition or post-petition interest, costs or attorneys' fees, by New ClubCo directly to all holders of Claims that are Allowed and that are secured by Mechanic's Liens on the Effective Date.

(c) Voting: Class 3 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 3 Claims are entitled to vote to accept or reject the Plan.

Section 3.10 Class 4: Other Senior Secured Party Claims.

(a) Classification: Class 4 consists of all Other Senior Secured Party Claims against the Debtors.

(b) Treatment: Each Holder of an Allowed Class 4 Other Senior Secured Party Claim will receive, at the election of the Debtors (with the consent of the Plan Sponsor), in full satisfaction, settlement, release, and extinguishment of such Claim: (a) Cash equal to the amount of such Allowed Other Senior Secured Party Claim on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Other Senior Secured Party Claim becomes Allowed, and (iii) a date agreed to by the Debtors and the Holder of such Class 4 Other Senior Secured Party Claim; (b) Cure and Reinstatement of one or more equipment leases with such Other Senior Secured Party but not any guaranty that gives rise to such Allowed Other Senior Secured Party Claim; (c) the Equipment that is the subject of one or more leases with such Other Senior Secured Party securing such Other Senior Secured Party Claim without representation or warranty by or recourse against the Debtors; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors.

(c) Voting: Class 4 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 4 Claims are entitled to vote to accept or reject the Plan.

Section 3.11 Class 5: General Unsecured Claims.

(a) Classification: Class 5 consists of all General Unsecured Claims against the Debtors.

(b) Treatment: The Class 5 Claims are impaired. Each Holder of an Allowed Class 5 General Unsecured Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, and as a condition precedent thereto, the following treatment:

Each Holder of an Allowed Class 5 Claim will receive its Pro Rata Share of the General Unsecured Claims Fund less a reserve established by the Liquidation Trustee for expenses of administration of the Liquidating Trust, on or as soon as practicable after the later of (i) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (ii) the first Distribution Date after the date on which any objection to such General Unsecured Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court. On each subsequent Distribution Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee will continue to make Pro Rata Distributions of the General Unsecured Claims Fund to Holders of Allowed Class 5 Claims.

(c) Voting: Class 5 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 5 Claims are entitled to vote to accept or reject the Plan.

Section 3.12 Class 6: Administrative Convenience Claims.

(a) Classification: Class 6 consists of all Administrative Convenience Claims against the Debtors.

(b) Treatment: Class 6 is Impaired. On either (i) the Effective Date, (ii) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (iii) the first Distribution Date after the date on which any objection to such Administrative Convenience Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court, each Holder of an Allowed Class 6 Administrative Convenience Claim will receive, in full satisfaction, settlement, release, and extinguishment of such Claim, Cash in an amount equal to the full amount of such Allowed Claim, without interest, costs or fees, from the Liquidation Trustee from the Administrative Convenience Claims Fund.

(c) Voting: Class 6 is Impaired and pursuant to section 1126 of the Bankruptcy Code Holders of Allowed Class 6 Claims entitled to vote to accept or reject the Plan.

Section 3.13 Class 7: Club Member Claims.

(a) Classification: Class 7 consists of the Holders of all Club Member Claims:

(b) Treatment: The Class 7 Claims are Impaired. Each Holder of an Allowed Class 7 Club Member Claim will receive in full satisfaction, settlement, release, and extinguishment of such Club Member Claim (provided, however, that any claim for Dues Credits with respect to Excess Transfer Fees shall remain), the following treatment:

Option to Join the New Clubs: A Club Member may elect in the ballot the New Club Membership Option and become one of the Accepting Club Members. If so, then upon payment of the applicable Transfer Fee, and any Membership Reinstatement Fee, if applicable, and execution of an agreement to pay at least one year of dues under the New ClubCo Membership Plan, the Class 7 Claimant will receive a membership with New ClubCo under the New ClubCo Membership Plan as well as the right to satisfaction by New ClubCo of any Membership Deposit Obligations in accordance with the Vesting Schedule. Accepting Club Members will also receive a release of claims by the Debtors.

Option not to Join the New Clubs: A Club Member who does not (i) elect in the ballot the New Club Membership Option and (ii) become one of the Accepting Club Members, will thereby become one of the Rejecting Club Members and will receive its Pro Rata Share of the Rejecting Member Fund on or as soon as practicable after the later of (i) the first Distribution Date after the Claims Objection Deadline has occurred, if no objection to such Claim has been timely filed, or (ii) the first Distribution Date after the date on which any objection to such Rejecting Club Member Claim is settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court. On each subsequent Distribution Date or as soon thereafter as is reasonably practicable, the Liquidation Trustee will continue to make Pro Rata Distributions to Holders of Allowed Class 7 of the Rejecting Member Fund.

(c) Voting: Class 7 is an Impaired Class and pursuant to section 1126 of the Bankruptcy Code, the Holders of Allowed Class 7 Claims are entitled to vote to accept or reject the Plan.

Section 3.14 Class 8: Equity Interests.

(a) Classification: Class 8 consists of all Equity Interests in any of the Debtors.

(b) Treatment: Holders of Class 8 Interests in any of the Debtors will not receive or retain any Property under the Plan on account of such Interests. On the Effective Date, all Interests will be canceled.

(c) Voting: Class 8 is impaired. The Holders of the Class 8 Interests are conclusively deemed to have rejected the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of the Class 8 Interests are not entitled to vote to accept or reject the Plan.

ARTICLE IV
ACCEPTANCE OR REJECTION OF THE PLAN; CRAMDOWN

Section 4.01 Acceptance by Impaired Classes of Claims and Interests. Pursuant to section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims will have accepted the Plan if: (a) the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan, and (b) more than one-half (1/2) in number of the Holders of such Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan. Holders of Class 8 Interests are not entitled to vote on the Plan pursuant to section 1126 of the Bankruptcy Code.

Section 4.02 Voting Classes. Except as otherwise required by the Bankruptcy Code or the Bankruptcy Rules or as otherwise provided in this Section 4.02, the Holders of Claims in Classes 1, 3, 4, 5, 6 and 7 will be entitled to vote to accept or reject the Plan in accordance with Section 4.01 of the Plan. Classes of Claims Unimpaired under the Plan (Indenture Trustee - Bridge Loan Claim (Class 2) will not be entitled to vote to accept or reject the Plan, and will be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. The Class 8 Interests are Impaired under the Plan and will not be entitled to vote to accept or reject the Plan and will be conclusively presumed to have rejected the Plan. Administrative Claims (including the DIP Facility Claim) and Priority Tax Claims are Unimpaired and not classified under the Plan and hence are not entitled to vote to accept or reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Section 4.03 Ballot Instructions. Each Holder of a Claim or Interest entitled to vote on the Plan will be asked to complete and return a Ballot to the Voting Tabulation Agent. The Voting Tabulation Agent will compile the votes so received. Any questions as to the validity, form, and eligibility (including time of receipt) of Ballots will be resolved by the Bankruptcy Court upon application or at the Confirmation Hearing.

Section 4.04 Cramdown. If all applicable requirements for Confirmation of the Plan are met as set forth in sections 1129(a)(1) through (16) of the Bankruptcy Code except subsection (8) thereof, the Debtors may request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the requirements of section 1129(a)(8) thereof, on the bases that the Plan is fair and equitable, and does not discriminate unfairly, with respect to each Class of Claims or Interests that is Impaired under, and has not accepted, the Plan.

ARTICLE V
PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN

Section 5.01 Timing of Distributions. Except as specifically set forth in the Plan and as otherwise provided in this Article V, Distributions to be made on the Effective Date to Holders of Claims that are Allowed as of the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than: (i) 30 days after the Effective Date or (ii) 30 days after such later date when the applicable conditions of Section 6.02 (regarding cure payments for executory contracts and unexpired leases being assumed) and Section 5.05 (regarding undeliverable Distributions) are satisfied.

Section 5.02 Distributions to Holders of Allowed Claims. Except as specifically set forth in the Plan and otherwise as provided in this Article V, Distributions to be made on the Effective Date to Holders of Claims that are Allowed as of the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than: (i) 30 days after the Effective Date or (ii) 30 days after such later date when the applicable conditions of Section 6.02 (regarding cure payments for executory contracts and unexpired leases being assumed) and Section 5.05 (regarding undeliverable Distributions) are satisfied. Distributions on account of Claims that become Allowed Claims after the Effective Date will be made pursuant to Section 5.03 of the Plan.

Section 5.03 Distributions After Allowance. As soon as practicable after (i) the occurrence of the applicable Claims Objection Deadline, if no objection to such Claim has been timely filed, or (ii) a Disputed Claim becomes an Allowed Claim, the Plan Sponsor or the Reorganized Debtor or the Liquidation Trustee, as the case may be, will distribute to the Holder thereof all Distributions to which such Holder is then entitled under this Plan. All Distributions made under this Section of the Plan will be made together with any dividends, payments, or other Distributions made on account of, as well as any obligations arising from, the distributed property as if such Claim had been an Allowed Claim on the dates Distributions were previously made to Allowed Holders included in the applicable Class.

Section 5.04 Liquidating Trust. The Liquidating Trust will be established to receive from the Plan Sponsor the General Unsecured Creditors Fund, the Administrative Convenience Claims Fund, the Rejecting Member Contingent Claim Fund, the Post-Effective Date Administration Fund and from the Debtors the Retained Actions, and to Distribute such funds or proceeds of the Retained Actions to certain Creditors in accordance with the Plan. Except as otherwise expressly provided in the Plan, pursuant to sections 1123(a)(5), 1123(b)(3) and 1141(b) of the Bankruptcy Code, all Property comprising the Estates of the Debtors (including, but not limited to, the General Unsecured Creditors Fund, the Administrative Convenience Claims Fund, the Rejecting

Member Fund, the Post Effective Date Administration Fund and the Retained Actions) not conveyed to the Plan Sponsor under the Asset Purchase Agreement, will automatically vest in the Liquidating Trust, free and clear of all Claims, Liens, contractually-imposed restrictions, charges, encumbrances and interests of Creditors and equity security holders on the Effective Date, with all such Claims, Liens, contractually-imposed restrictions, charges, encumbrances and interests being extinguished subject to the rights of Holders of Allowed Class 5 General Unsecured Claims, Class 6 Administrative Convenience Claims and Class 7 Rejecting Club Member Contingent Claims to obtain Distributions provided for in this Plan. In no event will any property of any kind be returned by, or otherwise transferred from, the Liquidating Trust to any Debtor.

The Liquidating Trust will qualify as a liquidating trust as described in Treasury Regulation section 301.7701-4(d) and will be treated as a grantor trust for United States federal income tax purposes. All parties will be required to treat, for federal income tax purposes, the Liquidating Trust as a grantor trust of which the Liquidating Trust beneficiaries are the owners and grantors. The Liquidation Trustee will have the authority to manage the day-to-day operations of the Liquidating Trust, including, without limitation, by disposing of the assets of the Liquidating Trust, appearing as a party in interest, calculating Distributions, paying taxes and such other matters as more particularly described in Section 7.05 of the Plan and the Liquidating Trust Agreement. Expenses of the Liquidating Trust, including the expenses of the Liquidation Trustee and her representatives and professionals, will be satisfied solely from the assets of the Liquidating Trust and its proceeds, as set forth in the Liquidating Trust Agreement. The holders of Allowed Claims in Class 5 and 7 under the Plan will be the grantors, and owners of the Liquidating Trust. On the Effective Date, the Liquidating Trust will be treated as formed by the transfer of the General Unsecured Creditors Fund and the Rejecting Members Fund by the Plan Sponsor and the Retained Actions by the Debtors to the holders of Claims who receive the beneficial interests in the Liquidating Trust pursuant to the Plan (with each holder receiving in a taxable transaction an undivided interest in such assets in accordance with its economic interests in such assets) and a deemed transfer by such holders to the Liquidating Trust. Accordingly, all parties must treat the Liquidating Trust as a grantor trust of which the holders of interests in the Liquidating Trust are the owners and grantors, and treat the Liquidating Trust beneficiaries as the direct owners of an undivided interest in the Liquidating Trust assets, consistent with their economic interests therein, for all federal income tax purposes. The Liquidation Trustee will maintain, in accordance with the Liquidating Trust Agreement, an escrow of any distributable amounts required to be set aside on account of any disputed claims, which disputed claims will be treated in accordance with the terms of the Liquidating Trust Agreement. The Liquidation Trustee will determine the fair market value of each beneficial Liquidating Trust interest, and the holders of such interests will be required to use the valuation consistently for federal income tax purposes. The Liquidation Trustee will file returns for the Liquidating Trust as a grantor trust. All income of the Liquidating Trust will be subject to federal income tax on a current basis. The Liquidating Trust Agreement will provide for the allocation of the Liquidating Trust's taxable income and who will be responsible for any tax liability due as a result of such income. Taxable income or loss allocated to a Liquidating Trust beneficiary will be treated as income or loss with respect to such Liquidating Trust beneficiary’s undivided interest in the Liquidating Trust assets, and not as income or loss with respect to its prior respective Claim.

In addition to the foregoing powers and duties of the Liquidation Trustee, the Liquidation Trustee will act as disbursing agent of the Administrative Convenience Claims Fund, and Class 6 Claimants will not be grantors or owners of the Liquidating Trust.

Section 5.05 Delivery of Distributions. Except as otherwise provided in the Plan, subject to Bankruptcy Rule 9010, the Debtors or the Liquidation Trustee will make Distributions to holders of Allowed Claims at the address for each holder indicated on the Debtors' records as of the date of any such Distribution; provided, however, that the manner of such Distributions will be determined at the discretion of Debtors; and, provided further, however, that the address for each holder of an Allowed Claim will be deemed to be the address set forth in any proof of claim filed by that holder. In the event that any Distribution to any holder is returned as undeliverable, the Liquidation Trustee will use reasonable efforts to assist the Debtors to determine the current address of such holder, but no Distribution to such holder will be made unless and until the Debtors have determined the then-current address of such holder, at which time such Distribution will be made to such holder without interest; provided that such Distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one (1) year from the Effective Date. After such date, all Unclaimed Property or interest in property will revert to the Liquidation Trustee, to be held in the Class 5 or 7 fund from which such unclaimed property arose (or in the case of a Class 6 Distribution, into Class 7), and the Claim of any other holder to such Property or Interest in Property will be discharged and forever barred.

Section 5.06 Method of Cash Distributions. Any Cash payment to be made pursuant to the Plan may be made by Cash, draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law at the option of the Liquidation Trustee or the Debtors.

Section 5.07 Failure to Negotiate Checks. Checks issued in respect of Distributions under the Plan will be null and void if not negotiated within sixty (60) days after the date of issuance. Any amounts returned to the Debtors, or the Liquidation Trustee in respect of such non-negotiated checks will be forwarded to (if necessary) and held by the Liquidation Trustee or the Debtors, as the case may be. The Holder of the Allowed Claim with respect to which such check originally was issued will make requests for reissuance for any such check directly to the issuer of the check. All amounts represented by any voided check will be held until the earlier of: (a) one (1) month after the date on which the check is voided, or (b) the date on which the Bankruptcy Court enters the Final Decree, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts will be deemed to be Unclaimed Property, in accordance with Section 5.08 of the Plan, and all Holders of Claims in respect of void checks will be forever barred, estopped and enjoined from asserting a claim to such funds in any manner against any of the Debtors or their assets, the Liquidation Trustee or the Liquidating Trust.

Section 5.08 Unclaimed Distributions. All Property distributed on account of Claims must be claimed prior to the date on which the Bankruptcy Court enters the Final Decree, or, in the case of a Distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.07 of the Plan. All Unclaimed Property will be retained by and will vest in the Liquidating Trust. All full or partial payments made by the Debtors and received by the Holder of a Claim prior to the Effective Date will be deemed to be

payments under the Plan for purposes of satisfying the obligations of the Debtors, or the Liquidation Trustee pursuant to the Plan. Nothing contained in the Plan will require the Debtors, or the Liquidation Trustee to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Debtors and any Claims filed in the Chapter 11 Case. Pursuant to section 1143 of the Bankruptcy Code, all Claims in respect of Unclaimed Property will be deemed Disallowed and the Holder of any Claim Disallowed in accordance with this Section 5.08 will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Debtors or their assets or the Liquidation Trustee or the Liquidating Trust.

Section 5.09 Limitation on Distribution Rights. If a claimant holds more than one Claim in any one Class, all Claims of the claimant in that Class will be aggregated into one Claim and one Distribution will be made with respect to the aggregated Claim.

Section 5.10 Fractional Dollars. Notwithstanding any other provision of the Plan, Cash Distributions of fractions of dollars will not be made; rather, whenever any payment of a fraction of a dollar would be called for, the actual payment made will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down. To the extent that Cash remains undistributed as a result of the rounding of such fraction to the nearest whole dollar, such Cash will be treated as Unclaimed Property pursuant to Section 5.08 of this Plan.

Section 5.11 Compliance With Tax Requirements. In connection with each Distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Debtors and/or the Liquidation Trustee will file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such Distribution or effect any such withholding and deposit all moneys so withheld as required by law. With respect to any Person from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by the Debtors or the Liquidation Trustee, the Debtors or the Liquidation Trustee may, at their or its option, withhold the amount required and distribute the balance to such Person or decline to make such Distribution until the information is received.

Section 5.12 De Minimis Distributions. No Cash payment of less than fifty ($50.00) dollars will be made to any Holder of an Allowed Claim on account of such Allowed Claim, excepting on account of Administrative Convenience Claims.

Section 5.13 No Payment or Distribution Pending Allowance. All references to Claims and amounts of Claims refer to the amount of the Claim Allowed by agreement of the Debtors or the Liquidation Trustee and the Holder of such Claim, by operation of law, by Final Order, or by this Plan. Notwithstanding any other provision in the Plan, no payment or Distribution will be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim.

Section 5.14 Estimation of Claims. The Debtors (with the consent of the Plan Sponsor) or the Liquidation Trustee may at any time request that the Bankruptcy Court estimate any Disputed Claim and/or any Club Member Claim pursuant to section 502(c) of the Bankruptcy Code or other applicable law regardless of whether the Debtors have previously objected to such

Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during the pendency of litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim or Club Member Claim, such estimated amount will constitute either (a) the Allowed amount of such Claim, (b) the amount on which a reserve is to be calculated for purposes of any reserve requirement to this Plan or (c) a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors (with the consent of the Plan Sponsor) or the Liquidation Trustee, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

Section 5.15 No Interest on Claims. Except as set forth in the Plan or in a Final Order of the Bankruptcy Court entered in the Cases, no holder of any Claim will be entitled to interest accruing after the Petition Date on such Claim, nor to fees, costs or charges provided under any agreement under which such Claim arose and that were incurred after the Petition Date. Unless otherwise specifically provided for in this Plan or as otherwise required by sections 506(b), 511 or 1129(a)(9)(C)-(D) of the Bankruptcy Code, interest will not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final Distribution is made when and if such Disputed Claim becomes an Allowed Claim.

Section 5.16 Distributions Only On Timely Filed, Allowed Claims. No payments of Cash or other consideration of any kind will be made on account of any Disputed Claim or Club Member Claim until such Claim becomes an Allowed Claim or is deemed to be such for purposes of Distribution, and then only to the extent that the Claim becomes, or is deemed to be for Distribution purposes, an Allowed Claim. Except as otherwise ordered by the Bankruptcy Court, no payments will be made on account of Claims filed after the Bar Date.

Section 5.17 Record Date For Distributions. As of the close of business on the Record Date, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtors will be deemed closed, and there will be no further changes made to reflect any new record holders of any Claims or equity interests occurring on or after the Record Date. The Debtors, the Liquidation Trustee and the Plan Sponsor will have no obligation to recognize any transfer of any Claims or equity interests occurring after the Record Date.

Section 5.18 Survival Of Certain Corporate Indemnities. The obligations of the Debtors pursuant to their operating agreements and other governing documents to indemnify persons serving on or after the Petition Date as officers, directors, agents, or employees of the Debtors with respect to actions, suits, and proceedings against the Debtors or such officers, directors, agents, or employees, based upon any act or omission for or on behalf of the Debtors occurring on or after the Petition Date, will not be impaired by the confirmation of the Plan. Such obligations will be deemed and treated as executory contracts to be assumed by the Debtors pursuant to the Plan and will continue as obligations of the Debtors to the extent of available insurance only.

ARTICLE VI
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 6.01 Treatment of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases of the Debtors, including, without limitation, all Club Membership Agreements, will be deemed rejected by the Debtors as of the Effective Date, except for any executory contract or unexpired lease that: (a) has previously been assumed, assumed and assigned, or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (b) is the subject of a pending motion to assume, assume and assign, or reject as of the Confirmation Date, or (c) is listed on the Schedule of Assumed Contracts set forth in Exhibit 1 hereto or a Plan Supplement, provided, however, that the Debtors will have the right, on or before the hearing on Plan Confirmation, to modify the Schedule of Assumed Contracts by filing a Plan Supplement, subject to the consent of the Plan Sponsor, thus, by removing an executory contract or unexpired lease, providing for its rejection pursuant to this Section 6.01 or by adding any executory contract or unexpired lease, providing for its assumption and assignment pursuant to this Section 6.01.

Section 6.02 Cure of Defaults for Assumed Contracts and Leases. The cure of all defaults under executory contracts and unexpired leases to be assumed and assigned under the Plan, including the resolution of all objections to the adequacy of assurance of future performance under such contracts and leases and as to the adequacy of amounts proposed to cure defaults under such contracts and leases contained in the Schedule of Assumed Contracts set forth in Exhibit 1 hereto or a Plan Supplement, will be governed by the Confirmation Order or other order approving or authorizing the assumption of such executory contracts. Except as set forth in the Plan Supplement, all cure amounts will be satisfied via payment by the Plan Sponsor of the full amount of each cure amount listed in the Schedule of Assumed Contracts on the Effective Date. To the extent that any counterparty of any assumed executory contract asserts that any affiliate of the Debtors has any liability on any assumed executory contract, upon payment by the Plan Sponsor of the full amount of each cure amount as set forth herein, such non-Debtor affiliate will have no liability to any counterparty of any assumed executory contract.

Any party to an executory contract or unexpired lease to be assumed will have twenty one (21) days after service of this Plan and the Schedule of Assumed Contracts within which to file with the Bankruptcy Court an objection to the cure amount listed by the Debtors, an objection to the adequacy of assurance of future performance by the Plan Sponsor, or any other objection to the assumption of such executory contracts or unexpired lease. Any such objection will be resolved by the Bankruptcy Court at the Confirmation Hearing or, if the Court does not hear such objection at the Confirmation Hearing, at such other time as agreed to by the affected parties. If the Bankruptcy Court determines that the cure amount with respect to an executory contract or unexpired lease is greater than the amount listed by the Debtors, then the Debtors may elect to reject the contract or lease at issue.

Section 6.03 Bar Date for Claims for Rejection Damages. Claims arising out of the rejection of any executory contract or unexpired lease pursuant to Article VI of the Plan must be filed with the Bankruptcy Court no later than the later of (a) thirty (30) days after the Effective Date, or (b) thirty (30) days after the entry of an order rejecting such executory contract or unexpired lease. Any Claim not filed within such time period will be forever barred. The Debtors

and the Liquidation Trustee will have the right to object to any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the terms of Section 8.04 of this Plan.

Section 6.04 Treatment of Rejection Claims. The Bankruptcy Court will determine any objections Filed in accordance with Section 6.04 hereof at a hearing to be held on a date to be determined by the Bankruptcy Court. Subject to any statutory limitation, including, but not limited to, the limitations contained in sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code, any Claims arising out of the rejection of executory contracts and unexpired leases will, pursuant to section 502(g) of the Bankruptcy Code, be Impaired and treated as a Class 5 Claim (in the case of non-Club Members and Club Members who hold Non-Contingent Claims), or a Class 7 Claim (in the case of Rejecting Club Members who hold Contingent Claims) in accordance with Article III of the Plan.

Section 6.05 Rejection of Contracts and Leases. The entry of the Confirmation Order will, subject to and upon the occurrence of the Effective Date, constitute the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption and rejection of the executory contracts assumed and rejected pursuant to Article VI of the Plan.

Section 6.06 Rejection of Club Membership Agreements. Except and to the extent previously rejected by an order of the Bankruptcy Court on or before the Effective Date, all Club Membership Agreements entered into before or after the Petition date and not since terminated, will be deemed to be, and will be treated as though they are, executory contracts that are rejected under Section 6.01 of the Plan. Notwithstanding the above, each party (other than the Debtors) to a Club Membership Agreement will be entitled to elect to have its Claims against the Debtors arising under the Club Membership Agreement treated as an Accepting Club Member Claim in full satisfaction of such claims. In the event a Club Member does not elect in Ballot to have his or her Claim treated as an Accepting Club Member Claim, all Claims of such Club Member under the applicable Club Membership Agreement, including any Rejection Claim, will be treated in accordance with Section 6.04 of the Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

Section 7.01 The Sale. This Plan's primary funding is provided through the Sale of the Acquired Asset to the Plan Sponsor in consideration of the Sale Consideration pursuant to sections 365, 1123(b)(4), 1129(b)(2)(A), 1145 and 1146(a) of the Bankruptcy Code, and provides for the orderly Distribution of the Sale Proceeds as well as the proceeds or rights in the General Unsecured Creditors Fund and the Rejecting Member Fund under the terms and conditions of the Plan. The Debtors have entered into the Asset Purchase Agreement. The Sale will be consummated pursuant to this Plan.

In accordance with this Plan, the Debtors and the Plan Sponsor will, prior to the Effective Date, take all steps necessary to consummate the Sale in accordance with this Plan. On the Closing Date: (i) the Allowed Secured Claims of the Note Holders represented by the Indenture Trustee will be satisfied through a combination of (x) a modification of the terms of the Notes to provide for repayment of $64,050,000, without interest, in twenty (20) annual payments beginning on the one year anniversary of the Effective Date in the amount of the greater of $1

million or 50% of New ClubCo Net Cash Flow and with a balloon payment of the remaining principal, if any, at maturity, all paid through the Indenture Trustee to the Note Holders subject to the terms of the Notes and Indenture, as may be modified and amended, and (y) the modification of the Prepetition Facility Documents, including without limitation, the Pledge and Security Agreement and the Collateral Trust Agreement to subordinate the Liens of the Indenture Trustee to the Exit Facility and the Mountain Park Facility, after which the Debtors will transfer the Real Property Collateral and substantially all other property of the Debtors to the Plan Sponsor, subject only to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances, and the Plan Sponsor will assume the payment obligations under the modified Notes until the Indenture Trustee SPE assumes the payment obligations under the modified Notes, as described below, followed by the Plan Sponsor's and/or Indenture Trustee SPE's execution of the Exit Facility and the Mountain Park Facility, and then the Plan Sponsor will contribute these assets to the Indenture Trustee SPE, subject to the Permitted Liens, in return for a 100% economic and managing membership interest in the Indenture Trustee SPE (the Indenture Trustee will hold a 0% non-economic membership interest in the Indenture Trustee SPE), and the Indenture Trustee SPE will assume the payment obligations under the modified Notes, all in satisfaction of the Note Holder Claims against the Debtors and the Guarantors of the Note Holder Claims, (provided, however, that James B. Anthony will not receive a release without satisfaction of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan) as well as against NewCo or New ClubCo arising under the Notes or the Notes as modified and amended, after which the Indenture Trustee SPE will enter into the Lease(s) with New ClubCo (or its subsidiary entities, at the sole option and in the sole discretion of New ClubCo) and New ClubCo, in turn, shall enter into subleases with its subsidiaries or affiliates; (ii) the DIP Facility will be repaid by the Plan Sponsor in full, in Cash, on the Effective Date in full and final satisfaction, settlement and release of such DIP Facility Claims; (iii) the Allowed Secured Claim of the Bridge Lender represented by the Indenture Trustee will be satisfied on the Effective Date by the Plan Sponsor; (iv) the Plan Sponsor will, in conjunction with the Debtors, undertake commercially reasonable efforts to obtain substantially all other property used by the Debtors in connection with the operation of the Clubs, receipt of which is a condition to the Plan Sponsor's obligation to close the transaction contemplated herein, and, upon receipt of title to such assets, will contribute that title to the Indenture Trustee SPE, subject to the Permitted Liens and otherwise free and clear of all liens, claims and encumbrances, in accordance with the Asset Purchase Agreement; and (v) the Liquidating Trust will be formed, and the Plan Sponsor will transfer to the Liquidation Trustee amounts sufficient to satisfy Allowed Administrative Claims, Allowed Priority Claims, Allowed Mechanic's Lien Claims and Allowed Administrative Convenience Claims in full, together with General Unsecured Claims Sponsor Funding (payable in three annual installments), while the Debtors will transfer to the Liquidation Trustee the Retained Actions, with such transfers to be free and clear of all liens,

claims and encumbrances for the purpose of making Distributions to Creditors who will be the beneficiaries of the Liquidating Trust. Upon consummation of the Sale, the Permitted Liens will no longer be obligations of the Debtors or their Estates, and any Holder of any claim with respect thereto will have no recourse on account of such Claim against the Debtors or their Estates. Notwithstanding anything else in this Plan, the Disclosure Statement or otherwise, the Notes shall not be deemed satisfied and thus extinguished, but rather restructured under the terms of this Plan and related documents, such that the payment obligation of the obligor under those Notes shall be to deliver payments totaling $64,050,000 to the Indenture Trustee.

Section 7.02 Substantive Consolidation of the Debtors. The Plan is premised on the substantive consolidation of all of the Debtors with respect to the treatment of all Claims and Interests. This Plan will serve as a request by the Debtors, in lieu of a separate motion, to the Bankruptcy Court, that it grant substantive consolidation with respect to the treatment of all Claims and Interests as follows: on the Effective Date, (a) all assets and liabilities of the Debtors will be merged or treated as though they were merged; (b) all guarantees of the Debtors of any obligation of any of the Debtors and any joint and several liability of any of the Debtors will be eliminated; and (c) each and every claim and interest against any of the Debtors will be deemed Filed against the consolidated Debtors and all Claims Filed against more than one of the Debtors for the same liability will be deemed one Claim against any obligation of the consolidated Debtors.

Section 7.03 Recharacterization of Affiliate Claims as Equity. In addition to the presence of intercompany payables and receivables among the Debtors, the books and records of the parent of Debtor CCHG Holdings, Inc. also reflect intercompany payables and receivables among the Debtors, on the one hand, and Affiliates of the Debtors, on the other hand. These books and records are prepared on a consolidated basis. Intercompany payables on the books reflect that the Debtors owe to the DevCo Affiliates the total sum of $44,817,112 while the DevCo Affiliates owe to the Debtors the total sum of $87,051,437, leaving a net balance due to the Debtors by the DevCo Affiliates of $42,234,325. The Plan will serve as a request by the Debtors, in lieu of a separate motion, to the Bankruptcy Court to recharacterize intercompany payables by the Debtors to the DevCo Affiliates as equity. While the Bankruptcy Code does not expressly provide for the recharacterization of debt to equity, most of the appellate courts that have considered the issue, including the Fourth Circuit Court of Appeals, have determined that the bankruptcy courts have the power to recharacterize debt to equity based on their equitable authority under Bankruptcy Code Section 105 in a manner consistent with the priority scheme for the distribution of the debtor's assets found in section Bankruptcy Code Section 726.

Section 7.04 Continued Corporate Existence. Each Debtor will continue to exist after the Effective Date as a separate legal entity, with all of the powers of a corporation or limited liability company, as applicable, under applicable law in the jurisdiction in which it is incorporated or otherwise formed and pursuant to its certificate or articles of incorporation, formation or organizational documents and by-laws, operating agreement or other organizational documents in effect prior to the Effective Date, without prejudice to the right of any Debtor to dissolve (subject to its obligations under this Plan) under applicable law and file a certificate of dissolution (or its equivalent) with the secretary of state or similar official of the jurisdiction of

incorporation after the Effective Date. Nevertheless, because of the substantive consolidation provided in section 7.02 of the Plan, immediately following the Effective Date, the Chapter 11 Cases of all of the Debtors except that of The Cliffs Club & Hospitality Group, Inc. will be Closed, without prejudice to the rights of the Liquidation Trustee to pursue any of the Retained Actions relating to any of the Debtors in the lead Chapter 11 Case.

Section 7.05 Land Acquisition. The Plan Sponsor will commit up to $85 million to acquire, joint venture, land bank, or otherwise gain control of development land and lots and will be the operator of the Clubs. The Plan Sponsor will form a separate development company to develop, market and sell lots thereby replacing the non-Debtor affiliates that were engaged in the development and sales of lots in the communities around the Clubs on the Petition Date.

Section 7.06 Powers and Duties of the Liquidation Trustee. The Liquidation Trustee will administer the Liquidating Trust and its assets in accordance with this Plan, the Liquidating Trust Agreement, and the other Liquidating Trust Documents and will be responsible for, among other things, making certain Distributions required under this Plan. From and after the Effective Date and continuing through the date of entry of a Final Decree, the Liquidation Trustee will: (a) possess the rights of a party in interest pursuant to section 1109(b) of the Bankruptcy Code for all matters arising in, arising under, or related to the Chapter 11 Case and, in connection therewith, will (i) have the right to appear and be heard on matters brought before the Bankruptcy Court or other courts, (ii) be entitled to notice and opportunity for hearing on all such issues, (iii) participate in all matters brought before the Bankruptcy Court, and (iv) receive notice of all applications, motions, and other papers and pleadings filed in the Bankruptcy Court; (b) have the authority to act on behalf of the Debtors in all adversary proceedings and contested matters pending in the Bankruptcy Court and in all actions and proceedings pending elsewhere; and (c) have the authority to retain such personnel or professionals (including, without limitation, legal counsel, financial advisors or other agents) as it deems appropriate and compensate such personnel and professionals as it deems appropriate, all without prior notice to or approval of the Bankruptcy Court. Professionals and personnel retained or employed by the Liquidating Trust or the Liquidation Trustee need not be disinterested as that term is defined in the Bankruptcy Code.

Section 7.07 Approval of Agreements. Entry of the Confirmation Order will constitute approval of the Asset Purchase Agreement and transactions contemplated therein, and the Confirmation Order will so provide.

Section 7.08 Corporate Action. The entry of the Confirmation Order will constitute authorization for the Debtors to take or to cause to be taken all corporate and limited liability company actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to the taken will be deemed to have been authorized and approved by the Bankruptcy Court, including, without limitation, the execution and delivery of the Asset Purchase Agreement. Subject to the terms and conditions of the Asset Purchase Agreement, all such actions will be deemed to have occurred and will be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the stockholders, directors or members of the Debtors. On the Effective Date, the CRO is authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan, any Plan Supplement and the Sale Documents in the name of and on behalf of the Debtors.

Section 7.09 Cancellation of Securities and Agreements. On the Effective Date, except as otherwise specifically provided for in this Plan: except (i) for purposes of evidencing a right to Distributions under the Plan, (ii) with respect to executory contracts and unexpired leases assumed and assigned by the Debtors to the Plan Sponsor, or (iii) otherwise as provided herein, all the agreements and other documents evidencing the Claims, equity interests, or rights of any holder of a Claim or Interest Impaired under the Plan will be cancelled.

Section 7.10 Substantial Consummation. On the Effective Date, the Plan will be deemed to be substantially consummated under Sections 1101 and 1127(b) of the Bankruptcy Code.

Section 7.11 Effective Date Fees and Expenses. From and after the Effective Date, the Debtors, if on the Effective Date, or the Liquidation Trustee, if after the Effective Date, will, in the ordinary course of business and without the necessity for Bankruptcy Court approval, pay the reasonable fees and expenses of professional persons retained by the Debtors or the Liquidation Trustee and incurred after the Effective Date, including, without limitation, fees and expenses incurred in connection with the implementation and consummation of the Plan.

Section 7.12 Post- Effective Date Notice Limited. From and after the Effective Date, any person seeking relief from the Bankruptcy Court in the Chapter 11 Cases will be required to provide notice only to the Debtors, the Liquidation Trustee, the United States Trustee, the Plan Sponsor and their respective counsel, to any person whose rights are directly affected by the relief sought, and to other parties in interest who, after entry of the Confirmation Order, file a request for such notice with the clerk of the Bankruptcy Court and serve a copy of such notice on counsel to the Debtors and the Liquidation Trustee.

Section 7.13 Plan Supplement. Any Plan Supplement, acceptable in form and substance to the Debtors and the Plan Sponsor, will be filed with the Clerk of the Bankruptcy Court at least five (5) days prior to the last day on which holders of Claims may vote to accept or reject the Plan.

ARTICLE VIII
PRESERVATION OF CAUSES OF ACTION AND RIGHT TO DEFEND AND CONTEST

Section 8.01 Preservation of Rights. Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by this Plan or the Confirmation Order, nothing, including, but not limited to, the failure of the Debtors to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, will affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Debtors or the Liquidation Trustee with respect to any Claim or Interest, including, but not limited to, all rights of the Debtors or the Liquidation Trustee to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof.

Section 8.02 Rights of Action. Except as otherwise provided in this Plan or the Confirmation Order, in accordance with section 1123(b)(3) of the Bankruptcy Code, the Debtors or the Liquidation Trustee will retain and may exclusively enforce any Retained Actions subject only to any express waiver or release thereof in the Plan or in any other contract, instrument,

release, indenture or other agreement entered into in connection with the Plan, and the Confirmation Order's approval of the Plan will be deemed a res judicata determination of such rights to retain and exclusively enforce such Retained Actions, and none of such Retained Actions is deemed waived, released or determined by virtue of the entry of the Confirmation Order or the occurrence of the Effective Date, notwithstanding that the specific Retained Actions are not identified or described. For the avoidance of doubt, neither the Debtors, the Liquidation Trustee nor any other party will retain the right to dispute any Class 1 Claim after the Effective Date, which Claim, and the treatment thereof, is conclusively provided herein.

Absent an express waiver or release as referenced above, nothing in the Plan will (or is intended to) prevent, estop or be deemed to preclude the Debtors or the Liquidation Trustee from utilizing, pursuing, prosecuting or otherwise acting upon all or any of its Retained Actions and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such Retained Actions upon or after Confirmation, the Effective Date or the consummation of the Plan. By example only, and without limiting the foregoing, the utilization or assertion of a Retained Action, or the initiation of any proceeding with respect thereto against a Person, by the Debtors or the Liquidation Trustee will not be barred (whether by estoppel, collateral estoppel, res judicata or otherwise) as a result of (a) the solicitation of a vote on the Plan from such Person or such Person's predecessor in interest; (b) the Claim, Interest or Administrative Claim of such Person or such Person's predecessor in interest having been listed in a Debtors' Schedules, list of Holders of Interests, or in the Plan, Disclosure Statement or any exhibit thereto; (c) prior objection to or allowance of a Claim or, Interest of the Person or such Person's predecessor in interest; or (d) Confirmation of the Plan.

Notwithstanding any allowance of a Claim, the Debtors and the Liquidation Trustee reserve the right to seek, among other things, to have such Claim disallowed if the Debtors or the Liquidation Trustee, at the appropriate time, determines that they may then have a defense under section 502(d) of the Bankruptcy Code; for example, the Debtors or the Liquidation Trustee hold an Avoidance Action against the Holder of such Claim and such Holder after demand refuses to pay the amount due in respect thereto.

Section 8.03 Setoffs. Except to the extent that any Claim is Allowed, the Debtors or Liquidation Trustee, as applicable, may, but will not be required to, set off against any Claims and the payments or Distributions to be made pursuant to the Plan in respect of such Claims, any and all debts, liabilities, Causes of Action and claims of every type and nature whatsoever which the Estate, the Debtors may have against such Creditors, including, without limitation, any payments remaining due for dues, club charges, initiation deposits or any other amounts due to the Debtors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the Plan or otherwise, will constitute a waiver or release by the Debtors or Liquidation Trustee of any such claims or Causes of Action the Debtors may have against such Creditors, and all such claims and Retained Actions which are not expressly released, conveyed or compromised pursuant to the Plan, will remain with the Debtors on the Effective Date.

Section 8.04 Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and the Liquidation Trustee will have the right, on and after the Effective Date, to File objections to Claims (except those specifically

Allowed by this Plan) and will serve a copy of each such objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than the applicable Claims Objection Deadline. The foregoing deadlines may be extended by order of the Bankruptcy Court. An objection to any Claim will be deemed properly served on the Holder thereof if the Debtors or Liquidation Trustee effects service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Federal Rule of Bankruptcy Procedure 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim or other representative identified in the proof of claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Case.

After the Effective Date, the Debtors or the Liquidation Trustee, as the case may be, may settle or compromise any Disputed Claim without approval of the Bankruptcy Court; provided that (a) the Debtors or the Liquidation Trustee, as the case may be, will promptly File with the Bankruptcy Court a written notice of any settlement or compromise of a Claim that results in an Allowed Claim in excess of $500,000 and (b) the United States Trustee will be authorized to contest the proposed settlement or compromise by Filing a written objection with the Bankruptcy Court and serving such objection on the Debtors or the Liquidation Trustee, as the case may be, within 20 days of the service of the settlement notice. If no such objection is Filed, the applicable settlement or compromise will be deemed final without further action of the Bankruptcy Court.

ARTICLE IX
CONDITIONS TO CONSUMMATION OF THE PLAN

Section 9.01 Confirmation Order. The Confirmation Order will not be entered unless and until all conditions to the entry of the Confirmation Order set forth in the Asset Purchase Agreement have been met or waived.

Section 9.02 Conditions to Effective Date. The Plan will not be consummated, and the Effective Date will not occur, unless and until the following conditions have occurred or been duly waived (if waivable) pursuant to Section 9.03 below:

(a) the Bankruptcy Court will have approved the information contained in the Disclosure Statement as adequate;

(b) the Confirmation Order in form and substance satisfactory to the Debtors and the Plan Sponsor will have been entered and will not be stayed by order of a court of competent jurisdiction;

(c) those holders of Membership Claims opting to become members of New ClubCo will be sufficient in number to generate over a projected twelve month period an amount equal to the New ClubCo Dues Revenues.

(d) All Allowed Claims (i) in any Class that is the subject of the Claims Caps, (ii) any unclassified claims and (iii) the Cure Amounts, in the aggregate, will not exceed 100% of the Claim Caps, in the aggregate.

(e) all conditions precedent to the obligations of the Debtors and the Plan Sponsor under the Asset Purchase Agreement have occurred or have been waived;

(f) the transactions contemplated in the Asset Purchase Agreement, as well as the subsequent transfer to the Indenture Trustee SPE, have been consummated (which condition may not be waived without the express consent of the Indenture Trustee);

(g) the Bankruptcy Court will have entered an order (contemplated to be part of the Confirmation Order) authorizing and directing the Debtors to take all actions necessary or appropriate to enter into, implement, and consummate the documents created, amended, supplemented, modified or adopted in connection with the Plan;

(h) all authorizations, consents and regulatory approvals required, if any, in connection with the Plan's effectiveness will have been obtained;

(i) the Debtors will have appointed the Liquidation Trustee, the Liquidating Trust Agreement and the other Liquidating Trust Documents will have been executed, and the Liquidating Trust will have received the General Unsecured Creditors Fund, the Administrative Convenience Claims Fund, the Rejecting Club Members Fund, the Post-Effective Date Plan Sponsor Funding from the Plan Sponsor, and an assignment from the Debtors of the Retained Actions; and

(j) no order of a court will have been entered and will remain in effect restraining the Debtors from consummating the Plan.

Section 9.03 Waiver of Conditions. The conditions to consummation in Section 9.02 (other than 9.02(a), (b) and (f)) may be waived at any time by a writing signed by an authorized representative of each of the Debtors and the Plan Sponsor without notice or order of the Bankruptcy Court or any further action other than proceeding to consummation of the Plan.

Section 9.04 Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the Plan. In the event that one or more of the conditions specified in Section 9.02 of the Plan have not occurred (or been waived), upon notification submitted by the Debtors to the Bankruptcy Court: (a) the Confirmation Order, automatically and without further order of the Bankruptcy Court, will be, and will be deemed, vacated, null and void, with no force or legal effect whatsoever; (b) no Distributions under the Plan will be made; (c) all Property of the Estate will revest in the Debtors' Estates; (d) the Debtors and all Holders of Claims and Interests will be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred; (e) the Asset Purchase Agreement will become null and void; and (f) the Debtors' obligations with respect to the Claims and Interests will remain unchanged and nothing contained herein will constitute or be deemed a waiver or release of any Claims or Interests by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors.

ARTICLE X
EFFECTS OF CONFIRMATION

Section 10.01 Injunction.

(a) Claims and Interests. ***EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED BY THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, THE ENTRY OF THE CONFIRMATION ORDER WILL, PROVIDED THAT THE EFFECTIVE DATE OCCURS, PERMANENTLY ENJOIN ALL PERSONS THAT HAVE HELD, CURRENTLY HOLD OR MAY HOLD A CLAIM OR OTHER DEBT OR LIABILITY OR AN INTEREST OR OTHER RIGHT OF AN EQUITY SECURITY HOLDER THAT IS IMPAIRED OR TERMINATED PURSUANT TO THE TERMS OF THE PLAN FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST THE DEBTORS, THE LIQUIDATING TRUST, THE LIQUIDATION TRUSTEE, OR THE PROPERTY OF ANY OF THE FOREGOING ON ACCOUNT OF ANY SUCH CLAIMS, DEBTS OR LIABILITIES OR SUCH TERMINATED INTERESTS OR RIGHTS: (A) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND; (B) ENFORCING, LEVYING, ATTACHING, COLLECTING OR OTHERWISE RECOVERING IN ANY MANNER OR BY ANY MEANS, WHETHER DIRECTLY OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE OR ORDER; (C) CREATING, PERFECTING OR ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY LIEN OR ENCUMBRANCE OF ANY KIND; (D) ASSERTING ANY SETOFF, OFFSET, RIGHT OF SUBROGATION OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY, AGAINST ANY DEBT, LIABILITY OR OBLIGATION DUE TO ANY OF THE DEBTORS; AND (E) PROCEEDING IN ANY MANNER IN ANY PLACE WHATSOEVER, INCLUDING EMPLOYING ANY PROCESS, THAT DOES NOT CONFORM TO OR COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER, THAT THIS INJUNCTION WILL NOT APPLY TO (A) ANY CLAIMS CREDITORS MAY ASSERT UNDER THE PLAN TO ENFORCE THEIR RIGHTS THEREUNDER TO THE EXTENT PERMITTED BY THE BANKRUPTCY CODE OR (B) ANY CLAIMS CREDITORS OR OTHER THIRD PARTIES MAY HAVE AGAINST EACH OTHER, WHICH CLAIMS ARE NOT RELATED TO THE DEBTORS, IT BEING UNDERSTOOD, HOWEVER, THAT ANY DEFENSES, OFFSETS OR COUNTERCLAIMS OF ANY KIND OR NATURE WHATSOEVER WHICH THE DEBTORS MAY HAVE OR ASSERT IN RESPECT OF ANY OF THE CLAIMS OF THE TYPE DESCRIBED IN (A) OR (B) OF THIS PROVISO ARE FULLY PRESERVED***.

(b) Released Claims. ***AS OF THE EFFECTIVE DATE, THE CONFIRMATION ORDER WILL CONSTITUTE AN INJUNCTION PERMANENTLY ENJOINING ANY PERSON THAT HAS HELD, CURRENTLY HOLDS OR MAY HOLD A CLAIM, DEMAND, DEBT, RIGHT, CAUSE OF ACTION OR LIABILITY THAT IS RELEASED PURSUANT TO THE PLAN FROM ENFORCING OR ATTEMPTING TO ENFORCE ANY SUCH CLAIM, DEMAND, DEBT, RIGHT, CAUSE OF ACTION OR LIABILITY AGAINST (I)***

ANY DEBTOR, (II) THE LIQUIDATING TRUST, (III) ANY RELEASEE, (IV) ANY D&O RELEASEE, OR (V) ANY EXCULPATED PERSON, OR ANY OF ITS PROPERTY, BASED ON, ARISING FROM OR RELATING TO, IN WHOLE OR IN PART, ANY ACT, OMISSION, OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE WITH RESPECT TO OR IN ANY WAY RELATING TO THE CHAPTER 11 CASE, ALL OF WHICH CLAIMS, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES WILL BE DEEMED RELEASED ON AND AS OF THE EFFECTIVE DATE; PROVIDED, HOWEVER, THAT WITH RESPECT TO THE FORMER DIRECTORS, OFFICERS AND EMPLOYEES OF THE DEBTORS, THIS INJUNCTION WILL APPLY ONLY TO THE ENFORCEMENT OF CLAIMS, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES WITH RESPECT TO WHICH SUCH FORMER DIRECTORS, OFFICERS AND EMPLOYEES WOULD BE ENTITLED TO INDEMNIFICATION FROM THE DEBTORS UNDER CONTRACT OR LAW; AND, PROVIDED FURTHER, HOWEVER, THAT THIS INJUNCTION WILL NOT APPLY TO (A) ANY CLAIMS CREDITORS MAY ASSERT UNDER THE PLAN TO ENFORCE THEIR RIGHTS THEREUNDER TO THE EXTENT PERMITTED BY THE BANKRUPTCY CODE OR (B) ANY CLAIMS CREDITORS OR OTHER THIRD PARTIES MAY HAVE AGAINST EACH OTHER, WHICH CLAIMS ARE NOT RELATED TO THE DEBTORS, IT BEING UNDERSTOOD, HOWEVER, THAT ANY DEFENSES, OFFSETS OR COUNTERCLAIMS OF ANY KIND OR NATURE WHATSOEVER WHICH THE DEBTORS MAY HAVE OR ASSERT IN RESPECT OF ANY OF THE CLAIMS OF THE TYPE DESCRIBED IN (A) OR (B) OF THIS PROVISO ARE FULLY PRESERVED. ANY RELEASES OF JAMES B. ANTHONY, LUCAS ANTHONY OR TIMOTHY CHERRY ARE EACH CONDITIONED UPON THE SATISFACTION BY JAMES B. ANTHONY OF THE FOLLOWING: (A) HE BECOMES A D&O RELEASEE; AND (B) HE AND ANY NON-DEBTOR AFFILIATES HE DIRECTLY OR INDIRECTLY OWNS OR CONTROLS: (I) WAIVE AND RELEASE ANY AND ALL CLAIMS OF ANY KIND AGAINST THE DEBTORS; (II) TRANSFER AND CONVEY TO THE DEBTORS OR TO THE PLAN SPONSOR ALL REAL PROPERTY, PERSONAL PROPERTY AND OTHER ASSETS USED BY THE DEBTORS, OR NECESSARY TO OPERATE THE BUSINESSES OF THE DEBTORS, OR WHICH IS NECESSARY TO SATISFY ANY CONDITION PRECEDENT UNDER THE PLAN OR THE ASSET PURCHASE AGREEMENT; (III) FULLY COOPERATE WITH THE TRANSFER OF THE ACQUIRED ASSETS, THE SALE AND THE ORDERLY TRANSITION OF THE DEBTORS' BUSINESSES TO THE PLAN SPONSOR; (IV) DO NOT OBJECT TO OR OPPOSE CONFIRMATION OF THE PLAN; (V) VOTE TO ACCEPT THE PLAN TO THE EXTENT HE OR ANY OF THEM HOLD A CLAIM ENTITLED TO VOTE, AND (VI) OTHERWISE COOPERATE FULLY WITH THE CONSUMMATION OF THE PLAN.

Section 10.02 Exculpation. None of the Debtors, the Liquidation Trustee, or any Exculpated Person, nor any of their respective members, employees, officers, directors, agents, advisors, attorneys, or financial advisers, will have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of its agents, employees, representatives, financial advisors, attorneys or affiliates or any of their successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, filing, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating this Plan, or the Property to be distributed under this

Plan, including all activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases, provided, however, that the foregoing exculpation will not apply to any act of gross negligence or willful misconduct, and in all respects they will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. The entry of the Confirmation Order will constitute the determination by the Bankruptcy Court that the Debtors, the CRO, the Committee, the Indenture Trustee, the DIP Lender, the Plan Sponsor, and each of their respective members, employees, officers, directors, agents, advisors, attorneys, and financial advisers will have acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code pursuant to, among others, Sections 1125(e) and 1129(a)(3) of the Bankruptcy Code, with respect to the foregoing. Nothing herein will be construed, however, to relieve the Debtors, the Liquidation Trustee, the Plan Sponsor, or any other party, from performing its respective obligations under the Plan. Any exculpation of James B. Anthony, Lucas Anthony or Timothy Cherry are each conditioned upon the satisfaction by James B. Anthony of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan. For the avoidance of doubt, the execution and delivery by the CRO on behalf of the Debtors of any documents contemplated under the Plan is only in her representative capacity and not individually, and neither she nor GGG shall have any liability thereunder.

Section 10.03 Releases.

(a) Releases by Debtors. (i) Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, each in its individual capacity and as Debtors in possession, will be deemed to have forever released, and waived the Releasees and the D&O Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or the Liquidation Trustee to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan; provided, however, that (a)

no Releasee or D&O Releasee will be released from any Claims, obligations, suits, judgments, debts or Causes of Action arising out of or in connection with indebtedness for money borrowed by any such person from the Debtors; and (b) no Cause of Action against any insurer arising out of or relating to matters for which the Debtors would otherwise be liable or suffer an insurable loss will be released, including without limitation, any Cause of Action against the Debtors' directors and officers insurance carrier(s). For the avoidance of doubt, any releases of James B. Anthony, Lucas Anthony or Timothy Cherry are each conditioned upon the satisfaction by James B. Anthony of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan.

(b) Releases by Holders of Claims and Interests. Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, to the fullest extent permitted under applicable law, in consideration for the obligations of the Persons set forth below under the Plan and, if applicable, the Cash, securities, contracts, releases and other agreements or documents to be delivered in connection with the Plan, each Holder of a Claim or Interest who votes in favor of the Plan or is presumed to have voted in favor of the Plan pursuant to section 1126(f) of the Bankruptcy Code will be deemed to have forever waived and released (i) the Debtors, (ii) the Liquidation Trustee, (iii) the Liquidating Trust, (iv) the Releasees, and (v) the D&O Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of such Holders of Allowed Claims under the Plan to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan; provided, however, that this Section 10.03(b) will not release any Releasees or the D&O Releasees from any Causes of Action held by a Governmental Unit existing as of the Effective Date based on (i) any criminal laws of the United States or any domestic state, city or municipality or (ii) sections 1104-1109 and 1342(d) of ERISA. For the avoidance of doubt, James B. Anthony is not being released by unless: (a) he becomes a D&O Releasee; and (b) he and any non-debtor Affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; and (iii) fully cooperate with the transfer of the Acquired Assets, the Sale

and the orderly transition of the Debtors' businesses to the Plan Sponsor. Any releases of James B. Anthony, Lucas Anthony or Timothy Cherry (pursuant to this Plan Section 10.03(b)) are each conditioned upon the satisfaction by James B. Anthony of the following: (a) he becomes a D&O Releasee; and (b) he and any non-Debtor affiliates he directly or indirectly owns or controls: (i) waive and release any and all claims of any kind against the Debtors; (ii) transfer and convey to the Debtors or to the Plan Sponsor all real property, personal property and other assets used by the Debtors, or necessary to operate the businesses of the Debtors, or which is necessary to satisfy any condition precedent under the Plan or the Asset Purchase Agreement; (iii) fully cooperate with the transfer of the Acquired Assets, the Sale and the orderly transition of the Debtors' businesses to the Plan Sponsor; (iv) do not object to or oppose confirmation of the Plan; (v) vote to accept the Plan to the extent he or any of them hold a Claim entitled to vote, and (vi) otherwise cooperate fully with the consummation of the Plan.

Section 10.04 Other Documents and Actions. The Debtors are authorized to execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan, provide such actions and documents are reasonably acceptable in form and substance to the Plan Sponsor.

Section 10.05 Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order or other court order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105(a) or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date.

Section 10.06 Preservation of Insurance. Except as necessary to be consistent with the Plan, the Plan will not diminish or impair (a) the enforceability of insurance policies that may cover Claims against the Debtors or any other Person or Entity or (b) the continuation of workers' compensation programs in effect, including self-insurance programs.

Section 10.07 Guaranties. Notwithstanding the existence of guaranties by the Debtors of obligations of any Entity or Entities, and the Debtors' joint obligations with another Entity or Entities with respect to the same obligations, all Claims against the Debtors based upon any such guaranties will be satisfied and released in the manner provided in this Plan and the Holders of Claims will be entitled to only one Distribution with respect to any given obligation of any of the Debtors.

Section 10.08 Subordination Rights. ***ANY DISTRIBUTIONS UNDER THE PLAN WILL BE RECEIVED AND RETAINED FREE OF AND FROM ANY OBLIGATIONS TO HOLD OR TRANSFER THE SAME TO ANY OTHER CREDITOR, AND WILL NOT BE SUBJECT TO LEVY, GARNISHMENT, ATTACHMENT OR OTHER LEGAL PROCESS BY ANY HOLDER BY REASON OF CLAIMED CONTRACTUAL SUBORDINATION RIGHTS, WHICH RIGHTS WILL BE WAIVED AND THE CONFIRMATION ORDER WILL CONSTITUTE AN INJUNCTION ENJOINING ANY PERSON FROM ENFORCING OR ATTEMPTING TO ENFORCE ANY CONTRACTUAL, LEGAL OR EQUITABLE SUBORDINATION RIGHTS TO PROPERTY DISTRIBUTED UNDER THE PLAN, IN EACH CASE OTHER THAN AS PROVIDED IN THE PLAN***.

Section 10.09 Avoidance and Recovery Actions Preserved. From and after the Effective Date, the Debtors will have the right to prosecute any avoidance, equitable subordination, or recovery Cause of Action arising under Sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code that belongs to the Debtors and has not been expressly compromised, settled, or released pursuant to Article X, Section 10.06 or any other provision of the Plan, or by an order of the Bankruptcy Court entered prior to the Confirmation Date, or assigned to the Liquidating Trust under the Plan.

Section 10.10 Other Causes of Action Preserved. Except for any Cause of Action that has been expressly compromised, settled, or released pursuant to the Plan or an order of the Bankruptcy Court entered prior to the Confirmation Date, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any right or Cause of Action that the Debtors may have, or which the Debtors may choose to assert on behalf of the Estates pursuant to any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including (a) any claim against any person or entity, to the extent that such person or entity asserts a cross-claim, counterclaim, and/or Claim for setoff seeking affirmative relief against the Debtors or their officers, directors, or representatives; and (b) the turnover of any property of the Estates. Nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any claim, Cause of Action, right of setoff, or other legal or equitable defense which the Debtors had immediately prior to the Petition Date against or with respect to any Claim left unimpaired by the Plan. The Debtors will have, retain, reserve, and be entitled to assert all such claims, Causes of Action, rights of setoff, and other legal or equitable defenses that any of them had immediately prior to the Petition Date as if the Cases had not been commenced and all of the Debtors' legal and equitable rights respecting any Claim left unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Cases had not been commenced. **EXCEPT FOR ANY CAUSE OF ACTION THAT HAS BEEN EXPRESSLY COMPROMISED, SETTLED, OR RELEASED PURSUANT TO THE PLAN OR AN ORDER OF THE COURT ENTERED PRIOR TO THE CONFIRMATION DATE, ALL CLAIMS AND CAUSES OF ACTION OF THE DEBTORS AND THEIR ESTATES WILL SURVIVE CONFIRMATION, AND THE ASSERTION OF CLAIMS AND CAUSES OF ACTION BY THE DEBTORS OR THE LIQUIDATION TRUSTEE WILL NOT BE BARRED OR LIMITED BY ANY ESTOPPEL, WHETHER JUDICIAL, EQUITABLE, OR OTHERWISE.**

Section 10.11 Causes of Action Retained by Debtors or Assigned to the Liquidating Trust. From and after the Effective Date, because the Debtors will have assigned the Retained Actions to the Liquidating Trust, the Liquidation Trustee will have the right to prosecute any avoidance, equitable subordination or recovery Cause of Action arising under Sections 105, 502(d), 510, 542-551, and 553 of the Bankruptcy Code that belonged to any of the Debtors as of the Effective Date and has not been expressly compromised, settled, or released pursuant to the Plan or an order of the Bankruptcy Court entered prior to the Confirmation Date. Except for any Cause of Action that has been expressly compromised, settled, or released pursuant to the Plan or an order of the Bankruptcy Court entered prior to the Confirmation Date, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any right or Cause of Action that the Debtors or the Liquidating Trustee may have, or which the Liquidating Trustee may choose to assert on behalf of the Liquidating Trust

beneficiaries pursuant to any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation (a) any claim against any person or entity, to the extent that such person or entity asserts a cross-claim, counterclaim, and/or Claim for setoff seeking affirmative relief against the Debtors, or their officers, directors, or representatives; (b) the turnover of any property of the Estates; and (c) Causes of Action against current or former directors, shareholder, officers, professionals, and other persons relating to acts or omissions occurring on or prior to the Petition Date.

Section 10.12 No Successor Liability. Except as otherwise expressly provided in the Plan or the Asset Purchase Agreement, the Debtors, the Liquidation Trustee, and the Plan Sponsor do not, pursuant to the Plan or otherwise, assume, agree to perform, pay, or indemnify or otherwise have any responsibilities for any liabilities or obligations of the Debtors or any other party relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, on, or after the Effective Date. The Liquidating Trust, the Liquidation Trustee, and the Plan Sponsor are not, and will not be, successors to the Debtors by reason of any theory of law or equity, and none will have any successor or transferee liability of any kind or character, except that the Liquidation Trustee and the Liquidating Trust will assume the obligations specified in the Plan, the Liquidating Trust Agreement, the other Liquidating Trust Documents, and the Confirmation Order and the Plan Sponsor will assume the obligations specified in the Asset Purchase Agreement.

Without limiting the generality of the foregoing, and in conjunction with Section 12.13 of the Plan, the transfer of the Acquired Assets to the Plan Sponsor and its contribution thereof to the Indenture Trustee SPE and lease of the Acquired Assets to the Plan Sponsor or to any of its Affiliates as contemplated in the Plan is exempt from taxation under applicable State law. Upon the payment of the Purchase Price by the Plan Sponsor pursuant to the Asset Purchase Agreement, any obligation or liability Plan Sponsor or any of its Affiliates may have under any applicable Law to withhold, deduct or deposit any amount from the Purchase Price and any obligation or liability Plan Sponsor or any of its Affiliates may have under any applicable Law as successor or transferee for Taxes of any Debtor or any Affiliate of any Debtor will be satisfied and Plan Sponsor and its Affiliates will hereby be release and discharged from any such obligation or liability. The Acquired Assets transferred to Plan Sponsor or any of its Affiliates as contemplated by the Asset Purchase Agreement will be free and clear from, and will not be subject to, any Liens for or arising from any Tax delinquencies or deficiencies of any Debtor or any Affiliate of any Debtor. Any bank account designated in writing by the Debtors pursuant to the Asset Purchase Agreement will be approved by the Bankruptcy Court to be an account in which the Purchase Price may be deposited, and all amounts deposited therein by the Plan Sponsor will be distributed only pursuant to the Plan and Confirmation Order.

Section 10.13 Allocation of Plan Distributions between Principal and Interest. To the extent that any Claim scheduled to receive a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution will be allocated to the principal amount of the Claim (as determined for federal income tax purposes) first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

ARTICLE XI
RETENTION OF JURISDICTION

Section 11.01 Exclusive Jurisdiction of Bankruptcy Court. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain after the Effective Date and until the Chapter 11 Cases are closed, exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

(a) classify or establish the priority or secured or unsecured status of any Claim (whether Filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim pursuant to the Plan;

(b) grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 328, 330, 331 or 503(b) of the Bankruptcy Code or otherwise provided for in the Plan, for periods ending on or before the Effective Date;

(c) determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtors is a party or with respect to which any Debtors may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

(d) ensure that all payments due under the Plan and performance of the provisions of the Plan are accomplished as provided herein and resolve any issues relating to Distributions to Holders of Allowed Claims pursuant to the provisions of the Plan;

(e) construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, including, without limitation, the Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the Plan and protection of the Debtors or the Liquidation Trustee in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;

(f) determine and resolve any case, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the Plan (and all Exhibits to the Plan and a Plan Supplement) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;

(g) hear any application of the Debtors or the Liquidation Trustee to modify the Plan after the Effective Date pursuant to section 1127 of the Bankruptcy Code and Section 12.04 hereof or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile

any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code and the Plan;

(h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

(i) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(j) determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order, the Liquidating Trust, or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, except as otherwise provided in the Plan;

(k) determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(l) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;

(m) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Liquidating Trust;

(n) enter one or more Final Decrees closing each of the Chapter 11 Cases;

(o) determine and resolve any and all controversies relating to the rights and obligations of the Liquidation Trustee in connection with the Chapter 11 Cases;

(p) allow, disallow, determine, liquidate or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);

(q) permit the Debtors (and the Liquidation Trustee, to the extent provided for in the Plan, or the Liquidating Trust Agreement) to recover all assets of the Debtors and Property of their Estates, wherever located;

(r) hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtors or the Debtors' Estates arising prior to the Effective Date or relating to the period of administration of

the Chapter 11 Case, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(s) hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, Filed or commenced after the Effective Date that may be commenced by the Liquidation Trustee thereafter, including Retained Actions, proceedings with respect to the rights of the Liquidation Trustee to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Debtors may have had;

(t) to consider and act on the compromise of any Claim against, or Interest in, the Debtor, or any Cause of Action asserted on behalf of the Debtors' Estates; provided, however, that there will be no requirement that the Debtors or the Liquidation Trustee seek Bankruptcy Court approval of compromises and settlements except as provided herein; and

(u) hear any other matter not inconsistent with the Bankruptcy Code.

Section 11.02 Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtors, including with respect to the matters set forth above in Section 11.01 hereof, this Article XI will not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

ARTICLE XII
MISCELLANEOUS PROVISIONS

Section 12.01 Binding Effect of Plan. The provisions of the Plan will be binding upon and inure to the benefit of the Debtors, the Estates, the Debtors, the Liquidation Trustee, the Liquidating Trust, the Plan Sponsors, any Holder of any Claim or Interest treated herein or any Person named or referred to in the Plan, and each of its heirs, executors, administrators, representatives, predecessors, successors, assigns, agents, officers and directors, and, to the fullest extent permitted under the Bankruptcy Code and other applicable law, each other Person affected by the Plan.

Section 12.02 Withdrawal of the Plan. The Debtors reserve the right (subject to the consent of the Plan Sponsor), at any time prior to Confirmation of the Plan, to withdraw the Plan. If the Plan is withdrawn, the Plan will be null and void and have no force and effect. In such event, nothing contained herein will be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtor.

Section 12.03 Final Order. Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtors or, after the Effective Date, the Liquidation Trustee upon written notice to the Bankruptcy Court. No such waiver will prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

Section 12.04 Modification of the Plan. The Debtors may alter, amend or modify the Plan in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date, provided any such modification will be acceptable in form and substance to the Plan Sponsor. After the Confirmation Date and prior to the substantial consummation of the Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Debtors may, subject to the consent of the Plan Sponsor and so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings will be served in accordance with Bankruptcy Rules 2002 and 9014.

Section 12.05 Business Days. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

Section 12.06 Severability. Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision of the Plan is either illegal on its face or illegal as applied to any Claim or Interest, such provision will be unenforceable as to all Holders of Claims or Interests or to the specific Holder of such Claim or Interest, as the case may be, as to which such provision is illegal. Unless otherwise determined by the Bankruptcy Court, such a determination of unenforceability will in no way limit or affect the enforceability and operative effect of any other provision of the Plan. The Debtors reserve the right not to proceed with Confirmation or consummation of the Plan if any such ruling occurs.

Section 12.07 Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR BANKRUPTCY RULES OR OTHER FEDERAL LAWS ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE, INDENTURE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PLAN, THE CONSTRUCTION, IMPLEMENTATION AND ENFORCEMENT OF THE PLAN AND ALL RIGHTS AND OBLIGATIONS ARISING UNDER THE PLAN WILL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES WHICH WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE STATE OF DELAWARE; PROVIDED, HOWEVER, THAT THE LAW OF THE STATE IN WHICH COLLATERAL IS LOCATED MAY GOVERN PERFECTION OF AND RECOVERY UPON THAT COLLATERAL.

Section 12.08 Dissolution of Committee. On the Effective Date, the Committee will be automatically dissolved and all of its members, Professionals and agents will be deemed released of their duties, responsibilities and obligations, and will be without further duties, responsibilities and authority in connection with the Debtors, the Chapter 11 Cases, the Plan or its implementation.

Section 12.09 Post-Confirmation Operating Reports. The Consolidated Debtors will file post-Confirmation operating reports on a consolidated basis as required by the United States Trustee until such time as a Final Decree or other order is entered under section 350(a) of the Bankruptcy Code closing the Chapter 11 Cases.

Section 12.10 Notices. Any notice required or permitted to be provided under this Plan to the Debtors, or any request for information with respect to the Plan, will be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

To the Debtors and to the Liquidating Trustee

The Cliffs Club & Hospitality Group, Inc.
3598 Highway 11
Travelers Rest, South Carolina 29690
Attn: Katie Goodman, CRO and Liquidation Trustee
Telephone: 404 293-0137
Facsimile: 404 256-4555

With a copy to:

McKenna Long & Aldridge LLP
303 Peachtree Street, Suite 5300
Atlanta, GA 30308
Attn: Gary W. Marsh
Telephone: 404 527-4150
Facsimile: 404 527-4198

To the Plan Sponsor:

Cliffs Club Partners, LLC
c/o John Monaghan
Holland & Knight
10 St. James Avenue, 11th Floor
Boston, MA 02116
Telephone: 617-573-5834
Facsimile: 617-523-6850

and

The Carlile Group, LLC
c/o Bill Rothschild
Ogier, Rothschild, Rosenfeld & Ellis-Monro, P.C.
170 Mitchell Street, S.W.
Atlanta, GA 30303
Telephone: 404 525 4000

Facsimile: 404 526 8855

With a copy to:

Nexsen Pruet, LLC
P.O. Drawer 2426
Columbia, SC 29202-2426
Attn: Julio E. Mendoza, Jr. Esq.
Telephone: 803-540-2026
Facsimile: 803-727-1478

Section 12.11 Filing of Additional Documents. On or before substantial consummation of the Plan, the Debtors may issue, execute, deliver, and File with the Bankruptcy Court or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the Plan, provided such documents will be acceptable in form and substance to the Plan Sponsor.

Section 12.12 Section 1125 of the Bankruptcy Code. The Debtors and the Plan Sponsor have, and upon Confirmation of the Plan will be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and the Debtors and the Plan Sponsor (and each of their respective Affiliates, officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and Professionals), have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of the securities offered and sold under the Plan, and are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer, issuance, sale, or purchase of the securities offered and sold under the Plan.

Section 12.13 Section 1146 Exemption. To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, if any, or the execution, delivery or recording of an instrument of transfer under the Plan, or the revesting, transfer or sale of any real or other Property of or to the Debtors, the Plan Sponsor or its designee, the Indenture Trustee SPE, or the Liquidating Trust, will not be taxed under any state or local law imposing a document recording tax, stamp tax, conveyance fee, sales tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or fee or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded will, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax.

Section 12.14 Section 1145 Exemption. Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and Distribution of the modified Notes, the New Club Membership Agreement and interests in the Liquidating Trust will be exempt from, among other things, the

registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, Distribution, or sale of memberships under the New Club Membership Agreement.

Section 12.15 Time. Unless otherwise specified herein, in computing any period of time prescribed or allowed by the Plan, the day of the act or event from which the designated period begins to run will not be included. The last day of the period so computed will be included, unless it is not a Business Day, in which event the period runs until the end of next succeeding day that is a Business Day. Otherwise, the provisions of Bankruptcy Rule 9006 will apply.

Section 12.16 No Attorneys' Fees. No attorneys' fees will be paid by the Debtors with respect to any Claim or Interest except as expressly specified herein or by order of the Bankruptcy Court.

Section 12.17 No Injunctive Relief. No Claim or Interest will under any circumstances be entitled to specific performance or other injunctive, equitable or other prospective relief.

Section 12.18 Continued Confidentiality Obligations. Pursuant to the terms thereof, members of and advisors to any Committee, any other Holder of a Claim or Interest, and its predecessors, successors and assigns will continue to be obligated and bound by the terms of any confidentiality agreement executed by them in connection with these Chapter 11 Cases or the Debtors, to the extent that such agreement, by its terms, may continue in effect after the Confirmation Date.

Section 12.19 No Admissions or Waivers. Notwithstanding anything herein to the contrary, nothing contained in the Plan will be deemed an admission or waiver by the Debtors with respect to any matter set forth herein, including, without limitation, liability on any Claim or Interest or the propriety of any classification of any Claim or Interest.

Section 12.20 Entire Agreement. The Plan (and all Exhibits to the Plan and any Plan Supplement) sets forth the entire agreement and undertakings relating to the subject matter hereof and supersedes all prior discussions and documents. The Debtors will not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

Section 12.21 Waiver. The Debtors reserve the right to waive any provision of this Plan (with the consent of the Plan Sponsor) to the extent such provision is for the sole benefit of the Debtors and/or their officers or directors.

Section 12.22 Confirmation of Plans for Separate Debtors. In the event the Debtors are unable to confirm this Plan with respect to all Debtors, the Debtors reserve the right, unilaterally and unconditionally, to proceed with this Plan with respect to any Debtor for which the confirmation requirements of the Bankruptcy Code are met.

Section 12.23 Name Change. No later than five (5) Business Days following the Closing Date, each Debtor will (a) amend its governing documents and take all other actions necessary to

change its name to one that does not include, and is not similar to the term "Cliffs" or any other name included as part of the intellectual property; and (b) take all actions requested by the Plan Sponsor to enable Plan Sponsor, if so desired, to change its name to one utilizing the "Cliffs" name or something similar, and (c) will provide the Plan Sponsor reasonable documentation confirming the foregoing required name changes.

CONFIRMATION REQUEST

The Debtors hereby request confirmation of the Plan pursuant to section 1129(a) or section 1129(b) of the Bankruptcy Code.

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The Cliffs Club & Hospitality Group, Inc.

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

CCHG Holdings, Inc.

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Mountain Park Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Keowee Vineyards Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Walnut Cove Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Keowee Falls Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Keowee Springs Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at High Carolina Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs at Glassy Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

The Cliffs Valley Golf & Country Club, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

Cliffs Club & Hospitality Service Company, LLC
By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: _____
Name: Katie S. Goodman
Title: Chief Restructuring Officer

(The remainder of this page left blank intentionally.)

Cliffs Club Partners, LLC

By: _____
Name: Steve B. Carlile
Title: _____

Plan Sponsor

(The remainder of this page left blank intentionally.)

Dated: June 30, 2012

Respectfully submitted,

/s/ Däna Wilkinson
Däna Wilkinson
District Court I.D. No. 4663
LAW OFFICE OF DÄNA WILKINSON
365-C East Blackstock Road
Spartanburg, SC 29301
864.574.7944 (Telephone)
864.574.7531 (Facsimile)
danawilkinson@danawilkinsonlaw.com

-and-

/s/ J. Michael Levengood
Gary W. Marsh
Georgia Bar No. 471290
J. Michael Levengood
Georgia Bar No. 447934
Bryan E. Bates
Georgia Bar No. 140856

MCKENNA LONG & ALDRIDGE LLP
303 Peachtree Street, Suite 5300
Atlanta, Georgia 30308
404-527-4000 (phone)
404-527-4198 (fax)
gmarsh@mckennalong.com
mlevengood@mckennalong.com
bbates@mckennalong.com

Attorneys for Debtors and Debtors in Possession

HOLLAND & KNIGHT

/s/ John Monaghan
John Monaghan
10 St. James Avenue, 11th Floor
Boston, MA 02116
Telephone: (617) 523-5834
Facsimile: (617) 523-6850

and

NEXSEN PRUET, LLC

/s/ Julio E. Mendoza, Jr.
Julio E. Mendoza, Jr.
1230 Main Street, Suite 700
Columbia, SC 29201
Telephone: (803) 771-8900
Facsimile: (803) 727-1478

Attorneys for Cliffs Club Partners, LLC, Plan Sponsor

Exhibit 1

SCHEDULE OF ASSUMED CONTRACTS

Exhibit 1

Schedule of Assumed Contracts

Counterparty	Contract Description	Date of Contract	Cure Amount
ADT Security Services, Inc.	Security contract for Vineyards clubhouse	November 9, 2005	$0.00
ADT Security Services, Inc.	Security contract for Valley clubhouse	January 31, 2006	$0.00
ADT Security Services, Inc.	Security contract for Glassy golf maintenance equipment	February 7, 2006	$0.00
ADT Security Services, Inc.	Security contract for Glassy clubhouse	February 7, 2006	$0.00
ADT Security Services, Inc.	Security contract for Valley wellness center	February 7, 2006	$0.00
ADT Security Services, Inc.	Security contract for Valley general maintenance	February 7, 2006	$0.00
ADT Security Services, Inc.	Security contract for Valley nature center	February 7, 2006	$0.00
ADT Security Services, Inc.	Security contract for golf maintenance equipment	May 25, 2006	$0.00
ADT Security Services, Inc.	Security contract for Vineyards marina	May 25, 2006	$0.00
ADT Security Services, Inc.	Security contract for Vineyards golf maintenance	May 25, 2006	$0.00
ADT Security Services, Inc.	Security contract for Vineyards equestrian center	May 25, 2006	$0.00
ADT Security Services, Inc.	Security contract for Vineyards wellness center	May 25, 2006	$0.00
ADT Security Services, Inc.	Security contract for Vineyards lakehouse	May 25, 2006	$0.00
ADT Security Services, Inc.	Security contract contract for clubhouse	March 23, 2007	$0.00
ADT Security Services, Inc.	Security contract for golf maintenance equipment	July 25, 2007	$0.00
ADT Security Services, Inc.	Security contract for turnhouse	June 16, 2008	$0.00
ADT Security Services, Inc.	Security contract for wellness center	July 14, 2008	$0.00
ADT Security Services, Inc.	Security contract for temporary clubhouse	July 2, 2009	$0.00
ADT Security Services, Inc.	Security contract for golf maintenance equipment	July 2, 2009	$0.00
ADT Security Services, Inc.	Security contract for Glassy wellness	February 7, 2006	$6,351.58
Allora Design Environment	Design agreement	November 16, 2010	$0.00
Allora, LLC	Architectural Design Fees Agreement	August 20, 2010	$0.00
Alsco	Agreement	n/a	$47,594.52
American Bankers Insurance Company of Florida	Equestrian umbrella policy	July 15, 2011	$0.00
American Bankers Insurance Company of Florida	Equestrian general liability insurance policy	July 18, 2011	$0.00
Ameritas Life Insurance Corp.	Certificate and Summary Plan Group Dental Insurance	December 1, 2011	$0.00
Aquarius II, Inc.	Construction contract for irrigation system, practice area and driving range	September 15, 2010	$0.00
Assurant Employee Benefits	Union Security Insurance Agreement	January 1, 2011	$0.00
Blue Choice Health Plan South Carolina	Master Group Contract	December 1, 2011	$0.00
Brett Kist	Deferred compensation arrangement	April 30, 2010	$0.00
CBR Horses Inc.	Management agreement for equestrian center	October 1, 2011	$0.00
Cliffs Club & Hospitality Group, Inc.	Contract for Services	February 15, 2010	$0.00
Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
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Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
Cliffs Club & Hospitality Service Company, LLC	Contract for Services	February 15, 2010	$0.00
Cliffs Management Services, LLC	Contract for Services	April 30, 2010	$0.00
Cliffs Valley Country Club, Inc.	Lease Agreement	December 31, 2009	$0.00
Coca Cola Bottling Consolidated	Rebate contract for product purchases	November 1, 2010	$0.00
County Bank Trust Services	Administration agreement for employee benefit plan (IRA)	April 30, 2010	$16,500.00
David Sawyer	Deferred compensation arrangement	April 30, 2010	$0.00

Exhibit 1

Schedule of Assumed Contracts

Counterparty	Contract Description	Date of Contract	Cure Amount
Duke Energy	Slip lease	Annual	$17,760.00
Duke Energy	Slip lease	Annual	$21,960.00
Duke Energy	Slip lease	Annual	$29,005.81
Ecolab	Supply agreement for Valley dishwasher	March 15, 2010	$657.95
Federal Insurance Company	Crime non-liability insurance policy	July 1, 2011	$0.00
Fennell Container	Dumpster contract	August 12, 2000	$0.00
Fennell Container	Dumpster contract	August 12, 2000	$0.00
Fennell Container	Dumpster contract	August 12, 2000	$0.00
Fennell Container	Dumpster contract	August 12, 2000	$0.00
Fennell Container	Dumpster contract	August 12, 2000	$0.00
Fidelity Investments	401k administrator (CCI)	November 16, 2009	$0.00
Fidelity Investments	401k administrator (CCI)	November 16, 2009	$0.00
Fireman's Fund Insurance Company	Umbrella insurance policy	July 1, 2011	$0.00
Gary Player Inc. Tournament	Annual tournament	August 1, 2005	$0.00
GDS, Inc. / Waste Management	Golf maintenance trash contract	May 4, 2007	$0.00
GDS, Inc. / Waste Management	Trash contract	January 10, 2008	$0.00
GDS, Inc. / Waste Management	Trash contract	January 16, 2008	$0.00
GDS, Inc. / Waste Management	Recycling contract	January 31, 2008	$0.00
GDS, Inc. / Waste Management	Wellness center trash contract	March 2, 2009	$0.00
GDS, Inc. / Waste Management	Clubhouse trash contract	January 6, 2009	$3,091.08
GE Modular/Modspace	Lease for equipment at golf course	May 20, 2010	$18,229.35
Geoff Carey	Deferred compensation arrangement	April 30, 2010	$0.00
Georgia Bridge & Dock, Inc.	Construction contract	July 13, 2009	$0.00
Georgia Bridge & Dock, Inc.	Construction contract for bridges	November 8, 2010	$0.00
Granite State Insurance Company	Marina general liability insurance policy	July 1, 2011	$0.00
Greenspace Outdoor Company	Construction contract for tennis courts	October 7, 2010	$0.00
Gregory Pest Control	Termite contract	April 1, 2009	$0.00
Gregory Pest Control	Termite contract	April 1, 2009	$0.00
Gregory Pest Control	Termite contract	April 1, 2009	$0.00
Gregory Pest Control	Pest control contract	April 1, 2009	$28,403.50
Jerry T. Whitmire Grading Inc.	Grading contract	July 12, 2010	$0.00
John Deere Credit	Lease of 3 walking green mowers	April 1, 2011	$0.00
John Deere Credit	Lease of 300 gallon sprayer	June 1, 2011	$0.00
John Deere Credit	Lease for Weidemann super sweeper	November 10, 2010	$6,838.62
K&L Gates LLP	Engagement Letter	November 30, 2011	$0.00
Keowee Falls Country Club, Inc.	Contract for Services	February 15, 2010	$0.00
Keowee Falls Country Club, Inc.	Lease Agreement	April 30, 2010	$0.00
Keowee Vineyards Country Club, Inc.	Contract for Services	February 15, 2010	$0.00
LaBastide Management Group, LLC	Contract for Services	February 15, 2010	$0.00
Liberty Mutual Insurance	Workers' compensation insurance policy	July 8, 2011	$0.00
Longview Land Company, LLC	Assignment of Option	n/a	$0.00
Longview Land Company, LLC	Option Agreement	November 4, 2011	$0.00
McCloskey, LLC	Commercial Lease Agreement (Triple Net)	March 2, 2012	$0.00
Medalist Golf, Inc.	Construction contract for golf course, practice area and driving range	n/a	$0.00
National Union Fire Insurance Company	D&O insurance policy	July 1, 2011	$0.00
NBSC/CHC Club	Letter of credit	November 24, 2009	$0.00
New Hampshire Insurance Company	Marina umbrella insurance policy	July 1, 2011	$0.00
Otis Elevator Company	Maintenance of Glassy elevator	June 6, 1997	$2,863.75
PGA Tour/Golf Experiences LLC	Golf training service contract	August 1, 2011	$0.00
PGA Tour/Golf Experiences LLC	Rights of use and restricted training locations near them	August 1, 2011	$0.00
Philadelphia Indemnity Insurance Company	General umbrella insurance policy	July 1, 2011	$0.00
Philadelphia Indemnity Insurance Company	Auto insurance	July 1, 2011	$0.00
Premium Funding Associates, Inc.	Premium Finance Agreement, Disclosure Statement and Security Agreement (financing for insurance premiums)	July 18, 2011	$0.00
Republic Services, Inc.	Contract for waste management of Glassy clubhouse dumpster	June 1, 2000	$0.00
Republic Services, Inc.	Waste management contract for general maintenance dumpster	August 1, 2000	$0.00
Republic Services, Inc.	Waste management contract for clubhouse dumpster	February 17, 2005	$0.00

Exhibit 1

Schedule of Assumed Contracts

Counterparty	Contract Description	Date of Contract	Cure Amount
Republic Services, Inc.	Waste management contract for clubhouse dumpster	March 24, 2006	$0.00
Republic Services, Inc.	Waste management contract for clubhouse dumpster	September 1, 2009	$0.00
Republic Services, Inc.	Contract for waste management of Glassy general maintenance dumpster	June 1, 2001	$33,852.92
Restoration Systems, LLC	Aquatic Resources Mitigation Contract	February 27, 2009	$0.00
RSUI Indemnity Company	Excess D&O insurance policy	July 1, 2011	$0.00
Saddlebrook Construction, Inc.	Construction contract for golf tunnel	September 22, 2010	$8,500.00
Seman, Steve	Deferred compensation arrangement	April 30, 2010	$0.00
Sesac, Inc.	Music License	Annual	$1,201.98
Singleton Marine Group	Management agreement for marina	October 30, 2009	$0.00
The Benefit Company, Inc.	Service Agreement	December 1, 2011	$281.00
The Cliffs at Classy Country Club, Inc.	Lease Agreement	December 31, 2009	$0.00
The Cliffs at Glassy Country Club, Inc.	Contract for Services	February 15, 2010	$0.00
The Cliffs at Glassy, Inc.	Chapel lease	April 30, 2010	$0.00
The Cliffs at Keowee Springs Country Club, Inc.	Lease Agreement (turnhouse)	March 7, 2008	$0.00
The Cliffs at Keowee Springs Country Club, Inc.	Lease Agreement (clubhouse)	July 1, 2008	$0.00
The Cliffs at Keowee Springs Country Club, Inc.	Contract for Services	February 15, 2010	$0.00
The Cliffs at Keowee Springs Country Club, Inc.	Lease Agreement (beach house)	May 30, 2010	$0.00
The Cliffs at Walnut Cove, LLC	Nature center 99-year lease	June 3, 2010	$0.00
The Cliffs Commercial Properties, LLC	Commercial Lease	March 1, 2012	$0.00
The Cliffs Communities, Inc.	IP License agreement	January 1, 2010	$0.00
The Cliffs Communities, Inc.	Equipment Lease and Purchase Option Agreement	March 1, 2012	$0.00
The Cliffs Valley Country Club, Inc.	Contract for Services	February 15, 2010	$0.00
The Hartford Financial Services Group, Inc.	Agreement	n/a	$0.00
The Market at Keowee Town LLC	Contract for Services	February 15, 2010	$0.00
ThyssenKrupp Elevator	Elevator maintenance contract	August 8, 2001	$0.00
Timberlands, LP	Easement	n/a	$0.00
Toro NSN	Irrigation software contract	October 1, 2008	$7,415.00
U.S. Foodservice	Pricing agreement	July 5, 2010	$74,628.45
Upstate Forever	Agreement	June 1, 2010	$0.00
VGM Financial Services	Master Lease Agreement	January 7, 2011	$747.24
VGM Financial Services	Lease of equipment	July 27, 2010	$1,025.91
VGM Financial Services	Lease of equipment	July 27, 2010	$1,327.91
VGM Financial Services	Lease of equipment	July 27, 2010	$2,324.05
VGM Financial Services	Lease of equipment	July 27, 2010	$2,449.89
VGM Financial Services	Lease of equipment	July 27, 2010	$3,743.60
VGM Financial Services	Lease of equipment	July 27, 2010	$7,077.08
VGM Financial Services	Equipment lease agreement	July 27, 2010	$12,153.14
VGM Financial Services	Lease of equipment	July 27, 2010	$12,167.24
VGM Financial Services	Equipment lease agreement	July 27, 2010	$15,342.72
Wall to Wall	Construction contract for golf course	n/a	$0.00
Waterfall Investment Group, LLC	Keowee Springs 99-year lease	December 31, 2007	$0.00
Waterfall Investment Group, LLC	Walnut Cove 99-year lease	December 31, 2007	$0.00
West Haven II	Trees at Glassy	n/a	$0.00
		Total	**$383,494.29**

Exhibit 2

NEW CLUBCO MEMBERSHIP PLAN

thecliffs.

THE CLIFFS CLUBS

MASTER MEMBERSHIP PLAN

EFFECTIVE DATE: AUGUST ___, 2012

THE CLIFFS CLUBS

MASTER MEMBERSHIP PLAN

PROLOGUE

PURPOSE OF THIS MEMBERSHIP PLAN

This Master Membership Plan for the Cliffs Clubs detailed herein (the "Membership Plan"), the applicable rules and regulations of the Cliffs Clubs from time to time adopted by the Club Operator (the "Rules and Regulations"), and the applicable Application and Membership Agreement (the "Application and Membership Agreement", and together with the Membership Plan and the Rules and Regulations being collectively referred to herein as the "Membership Documents"), together offer persons ("Property Owners") who own property ("Property") 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 (sometimes hereinafter referred to, individually, as a "Cliffs Community" and, collectively, as the "Cliffs Communities") and others, as determined by the Club Operator, an opportunity to obtain membership privileges at one or more of the golf and country club facilities operated under the banner, "Cliffs Clubs."

Cliffs Club at Glassy, Cliffs Club at Valley, Cliffs Club at Walnut Cove, Cliffs Club at Mountain Park, Cliffs Club at Keowee Vineyards, Cliffs Club at Keowee Falls, and Cliffs Club at Keowee Springs are sometimes hereinafter referred to, individually, as a "Cliffs Club" and, collectively, as the "Cliffs Clubs". The Cliffs Clubs will initially be operated by Cliffs Club Partners, LLC, a Delaware limited liability company ("Cliffs Club Partners"), or one or more of its affiliates (together, the "Club Operator") for the use and benefit of the Members of the Cliffs Clubs and any others accorded use and access privileges at the Cliffs Clubs. When used herein, the term "Home Club" with respect to a Member who owns only one (1) Property in the Cliffs Communities refers to the Cliffs Club that is located in or adjacent to and serving the Cliffs Community where such Member's Property is located; provided, however, that unless and until a new club is created within The Cliffs at High Carolina community and is included as a Cliffs Club under this Membership Plan, a Member who owns a Property within The Cliffs at High Carolina may, at the time of submitting his or her Application and Membership Agreement, select which of the Cliffs Clubs will serve as the Home Club with respect to the Membership associated with such Property. If and when a new club is created within The Cliffs at High Carolina community and is included as a Cliffs Club under this Membership Plan, such Member owning a Property within such Community will have the opportunity to select such new club as the Member's Home Club. A Member who owns multiple Properties within the Cliffs Communities and has multiple Memberships associated with such Properties, will be permitted to designate one of their Memberships, which must be the highest category of Membership held by such Member, as their primary membership (the "Primary Membership"), and the Home Club for such Member will be the Cliffs Club associated with the Primary Membership. With respect to any Member who is not a Property Owner, the Club Operator shall have the discretion to determine which of the Cliffs Clubs will be the Home Club for such Member.

Each Membership permits the Member, in exchange for a non-refundable Initiation Fee, 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 category 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 of the other Cliffs Clubs, as are specifically granted for the Member's Membership category by and outlined in this Membership Plan. Membership at the Cliffs Clubs also provides the Member with a membership at The Cliffs Members Club, a non-profit corporation organized under the laws of the State of South Carolina, which provides additional food and beverage privileges. The Club Operator may, in its discretion, limit certain categories and/or sub-categories of Memberships to those persons who qualify as Non-Resident Members. To qualify as a "Non-Resident Member," (1) neither the Member nor any member of such Member's immediate family may own a residence, or lease or reside at a residence (other than on a transient basis), located within a Cliffs Community or within a 125 mile radius from the nearest Cliffs Club, and (2) such Member must have executed and delivered to the Club Operator a Non-Resident Member Addendum to the Member's Application and Membership Agreement, in a form provided by the Club Operator. The Club Operator shall have the discretion to determine whether the lease or use of a residence is on a transient basis for all purposes under the Membership Documents.

OWNERSHIP AND USE OF THE CLUB FACILITIES

Each Home Club's facilities are operated through the club management services division or an affiliate of the Club Operator. These facilities may include a range of amenities specific to each Home Club, which may include, without limitation, 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 category under this Membership Plan. When used herein, the term "Club Facilities" shall mean and include all of the facilities that are available for use by the Members at the Cliffs Clubs. The Club Facilities will initially be owned by affiliates of Cliffs Club Partners.

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

The Club Operator reserves the right to add, change, alter, remove and otherwise modify the Club Facilities that may be provided at the Cliffs Clubs from time to time and, therefore, the number, size, scope and nature of the Club Facilities are subject to change at the sole discretion of the Club Operator. Membership does not create any presumption that the Club Facilities or the services that may be available at the Club from time to time will continue to be available in their current state or condition. The Club Operator shall have the right to delegate, transfer or otherwise assign any or all of its rights and responsibilities for the management and operation of the Club Facilities to such persons and on such terms and conditions as the Club Operator may determine appropriate from time to time. The Club Operator may also retain a professional management firm to manage and operate the day-to-day affairs of the Club Facilities.

MEMBERSHIP PRIVILEGES

Membership in a Home Club is an opportunity to belong to a recreational, dining, golf, tennis and social club with use of facilities across all of the Cliffs Clubs, based upon the applicable Membership category. Certain Membership categories are only guaranteed to be made available to persons purchasing Property from a Developer within the Cliffs Communities 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 of Property if the resale seller in Good Standing holds a Membership category that confers such guaranteed availability, as more particularly provided in this Membership Plan. Each individual Member and Member Designee of an entity-owned or multiple-owner Membership (each, a "Primary Member") is permitted certain privileges to use the Club Facilities in accordance with the Membership Documents and the Membership category acquired, as the same may exist from time to time. For purposes of this Membership Plan, the term "Developer" shall mean and include only those developers of Property located within the Cliffs Communities that are approved by the Club Operator in its sole discretion, and a Member is in "Good Standing" if the Member's accounts with the Cliffs Clubs are current and the Member has not been suspended.

MEMBERSHIP OFFICE IS AVAILABLE TO ANSWER INQUIRIES

Should there be any questions concerning this 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 Application and Membership Agreement form.

FOLLOW THESE PROCEDURES TO MAKE APPLICATION FOR MEMBERSHIP PRIVILEGES

Eligible applicants are extended an opportunity to acquire a Membership in a Home Club. Eligible applicants for certain Membership categories must comply with the following requirements:

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

Eligibility for Membership is described in this Membership Plan and the applicable Application and Membership Agreement, including any applicable addenda thereto.

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 the Membership Documents, and if anyone has given any information or made any representation or promise that doesn't appear in the Membership Documents, the applicant may not rely upon it as having been authorized by the Club Operator or the Cliffs Clubs.

Membership is being offered exclusively for the purpose of permitting persons obtaining membership privileges to use the Club Facilities of the Home Club, as outlined in this

Membership Plan. Membership privileges should not be viewed or obtained as an investment, and no one obtaining membership privileges at the Cliffs Clubs should expect to derive any economic benefits or profits from such Membership.

The Club Operator makes no representations and expresses no opinions regarding the federal or state income tax consequences of obtaining a Membership at the Club and payment of the non-refundable Initiation Fee. All Members obtain their membership privileges subject to all applicable tax laws, as they may exist from time to time. The Club shall charge to each Member and each Member shall pay any and all taxes or assessments imposed by the United States Government, the applicable state or any political subdivision thereof, or any other governmental agency, on any Initiation Fee, dues or other fees and charges paid or payable by the Member.

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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 privilege to use the Club Facilities of the Home Club is available to Members, immediate family members of Members, guests of Members, and other persons to the extent permitted by this Membership Plan. The Prologue preceding the Table of Contents hereof shall be included as a part of this Membership Plan and all such provisions preceding the Table of Contents are hereby incorporated into this Membership Plan by this reference.

2. Home Club's Reserved Right to Convert to Equity Club. The Club Operator reserves the right, but not the obligation, to convert any or all of the Home Clubs to an equity membership form of ownership. The Club Operator 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. Club Facilities. The facilities of the Cliffs Clubs are referred to collectively as the "Club Facilities," which may include a range of amenities specific to each Home Club such as golf, tennis, swimming, fitness and wellness, spa, dining and other recreational amenities located within the Cliffs Communities, which are made available for use by the Members under this Membership Plan.

MEMBERSHIP CATEGORIES

4. Memberships – Memberships issued at the Cliffs Clubs are referred to herein, individually, as a "Membership" and, collectively, as the "Memberships," and the holder of a Membership is referred to herein as a "Member." A description of the types of Membership categories currently being offered and their privileges are set forth in this Section 4 below. Purchasers of Property within the Cliffs Communities will apply to the Club Operator for membership in the Cliffs Club associated with the Cliffs Community where their Property is located.

The privileges of a Membership are subject to this Membership Plan and the Rules and Regulations, as they may be amended from time to time, and the applicable Application and Membership Agreement. Members agree to be bound by the terms and conditions of this Membership Plan and the Rules and Regulations, as such may be amended from time to time. Members agree to fully substitute any prior rights to use the Club Facilities with the membership privileges obtained pursuant to this Membership Plan. The Club Operator may obtain a loan from time to time and use the Club Facilities as security and collateral for repayment of any such loan and, therefore, all rights and privileges of Members pursuant to the Membership Documents are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time.

The Rules and Regulations, including the services provided to Members and the hours of operation of the Club Facilities or any portion thereof, may be changed by the Club Operator without notice, in its sole discretion. In order to provide for the orderly administration of the Club Facilities, the Club Operator reserves the right, from time to time, to establish and promulgate new rules and/or modify existing rules governing the Club Facilities and the advance sign-up privileges with respect to the golf and other facilities provided at the Club. Upon approval by the Club of a prospective Member's Application and Membership Agreement, the payment of the applicable membership Initiation Fee, dues and other applicable fees and charges, and compliance with the Rules and Regulations established by the Club Operator, Members obtain the following use privileges:

4.1 Golf Membership – A Golf Membership allows a Member and the Member's immediate family, as defined in Section 10 of this Membership Plan, to have access to all Club Facilities, subject to the terms and conditions set forth in the Membership Documents. A Member holding a Golf Membership is sometimes referred to herein as a "Golf Member."

The following sub-categories of Golf Membership, having the golf privileges described below, are currently being offered by the Cliffs Clubs:

Sub-Category:	**Description of Golf Privileges:**
Full Golf	No stated annual cap on the number of rounds of golf at either the applicable Home Club or the other Cliffs Clubs. No greens fees will be charged at the applicable Home Club or any other Cliffs Clubs for Members and their immediate family. No charge for cart fees up to 20 rounds for Primary Member or equivalent discount if Annual Cart Program is purchased. Priority Tournament access pursuant to rules established by Club Operator from time to time. Priority tee times on weekends and holidays.
Home Golf	No stated annual cap on the number of rounds of golf at either the applicable Home Club or the other Cliffs Clubs. No greens fees will be charged at the applicable Home Club for Members and their immediate family. Greens fees will be charged for Members and their immediate family at the other Cliffs Clubs pursuant to the schedule of fees and charges as established by the Club Operator from time to time. Priority Tournament access pursuant to rules established by Club Operator from time to time. Priority tee times on weekends and holidays.

Non-Resident Golf	No stated annual cap on the number of rounds of golf at either the applicable Home Club or the other Cliffs Clubs. Greens fees will be charged for Members and their immediate family at the applicable Home Club and at the other Cliffs Clubs pursuant to the schedule of fees and charges as established by the Club Operator from time to time. Limited Tournament access pursuant to rules established by Club Operator from time to time. Priority tee times on weekends and holidays. This sub-category of Membership is available only for Non-Resident Members.

All Golf Members will have 30 days advanced booking privileges at their applicable Home Club courses and 7 days advanced booking privileges at the other Cliffs Clubs' courses.

A 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 Golf Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Golf Member in Good Standing, at the closing of such resale transaction. **Purchasing a Property from a Golf Member that has a Golf Membership associated with such Property in Good Standing, and arranging for the reissuance of such Golf Membership through the Club Operator to a resale purchaser, is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Golf Membership.**

4.2 Sports Membership – A Sports Membership allows a Member and the Member's immediate family as defined in Section 10 of this Membership Plan, to have access to all Club Facilities, subject to the terms and conditions set forth in the Membership Documents. A Member holding a Sports Membership is sometimes referred to herein as a "Sports Member."

The following sub-categories of Sports Membership, having the golf privileges described below, are currently being offered at the Cliffs Clubs:

Sub-Category:	**Description of Golf Privileges:**
Full Sports	Golf privileges are limited to ten (10) rounds per calendar year at their Home Club's golf course and five (5) rounds per calendar year at each of the other Cliffs Clubs' golf courses through the payment of appropriate greens fees and other use fees as established by the Club Operator from time to time. Rounds per calendar year applies to those played by the Primary Member and immediate family, but one tee time will count as one round even though there is more than one person playing that round. Rounds played by paying guests are not deducted from the allotted number of rounds. Restricted Tournament access pursuant to rules established by Club Operator from time to time.

Non-Resident Sports	Golf privileges are limited to six (6) rounds per calendar year at their Home Club's golf course and two (2) rounds per calendar year at each of the other Cliffs Clubs' golf courses through the payment of appropriate greens fees and other use fees as established by the Club Operator from time to time. Rounds per calendar year applies to those played by the Primary Member and immediate family, but one tee time will count as one round even though there is more than one person playing that round. Rounds played by paying guests are not deducted from the allotted number of rounds. Restricted Tournament access pursuant to rules established by Club Operator from time to time. This sub-category of Membership is available only for Non-Resident Members.

All Sports Members will have 3 days advanced booking privileges at their applicable Home Club courses and at the other Cliffs Clubs' courses, subject to the restrictions applicable to Sports Members. Sports Members will not be permitted to participate in golf tournaments, unless otherwise approved by the Club Operator. Sports Members will not have access to golf courses before noon on weekends and holidays and the Club Operator may, from time to time, establish additional restrictions on golf privileges of Sports Members.

A Sports 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 Sports Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Sports Member in Good Standing, at the closing of such resale transaction. **Purchasing a Property from a Member that has a Sports Membership or higher category of Membership associated with such Property in Good Standing, and arranging for the issuance of a Sports Membership through the Club Operator to a resale purchaser, is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Sports Membership.**

4.3 Wellness Membership - A Wellness Membership allows a Member and the Member's immediate family, as defined in Section 10 of this Membership Plan, to have access to the Club Facilities other than golf courses or golf practice facilities, subject to the terms of the Membership Documents.

A 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 Wellness Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Wellness Member in Good Standing, at the closing of such resale transaction. **Purchasing a Property from a Member that has a Wellness Membership or higher category of Membership associated with such Property in Good Standing, and arranging for the**

issuance of a Wellness Membership through the Club Operator to a resale purchaser, is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Wellness Membership.

4.4 Social Membership - A Social Membership allows a Member and the Member's immediate family, as defined in Section 10 of this Membership Plan, to have access only to the dining facilities at the Cliffs Clubs, subject to the terms of the Membership Documents. Social Members are also eligible to participate in social events (other than Golf, Sports or Wellness related events), such as bridge club and speaker forums, as determined by the Club Operator.

A Social 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 Social Membership, a Property Owner must apply to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchase of Property from a Developer, within thirty (30) days following the closing of such Property, or (ii) in the case of a purchase of Property in a resale transaction from a Social Member in Good Standing, at the closing of such resale transaction. **Purchasing a Property from a Member that has a Social Membership or higher category of Membership associated with such Property in Good Standing, and arranging for the issuance of a Social Membership through the Club Operator to a resale purchaser, is the only means provided for a Property purchaser in a resale transaction to be guaranteed the ability to obtain a Social Membership.**

4.5 Cliffs Residence Club Membership - A Cliffs Residence Club Membership allows a Member and the Member's immediate family, as defined in Section 10 of this Membership 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 to the Club Operator for membership and pay the applicable non-refundable Initiation Fee either (i) in the case of a purchaser of a Cliffs Residence Club property from a Developer, within thirty (30) days following the closing of such property, or (ii) in the case of a purchaser of a Cliffs Residence Club property in a resale transaction from an active Cliffs Residence Club Member in Good Standing, at the closing of such resale transaction. 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 Cliff's Residence Club property purchaser in a resale transaction to be guaranteed the ability to obtain a Cliffs Residence Club Membership.

4.6 Corporate Membership – A Corporate Membership 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 Operator to have access to designated club facilities and golf courses. The entity holding the Corporate Membership may change the Member Designees from time to time as provided for in this Membership Plan. The number of Corporate Memberships is limited at all times as determined by the Club Operator in its sole discretion. The Club Operator reserves the right to provide additional course access to Corporate Memberships under modified membership programs and special use requests.

4.7 Honorary Membership – In addition to the Memberships described in this Membership Plan, the Cliffs Clubs may issue a limited number of Honorary Memberships to persons designated by the Club Operator from time to time. These Honorary Memberships are in addition to all other memberships to be issued at the Club. Honorary Memberships shall be available on terms and conditions and allowed such privileges as shall be established by the Club Operator. The users of these Honorary Memberships may be recalled and otherwise changed at any time by the Club Operator, in the Club Operator's sole discretion.

4.8 Recallable and Temporary Membership - The Cliffs Clubs has the plenary right to offer Memberships at any Home Club to persons who do not own Property within the Cliffs Communities, having such access and privileges as determined by the Club Operator in its sole discretion. The Club Operator currently anticipates that Memberships issued to such persons who do not own Property within the Cliffs Communities will be issued either on a temporary basis or will be recallable by the Club Operator, as determined by the Club Operator in its sole discretion. The Club Operator may, in its sole discretion, issue any of the categories and sub-categories of Memberships offered by the Club as recallable Memberships.

4.9 Additional Membership Benefits and Programs – The Club Operator may, in its sole discretion, implement such programs from time to time to address tenured Members, multiple generations and extended family privileges or other programs, and said programs will be subject to change from time to time in the sole discretion of the Club Operator.

4.10 Marina Membership Privileges – Marina Membership 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 Membership 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. Marina Membership is included with Golf Memberships and Sports Memberships at the following Home Clubs: The Cliffs at Keowee Vineyards Golf & Country Club; The Cliffs at Keowee Falls Golf & Country Club; and The Cliffs at Keowee Springs Golf & Country Club. Members at other Home Clubs may be offered from time to time marina privileges set forth above as "add on" privileges, subject to availability and through the payment of the applicable membership fees and additional dues and charges.

MEMBERSHIP LIMITATIONS

5. Right To Reserve Memberships - The Club Operator may, in the exercise of its absolute discretion, reserve Memberships for sale to future purchasers of the Developers' inventory of Property located within the Cliffs Communities. 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 category at a Home Club, provided that any purchaser of Property from a Developer will be given higher priority on such list.

6. Number of Memberships - 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 Operator is committed to a maximum number of Memberships that will accommodate Member utilization and protect the Members' usage of his/her Home Club. In the event that any maximum on the number of Memberships is instituted by the Club Operator and there is not a

sufficient number of Memberships to be issued to purchasers of Property in the Cliffs Communities, then, notwithstanding anything in the Membership Documents to the contrary, purchasers of Property from a Developer will be given a higher priority on any waiting lists established for the purchase of a Membership.

7. Resale Property - A purchaser of a Property in a Cliffs Community pursuant to a resale transaction (i.e., seller is not a Developer) will have the opportunity to become a Member of the applicable Home Club only if the seller has a Membership associated with that Property which is in Good Standing at the time of closing of the purchase of such Property by the new purchaser. The purchaser of such Property in a resale transaction would be provided with the opportunity to acquire the same or lower category or sub-category of Membership associated with such Property as was held by the selling Member immediately prior to the sale. However, the purchaser of such Property may also elect to obtain a higher category of Membership, subject to availability.

8. Right to Change Membership Category Privileges - The Club Operator has the plenary power to create a class of Membership other than those specified, and may subdivide any or every Membership category into reasonable sub-categories. When a limit in a certain Membership category is determined, the Club Operator will advise the Members of the limit so established. The Club Operator reserves the right to modify playing privileges and reservation policies for each category 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 Club Operator reserves the right to change, decrease or increase Membership roster limitations previously estimated or established for a Home Club.

RECIPROCITY -- USE PRIVILEGES

9. Use Reciprocity - Certain Membership categories at an applicable Home Club have reciprocal access of Club Facilities located at the other Cliffs Clubs. Reciprocity and the scope of privileges subject to reciprocity are subject to change from time to time as determined by the Club Operator in its sole discretion.

9.1 Golf Reciprocity - Golf Members, Corporate Members (to the extent applicable), Sports Members, and Cliffs Residence Club Members (while in residence) enjoy reciprocal golf privileges at all Cliffs Club golf courses, subject to the terms of the Membership Documents. Reciprocal golf privileges are provided for the Member and the Member's immediate family, as defined in Section 10 of this Membership Plan.

9.2 Non-Golf Related Reciprocity - Golf Members, Corporate Members, Sports Members, Wellness Members and Cliffs Residence Club Members (while in residence) enjoy access to the clubhouses, tennis, swimming, fitness and wellness, spa and other non-golf recreational amenities at the other Cliffs Clubs' facilities, subject to the terms of the Membership Documents. Social Members will have limited access to only those areas of the Club Facilities (including those at the applicable Home Club and those at the other Cliffs Clubs) that comprise the dining facilities and such other areas designated by the Club Operator from time to time.

MEMBERSHIP FAMILY PRIVILEGES

10. Definition of Immediate Family and Selection of Designated Adult - A Membership (other than a Corporate Membership) permits the Primary Member and his/her

immediate family to all of the privileges of the Membership category obtained, subject to the right of the Club Operator to deny such privileges to any person upon the request of the Primary Member or for violation of the Membership Documents. The term "immediate family" shall include the Primary Member and one Designated Adult and the children of the Primary 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 Primary Member, or (2) are serving in the armed forces or attending school on a full-time basis. The Club Operator may, from time to time, require proof of residency of any Designated Adult or children 23 years of age and younger and/or other information reasonably necessary to verify that such individual is either living at the same principal residence as the Primary Member, attending school on a full-time basis or in the military.

The "Designated Adult" with respect to a Primary Member may be either (a) the Primary Member's spouse, or (b) any person unrelated to the Primary Member who is 18 years of age or older and who is living in the Primary Member's household (at the same principal residence) as a part of the family unit on a full-time basis. The Primary Member shall identify in writing to the Membership Office the person who the Primary Member wishes to designate as the Designated Adult for such Primary Member's Membership, and the Club Operator may require the Primary Member and/or such person being designated by the Primary Member to execute a written instrument in a form provided by the Club Operator as a condition to recognizing such designated person as the Designated Adult of the Primary Member. There shall be only one Designated Adult at a time per Membership; provided, however, a Primary 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 Club Operator to impose reasonable limitations on the frequency of such changes. If a Designated Adult other than a spouse ceases to maintain the same principle residence as the Primary Member, such person shall cease to qualify as a Designated Adult and the Club Operator may deny access and use privileges to such person; provided, the Primary Member shall remain responsible for all actions and charges of such person unless and until the Membership Office receives written notice from the Primary 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 obligation of the Primary Member. From time to time as determined in the discretion of the Club Operator, the Cliffs Clubs may offer some extended family privilege programs, which are always subject to availability, and said programs will be subject to change in the sole discretion of the Club Operator based on the total number of outstanding Memberships and Member usage factors.

MEMBERSHIP FEES, DUES AND CHARGE PRIVILEGES

11. Initiation Fee - Each Member acquiring a Membership at any of the Cliffs Clubs will be required to pay a non-refundable initiation fee ("Initiation Fee") in an amount determined by the Club Operator from time to time. The Initiation Fee paid for a Membership is non-refundable. The amount of the Initiation Fee and the manner of payment of the Initiation Fee shall be established by the Club Operator from time to time, and is further described in the Member's Application and Membership Agreement. The Initiation Fee to be paid for a Membership will be the applicable Initiation Fee in effect for that category of Membership on the date the applicant submits the Application and Membership Agreement to the Club. However, the Club Operator reserves the right, in the Club Operator's sole discretion, to discount or waive all or part of the required Initiation Fee, whether to implement a promotional campaign, an amnesty program for non-Member Property Owners or otherwise. Except as otherwise

expressly provided in a Member's applicable Application and Membership Agreement, the required Initiation Fee for a Membership shall be due in full at the time the Application and Membership Agreement is submitted to the Club.

12. Dues, Fees and Charges - All categories of Membership require the payment of periodic dues, fees and other charges, as established by the Club Operator from time to time, in order to obtain and maintain membership privileges at the Cliffs Clubs and shall not be considered an operating assessment or capital assessment. Periodic dues are charged for the basic privileges accorded a Member by the Membership category 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, locker, bag storage and tournament fees, and miscellaneous service and rental fees. The frequency of periodic dues and the amount of dues per Membership category and sub-category is determined by the Club Operator, who has the sole authority and discretion to modify and change dues amounts and payment schedules upon determination by the Club Operator. 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 categories. Certain dues levels may have some restricted privilege as they relate to access to Club Facilities, advance tee times, and reciprocal golf at the golf courses, contingent upon their particular Membership category and sub-category privileges. Dues levels and amounts are subject to change from time to time at the sole discretion of the Club Operator. A Member who owns multiple Properties within the Cliffs Communities and has multiple Memberships associated with such Properties, will be permitted to designate one of their Memberships as their Primary Membership. The Primary Membership must be the highest category of Membership held by such Member for which full dues will be charged, and all other Memberships held by such Member will be assessed dues at the rate charged for the lowest category of Membership.

As of the effective date of this Membership Plan, there are Cliffs Clubs that do not have a full complement of golf, clubhouse and wellness amenities completed and open for Member use. Accordingly, if the Member's Home Club is either The Cliffs at Mountain Park Golf & Country Club or The Cliffs at Keowee Springs Golf & Country Club, the Member will initially pay dues in accordance with the terms and conditions set forth below with respect to such Home Club:

12.1 *The Cliffs at Mountain Park* – If a Member is a Golf Member or a Sports Member, then such Member will be required to pay only 50% of the dues otherwise applicable for the Member's level of Membership until the golf course at the Home Club opens, and will be required to pay 100% of the dues applicable for the Member's level of Membership following the opening of the golf course at the Home Club. If a Member is a Wellness Member, then such Member will be required to pay only 50% of the dues otherwise applicable for the Member's level of Membership until the wellness facility at the Home Club opens, and will be required to pay 100% of the dues applicable for the Member's level of Membership following the opening of the wellness facility at the Home Club. If a Member is a Social Member, such Member will pay 100% of the dues applicable for the Member's level of Membership. All Members will also be required to pay all other applicable fees and charges. The provisions of this Section 12.1 shall be applicable only if the Member's Home Club is The Cliffs at Mountain Park Golf & Country Club.

12.2 *The Cliffs at Keowee Springs* – If the Member is a Wellness Member, then such Member will be required to pay only 50% of the dues otherwise applicable for the Member's level of Membership until the wellness facility at the Home Club opens, and will be required to pay 100% of the dues applicable for the Member's level of Membership following the opening of the wellness facility at the Home Club. All other Members will pay 100% of the dues applicable for their respective level of Membership Member. All Members will also be required to pay all other applicable fees and charges. The provisions of this Section 12.2 shall be applicable only if the Member's Home Club is The Cliffs at Keowee Springs Golf & Country Club.

13. Food and Beverage Minimum - All categories of Membership require participation in the Food and Beverage Minimum program as established by the Club Operator and may be modified from time to time in the Club Operator's sole discretion.

MEMBERSHIP CARDS, CHARGE PRIVILEGES AND ACCOUNTS

14. 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 Cliffs Clubs' management. A lost or stolen card must be reported in writing to Cliffs Clubs' 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.

15. Charge Privileges and Service Charges - 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. A service charge, in the amount determined from time to time by the Club Operator, will be added for any food and beverage sales.

16. Accounts - A Member is fully responsible for the Member's Club account, as further described in Section 17 of this Membership Plan.

MEMBERS' FINANCIAL RESPONSIBILITIES/INDEBTEDNESS

17. 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 Club Operator, 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 Operator. The Club Operator 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 two valid credit cards

on file with the Cliffs Clubs and any balance not paid on or before the 15th day of the billing month will be charged to such credit cards. Any balance on the Member's Club account not received by the last day of the billing month will be subject to a late fee equal to 1.5% per month (but not to exceed the maximum rate permitted by law) of the outstanding balance owed. 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 the Club Operator elects to charge a Member's credit card on file for any amounts due by the Member, the Club Operator will assess and collect a convenience fee equal to a percentage of the amount being charged as set by the Club Operator from time to time, which percentage is currently set at 3% for Visa and MasterCard and 4% for American Express. If payment of a delinquent account is not received within thirty (30) days of the date of delinquent notification and billing, the Club Operator reserves the right to continue temporary suspension until the delinquent Club account is settled, and paid in full. If payment of a delinquent account is not received within sixty (60) days of the date of delinquent notification and billing, the Club Operator reserves the right to continue temporary suspension until the delinquent Member pays to the Club Operator a reinstatement fee equal to the sum of (a) all outstanding dues, fees and other charges accrued to date, (b) all attorney costs and expenses incurred in pursuing collection of such delinquent account, and (c) an administrative fee as established by the Club Operator from time to time. Continued delinquency for a period of one-hundred eighty (180) days from the date of billing may result in formal expulsion, revocation or termination of the Membership. This process is at the sole discretion and authority of the Cliffs Clubs' management. The Club Operator reserves the right to take whatever action it deems necessary to collect in full the amount owed on delinquent Members' Club accounts. If the Club Operator 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, including the payment of the reinstatement fee referenced above, is received in full prior to the official revocation or termination of the Membership, the Member may be reinstated as a Member in Good Standing.

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

18. Transfers Prohibited: Membership Resignation Only - A Member may not transfer his/her Membership to any person, including a purchaser of the Member's Property located within a Cliffs Community 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 Member may resign the Membership and the Club Operator may reissue the Membership as a Membership in accordance with the following provisions:

A. Upon the sale of Property in a resale transaction by a Member in Good Standing, such selling Member may resign the Member's Membership and arrange through the Club Operator to have the Member's Membership reissued to the resale purchaser at the closing of said Property. The resale purchaser must first, however, apply and be approved by the Club Operator for membership.

B. Upon the sale of Property in a resale transaction by a Member (or former Member) who does not have a Membership associated with that Property

in Good Standing, the purchaser of such Member's (or former Member's) Property may acquire a Membership at the Cliffs Clubs only if: (i) the seller of such Property pays to the Club Operator a reactivation fee equal to the sum of the amount of unpaid dues, fees and other charges that are owed to the Club Operator by such selling Member (or former Member), plus the amount of dues that would have accrued on such selling Member's (or former Member's) Membership at the applicable level of dues in order to have kept such Membership in Good Standing and (ii) the Purchaser pays the applicable Initiation Fee then being charged for the category and sub-category of Membership being acquired. As used in this Section 18.B, "former Member" means a person who previously acquired a Membership at the Cliffs Clubs pursuant to the terms of this Membership Plan, as such may be amended from time to time, and whose Membership associated with the subject Property has been subsequently resigned or terminated.

C. A Member whose Membership is not to be reissued to a resale purchaser of such Member's Property may tender their resignation to the applicable Cliffs Club. In the event such Membership is not resigned by such selling Member, the Membership of such selling Member shall become recallable at any time as determined in the sole discretion of the Club Operator.

D. A formal written letter of resignation and/or a membership addendum, which outlines the resignation and reissuance (if applicable), must be processed before the resignation is finalized. A Member may resign only upon delivery of such written notice of resignation to the Membership Office at least six (6) months in advance of the intended date of resignation, unless the Member is selling such Member's Property (with which the Membership is associated), in which event the Member shall provide notice at least sixty (60) days in advance of the intended date of resignation. Unless otherwise approved by the Club Operator, the resignation of such Member will only become effective if such Member is in Good Standing at the time of providing notice of resignation and remains in Good Standing at all times until the intended effective date of resignation.

E. Resigning Members must return their membership card(s), and return any locker key(s) before the resignation will become effective.

F. To the extent that any Property Owner is required, by the terms of a declaration or any other covenant encumbering their Property, to acquire and maintain a Membership at one of the Cliffs Clubs, then such Property Owner will not be permitted to resign or deactivate their Membership associated with such Property.

G. A Member who sells his/her Property within a Cliffs Community, does not arrange with the Club Operator for the reissuance of such Member's Membership to the purchaser of his/her Property, and purchases another Property in the same Cliffs Community within thirty (30) days following the closing of such sale may retain the Membership and have such

Membership associated with the newly acquired Property, as long as the Membership is active and in Good Standing.

19. Change of Membership Designee - 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 Corporate Membership - Corporate Memberships may change the Corporate Member Designee(s) to another individual in the company only once per calendar year. The change from one designee to another must be made by the company and acknowledged and approved by the Club Operator in writing. The company may be required to pay an administrative fee for such Member Designee change, as determined by the Club Operator 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. Corporate Memberships may not change the Corporate Member Designee to another individual outside the company for which the Corporate Membership is issued.

19.2 Multiple-Owner Property - Multiple owners of a Property, whether as tenants in common or otherwise as determined by the Club Operator, who collectively own a Membership, must select one (1) of such owners as the Member Designee. Such multiple Property Owners may change the one (1) Member Designee to another co-owner of the Property only once per calendar year. An administrative fee determined by the Club Operator 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 Club Operator processes the request for change of Member Designee. All membership cards and locker keys in the possession of the former Member Designee must be returned prior to the finalization of the change in Member Designee. 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. Revocation of Membership; No Refund Due - Notwithstanding anything in the Membership Documents to the contrary, a Membership that is revoked or terminated due to default in payment or other disciplinary action shall not be entitled to any refund for any dues, club credits, fees or other charges paid by the revoked, expelled or terminated Member.

UPGRADES/DOWNGRADES/LEAVE OF ABSENCE

21. Upgrades - Members may upgrade to a higher category or sub-category of Membership in accordance with this Section 21, provided that the desired category/sub-category of Membership is then available and not reserved. In order to upgrade to a different category of Membership, the Member shall pay to the Club Operator the difference between the Initiation Fee then being charged for desired category of Membership and the Initiation Fee then being charged for the category of Membership currently held by the upgrading Member. When upgrading to a higher category of Membership, an upgrading Member may select any sub-category of Membership within that category of Membership for which the Member is qualified. If a Member holding a Non-Resident Golf Membership or Non-Resident Sports Membership ceases to qualify as a Non-Resident Member, such Member shall automatically upgrade to the

next highest level of Membership within their category, as provided in the applicable Non-Resident Member Addendum. The Club Operator reserves the right to modify the terms and conditions for allowing Members to upgrade, as the Club Operator determines in its sole discretion.

22. Downgrades - Except as otherwise expressly provided in a Member's applicable Application and Membership Agreement or as otherwise provided below in this Section 22, a Member may only downgrade a Membership as provided in Section 24 hereof in the event of the death of a Primary Member. The Club Operator may permit a Member to downgrade such Member's Membership category in a hardship situation deemed appropriate by the Club Operator, in its sole discretion. The Club Operator has the sole authority to deal with hardship situations in any manner it deems appropriate and no action that may be taken by the Club Operator in such hardship situations shall create precedent for similar or future circumstances.

23. Leave of Absence - A Member in Good Standing may make a request for a leave of absence for good reason, which request may be approved by the Club Operator in its discretion. If a leave of absence is granted by the Club Operator, the Member's Membership will be deactivated for a period not to exceed two (2) years, during which the Member shall not have access to the Club Facilities or any membership privileges. The Club Operator may, within its sole discretion, reduce or eliminate dues during such period of deactivation. The Club Operator shall have no obligation to grant any leave of absence hereunder, any such leave of absence being determined in the sole and absolute discretion of the Club Operator.

DEATH/DIVORCE OF MEMBER

24. Death of a Member - Upon the death of a Member, the Designated Adult 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, provided that such survivor is or becomes the owner of the Property that is associated with the deceased Member's Membership. 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 Operator may require proof of the survivor's entitlement to re-issuance. Upon the reissuance of such deceased Member's Membership, the dues applicable to such deceased Member's Membership shall be suspended for up to six (6) months during which time the qualified survivor may utilize the membership privileges associated with such Membership. A transferee of the Membership pursuant to this provision may elect, at any time during the twelve (12) month period following the deceased Member's death, to downgrade the transferred Membership to any category or sub-category of Membership then being offered at the Cliffs Clubs without regard to the limitations set forth in Section 22 hereof or in any other Membership Document. 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. 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 Club Operator may, on its own and following written notice to the estate of the deceased Member declare the Membership resigned and recalled.

25. Divorce of a Member - In the event that a Member who is a Property Owner is divorced, the Membership will automatically pass to the spouse retaining ownership of the Property; provided, however, that if the other spouse is awarded occupancy of the residence

located upon the Property, the use rights shall (during the term of the occupancy) belong to the occupying spouse. However the Membership will at all times belong to the spouse owning the Property, and both spouses will be responsible for all dues and other fees and charges related to the Membership unless otherwise provided by court order or agreement. If there is any legal proceeding (including but not limited to, legal separation, divorce, or bankruptcy) which involves a dispute or claim about the ownership of a Membership, the Club Operator shall be entitled to rely on the Application and Membership Agreement and the person (or persons) listed on the Application and Membership Agreement to confirm the identity of the Primary Member, and, to the extent permitted by law, the Club Operator shall have the right to suspend the membership privileges associated with such Membership until the matter has been resolved. The Club Operator will not be obligated to rely on the Application and Membership Agreement if the Club Operator believes there are other factors that are more relevant to determining the identity of the Primary Member. Once there is an award of membership (by either fully executed settlement agreement or final judicial order) the Club Operator will comply with the award. Nevertheless, both spouses shall be jointly and severally liable for all dues, fees and other charges incurred up until the day the award is entered.

26. 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 category. 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 category of Membership, the request will be denied, and said Membership considered resigned (for instance if the Designated Adult does not succeed to ownership of the Property with respect to which the Membership was issued). Other options which the Club may, but shall not be required to, offer under these circumstances include an upgrade or downgrade of Membership category, based on availability, eligibility requirements and payment of any appropriate fees. The Club Operator 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 Operator as a condition of any such reclassification.

MEMBERSHIP YEAR

27. Membership Year - The membership year of each Home Club shall begin January 1st and end the following December 31st. All Membership categories shall comply with this membership year schedule.

GUESTS

28. Guest Privileges - Members may have limited guest privileges in accordance with this Membership Plan and the Rules and Regulations and upon payment of applicable guest fees established by the Club Operator from time to time. The Club Operator, in its sole discretion, may limit, deny or revoke guest privileges of any Member and limit the number of times any particular individual guest may use the Club Facilities or any particular facility provided through the Cliffs Clubs during a specific period of time and limit the number of guests a Member may sponsor at any particular time. The Cliffs Clubs may charge higher guest fees for unaccompanied guests (if permitted by the Club Operator) and require that guests be accompanied by a sponsoring Member when using certain facilities provided at the Cliffs Clubs,

when using the facilities during certain times of the day, when using the facilities during certain days of the week or when using the facilities during certain times of the year. Sponsoring Members are responsible for the payment of all fees and charges unpaid by their guests and for the conduct of their guests. The following provisions outline the escorted or unescorted privileges afforded Day Guests, Corporate and Executive Guests, Family Guests, Houseguests, and Residence Club Guests, which may be modified by the Club Operator from time to time in the Club Operator's sole discretion.

28.1 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 day guest may not use the golf facilities, tennis, swimming and other recreational facilities of the Cliffs Clubs more than six (6) times during a membership year.

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 may 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 applicable Cliffs Club and make dining reservations or reserve tee times for any unescorted guests and authorize charge privileges or indicate to the Cliffs 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 category of Membership.

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 Cliffs Club premises if the day guest is determined by the Club Operator or Cliffs Club management 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 Cliffs Clubs.

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

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

A. A 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 Cliffs Clubs 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. Cliffs 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.

28.3 Family Guests - From time to time, the Cliffs Clubs 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.

28.4 House Guests - Family members of a Member, and friends staying within the home of a Member located within a Cliffs Community, are not subject to the Member Day Guest rules outlined in Section 28.1.A above; provided, however, that the Club Operator shall have the discretion to determine in its reasonable judgment whether such house guest privileges are being abused.

28.5 Lessees - A lessee of a Property Owner's home shall not be permitted use rights or privileges under the Property Owner's Membership, and shall be required to obtain a separate temporary membership from the Club Operator, subject to availability and approval by the Club Operator. If the Property Owner leases his/her Property through the rental program of the Club Operator's designated affiliate, then the lessee may also obtain certain membership privileges though such rental program.

28.6 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.

29. 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, a Developer and their 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 Club Operator. The Club Operator may permit persons to use the Club Facilities for special outings and events, according to guidelines, schedules and fee structures established by the Club Operator.

DISCIPLINE OF MEMBERS

30. 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 by the Club Operator to be "Conduct unbecoming a Member of the Cliffs Clubs:"

A. Submission of false information on the Application and Membership Agreement or application for guest 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 Club Operator, Cliffs Clubs, or its Members and their families, as determined solely by the Club Operator.

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 Club Operator.

F. Displaying conduct which, in the sole and absolute discretion and opinion of the Club Operator, 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 Club Operator.

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

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

J. The Club Operator, 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 or terminated due to disciplinary action, is not entitled to any refunds of Initiation Fees, dues, or credits of any kind 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 and as otherwise provided in this Membership Plan.

N. In the event a Membership is permanently terminated by the Club Operator, constituting an involuntary resignation, the Member waives all rights to any guaranteed Membership re-issuance in accordance with this Membership Plan.

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.

PERSONAL INJURY AND LOSS OR DESTRUCTION OF PROPERTY

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

A. Neither the Club Operator 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 Club Operator, 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 Club Operator.

C. No person shall remove, or rearrange any property or fixtures belonging to the Club Operator or 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 Club Operator or the Cliffs Clubs, or who engages in any contest, game, function, exercise, competition, or other activity operated, organized, arranged or sponsored by the Club Operator or the Cliffs Clubs, shall do so at his/her own risk, and shall hold the Club Operator, the Cliffs Clubs, and its management, employees, principals, affiliates, directors, representatives and agents (collectively, the "Club Indemnified Parties") 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 Club Operator or any of the other Club Indemnified Parties.

F. Should any party bound by the Membership Documents bring suit against the Club Operator or any of the Club Indemnified Parties in connection with any event operated, organized, arranged or sponsored by the Club Operator or the Cliffs Clubs or any other claim or matter in connection with membership in any of the Cliffs Clubs, and fail to obtain judgment therein

against such Club Indemnified Parties, said party shall be liable to the Club Operator and the Club Indemnified Parties for all costs and expenses incurred by the action in the defense of such suit.

TRANSFER OF CLUB OR CLUB FACILITIES

32. Sale of Club to a Third Party - The Club Operator 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 Club Facilities to any entity whatsoever, subject to the rights of Members set forth in this Membership Plan. In the event the Club Operator sells some or all of the Club Facilities to a third party, the Club Operator may assign its rights and obligations under the Membership Documents to the subsequent purchaser, and, upon the assumption of the obligations under the Membership Documents by such purchaser, the Club Operator shall be released from all liability under the Membership Documents that such purchaser has agreed to assume.

33. Sale of Club to Members - The Club Operator, 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 Club Operator, 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 the event the Club Operator converts the Club Facilities to an equity member-owned club, the Club Operator may assign its rights and obligations under the Membership Documents to the subsequent purchaser, in which event the Club Operator shall be released from all liability under the Membership Documents.

34. Dissolution of the Club - The Club Operator 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, and upon such termination the Members shall be entitled to a refund of any prepaid dues, and each Member shall be entitled to a prorated refund of the Initiation Fee paid by such Member based upon an amortization of such Initiation Fee over a five-year period commencing upon the issuance of their Membership.

MODIFICATION AND INTERPRETATION

The Club Operator reserves the right to amend and modify the Membership Plan and the Rules and Regulations in any manner it deems appropriate, except as otherwise provided in this paragraph below. Notwithstanding the foregoing, the Membership Plan may not be amended by the Club Operator to require the Members of a particular Cliffs Club to fund any capital assessments or operating assessments without first obtaining the approval of a majority of the Members (at such Cliffs Club) in Good Standing within the category of Membership that would be subject to such assessment, with each such Member being entitled to one (1) vote per Membership. Unissued and resigned Memberships will not be counted for purposes of such voting. Any amendments to the Membership Plan shall become effective no earlier than the date that is thirty (30) days after notice of such amendment has been provided to the Members, which notice may be provided by e-mail and/or posting of the amendment to the Cliffs Clubs

website. Notwithstanding anything in this Membership Plan to the contrary, if the proposed amendment to the Membership Plan is materially adverse to the Members or to any category of Members, then after notice of such amendment has been provided to the Members, a Member who is materially adversely affected by such proposed amendment may elect to resign at any time prior to the effective date of such amendment and any such election to resign that is timely made will become effective immediately prior to the effective date of such amendment. To the extent there are any conflicts or ambiguities in the terms of the Membership Documents, the Club Operator shall have the sole authority to interpret the Membership Documents and its decision shall be conclusive and final.

HOME CLUB BOARD

35. Home Club Board - The Club Operator will establish a procedure whereby the Members of each Home Club in Good Standing will be given the opportunity to elect Members of their own Home Club, who are in Good Standing, to serve on a Home Club Board. The Home Club Boards for the respective Cliffs Clubs will serve in an advisory capacity only, and will have no duty or power to act on behalf of the Club Operator, the Home Club or the Home Club's Members, whether individually, or collectively.

36. Home Club Board Meetings With Club Management - The Club Operator' 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 Home Club Boards to discuss the operation of the Club Facilities of the applicable Home Club. Such meetings with the Home Club Boards will be scheduled from time to time but efforts will be taken to schedule such meetings no less frequently than quarterly.

REPRESENTATION ON CLIFFS CLUB PARTNERS BOARD

Cliffs Club Partners will have a seven (7) member Board of which two (2) seats will be reserved for two Members of the Cliffs Clubs at-large who are in Good Standing (the "Member Board Seats"). The Member Board Seats will be filled by election of all of the Members of the Cliffs Clubs who are in Good Standing. Provided that the Prior Club Notes are still in existence and outstanding, one of such seats shall be filled by a Member in Good Standing who is a holder of a Prior Club Note who obtains the most votes and the other seat shall be filled by a Member in Good Standing who is not a holder of a Prior Club Note who obtains the most votes. For purposes of this paragraph, the term "Prior Club Notes" shall mean promissory notes issued by the prior owner of the Club Facilities (who filed for bankruptcy) to certain of its club members.

GLOSSARY OF DEFINED TERMS

thecliffs.

THE CLIFFS CLUBS

RULES AND REGULATIONS

THE CLIFFS CLUBS

RULES AND REGULATIONS

It is the intent of the Club Operator to establish Rules and Regulations for the mutual enjoyment of the Club Facilities by all the Club's Members and their guests, subject to the terms of the Membership Documents.

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 provide courtesies, comforts, and services to which you, as a Member of the Club, are entitled.

It is further the responsibility of the membership of each Cliffs Club to know these Rules and Regulations and to cooperate in their enforcement. A Member of any other Cliffs Club utilizing the Club Facilities of the Club shall be required to follow the applicable Rules and Regulations in place for each such Club.

For purposes of these Rules and Regulations, "Club" will refer to any one of the Home Clubs as defined in this Membership Plan. Any capitalized terms used herein which are not otherwise defined herein shall have the meaning ascribed to such terms in The Cliffs Clubs Master Membership Plan, as such may be amended from time to time.

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 Operator and Club 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
Walnut Cove – Bar and Patio

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 – The Club Operator and Club management have the sole authority with respect to matters of staff and employee discipline. 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 Club Operator or Club 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 should be made in writing, to the General Manager, or appropriate designated officer of the Club Operator, specifying the particular offense or concerns, and signed and dated by the complainant.

J. PETS - Dogs and other pets (with the exception of service animals) 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 the Club Operator or Club management. All rules and regulations are subject to amendment or modification at the sole discretion of Club Operator.

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, and may be subject to additional rules of the applicable Property Owners' Association. 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 Operator. As of the effective date of the Membership Plan, the standard service charge is 18% for food and beverage purchases, and is 20% for catering services, which amounts may be modified from time to time by the Club Operator. 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 e-mail 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 and may charge a cancellation fee if the reservation is cancelled or if the party does not attend.

SECTION VI. CHILDREN

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. Persons using the golf course and other golf facilities do so at their own risk. 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 1st 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 1st 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 categories. 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 purpose other than golf (which includes, without limitation, walking or jogging) is prohibited, unless otherwise pre-approved by Club management. Pets are not permitted on the golf course.

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.

O. TOURNAMENTS

The Club Operator reserves the right to establish a priority system for determining which Members may participate in a Tournament; provided, however, that Full Golf Members will be given the highest priority over any other category of Membership for any Tournament at their own Home Club.

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. Club 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 Club 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 Club 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 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, and if they are under the age of 18 they must be accompanied by an adult.

F. A Member must accompany all guests, and guest fees may be charged. All guest rules apply as outlined in the 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 Membership Plan.

G. Small children must be accompanied by adults 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 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.

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 Membership Plan.

thecliffs.

THE CLIFFS CLUBS

APPLICATION AND MEMBERSHIP AGREEMENT

FOR HISTORIC MEMBER

CLIFFS CLUB

_____Cliffs Club at Glassy
_____Cliffs Club at Keowee Vineyards
_____Cliffs Club at Keowee Falls
_____Cliffs Club at Mountain Park
_____Cliffs Club at Valley
_____Cliffs Club at Walnut Cove
_____Cliffs Club at Keowee Springs

CATEGORIES OF MEMBERSHIP

_____**Golf Membership**
____Full Golf
____Home Golf
____Non-Resident Golf

_____**Sports Membership**
____Full Sports
____Non-Resident Sports

____ **Wellness Membership**

____ **Social Membership**

_____**Corporate Membership**

_____ **Residence Club Membership**

PRIMARY MEMBER NAME: _____

Member Account # :_____

Property Reference: _____

Cliffs Property Address Associated with the Purchased Membership:

_____
Street

_____
City State Zip

Multiple Membership Holder ☐ Total Number of Memberships _____

Will this Membership be the Primary Membership? Yes ☐ No ☐

APPLICATION AND MEMBERSHIP AGREEMENT

The undersigned applicant ("Applicant") desires to obtain a _____ **Membership** (hereinafter the "Purchased Membership") in Cliffs Club at _____ (the "Club") and hereby submits this Application and Membership Agreement (together with all addenda attached hereto, collectively referred to herein as the "Application and Membership Agreement") to Cliffs Club Partners, LLC, a Delaware limited liability company, for consideration. Any capitalized terms not otherwise defined herein shall have the meaning ascribed to them in The Cliffs Club Master Membership Plan dated August, 2012 (as amended, the "Membership Plan"). If this Application and Membership Agreement is accepted by the Club Operator, the Applicant requests that their name be placed on the Membership Roster of the Club as follows:

APPLICANT/MEMBER INFORMATION

Mr.☐ Mrs.☐ Ms.☐ Miss☐ Dr.☐

Name of Primary Member
(Please Print): _____

Member/Billing
Address: _____
Street

_____
City State Zip

Seasonal
Address: _____
Street

_____
City State Zip

From: ____/____/____ To: ____/____/____

Social Security #_____ Date of Birth_____
Driver's License #_____ State_____
Marital Status: Single☐ Married☐ Wedding Date_____

Business
Address: _____
Street

_____
City State Zip

Business Telephone # (___)_____ Fax # (___)_____
Local Telephone # (___)_____ Other Telephone # (___)_____
Mobile Telephone # (___)_____ E-Mail Address*_____

* *Please provide the E-Mail address you would like the Club to use for purposes of mailing billing statements and other notices from the Club.*

DESIGNATED ADULT INFORMATION
(Not Applicable for Corporate Membership)

Spouse☐ Other☐

Mr.☐ Mrs.☐ Ms.☐ Miss☐ Dr.☐

Name (Please Print): _____

Social Security #_____ Date of Birth_____

Driver's License #_____ State_____

Mobile Telephone # (___)_____ E-Mail Address_____

DEPENDENT INFORMATION
(Not Applicable for Corporate Membership)

Children who are twenty-three years of age and younger and are either living in the Applicant's home or attending school on a full-time basis or serving in the military:

	Name (First & Last)	Date of Birth	Male or Female	E-Mail Address
1.				
2.				
3.				
4.				

ADDITIONAL SERVICES

The Applicant hereby selects the following additional services by checking the applicable box (and initialing where indicated) and agrees to pay to the Club the fees and charges, including any applicable sales tax, or other taxes, for the services selected. The current amount of fees for each service is described on the Current Schedule of Initiation Fees, Dues, Other Fees and Charges, which is subject to change, as set forth in the Membership Documents.

☐ Annual Cart Program - Family ☐
*Initial:*____ Single ☐

☐ Bag Storage - Member ☐
*Initial:*____ Designated Adult ☐

☐ Wine Locker
*Initial:*____

☐ Locker Rental - Member ☐
*Initial:*____ Designated Adult ☐

TERMS AND CONDITIONS

1. Application For Membership Privileges. The Applicant hereby applies for a _____ **Membership** at the Club and agrees to pay a nonrefundable Transfer Fee to the order of Cliffs Club Services, LLC of $_____, and, if applicable, a nonrefundable Reinstatement Fee of $_____ (the foregoing Transfer Fee and Reinstatement Fee are sometimes collectively referred to herein as the "Initiation Fee"). The Applicant has selected the category (and sub-category, if applicable) of Membership identified on the cover page to this Application and Membership Agreement.

2. Payment Of Initiation Fee. The Applicant hereby acknowledges and agrees that the required Initiation Fee set forth above in Section 1, plus all applicable taxes (if any), shall be paid at the time this Application and Membership Agreement is submitted to the Club Operator for consideration, except as otherwise permitted by the Club Operator.

If the Applicant fails to pay the Initiation Fee, or any part thereof, as and when due pursuant to an agreement with Club Operator, then the Club Operator shall be entitled to all remedies provided in law or in equity, for the collection of the Initiation Fee, plus interest at the highest rate allowed by law, and may terminate the Purchased Membership upon which all membership privileges at the Club shall automatically terminate. If, however, the Club Operator elects to accept a late payment and does not terminate the Purchased Membership, then interest at the highest rate allowed by law shall be due on the amount of the payment from the original due date until the date the payment is made.

3. Initiation Fee Is Nonrefundable. Each person who desires to acquire a Membership will be required to pay a nonrefundable Initiation Fee, as contemplated under the Membership Documents, in an amount determined by the Club Operator in its sole discretion. The Applicant acknowledges and agrees that under no circumstances will the Applicant be entitled to any refund or repayment of the Initiation Fee paid for the Purchased Membership.

4. Disclosure and Release of Information. The Applicant hereby authorizes the Club Operator to send any invoices, notices or other mailings regarding the Purchased Membership by electronic mail to the e-mail address provided in this Application and Membership Agreement or any other e-mail address provided by the Applicant to the Club. The Applicant hereby acknowledges that the Club and Club Operator is relying on the information provided by the Applicant in this Application and Membership Agreement and the information contained in the Application for Membership Privileges (the "Former Application") previously submitted by the Applicant to the Prior Clubs (as defined in the Historic Member Addendum attached herewith), and the Applicant hereby represents and warrants to the Club and Club Operator that such information is (or was at the time of submission, in the case of the Former Application) accurate. The Applicant hereby authorizes the Club Operator to obtain a credit report of the Applicant, check the references provided herein (or in the Former Application) and otherwise obtain and use all information in determining qualification for membership in the Club. The Applicant agrees to release to the Club Operator all information requested by the Club Operator (including credit, financial, and any police/criminal records and information), and hereby authorizes those persons or entities included as references herein (or in the Former Application) to furnish information to the Club Operator. The Applicant hereby irrevocably releases and holds the Club Operator and its affiliates and their respective members, shareholders, partners, directors, managers, officers, employees and agents forever harmless from any and all liabilities, claims and causes of action for all matters related to the above and further agree to indemnify and reimburse such individuals from any and all costs and expenses related to any such matters. The Applicant hereby covenants and agrees to immediately notify the Membership Office in writing regarding any updates or changes to the Applicant's

information on file with the Membership Office. This Application also serves as the application by Applicant to become a member of The Cliffs Members Club, a non-profit corporation organized under the laws of the State of South Carolina (the "Non-profit Club"), and Applicant hereby acknowledges and consents to the sharing of Applicant's information provided herein, or in the Former Application, with the Non-profit Club.

5. Receipt Of Membership Documents. The Applicant hereby acknowledges receipt of the Membership Plan, the Club's Rules and Regulations dated _____, 2012 (the Membership Plan and Rules and Regulations together with this Application and Membership Agreement are collectively referred to as the "Membership Documents"), and hereby agrees to abide by all of the respective terms and conditions of the Membership Documents as amended from time to time. The Rules and Regulations of the Cliffs Clubs that are applicable to the dining and bar areas of the Club Facilities will likewise be applicable with respect to the Non-profit Club.

The following addenda *(please check only those that are applicable)* are attached to, and are incorporated into and made a part of, this Application and Membership Agreement:

☒ Historic Member Addendum *(required)*

☒ Current Schedule of Initiation Fees, Dues, Other Fees and Charges *(required)*

☒ Credit Card Authorization Addendum *(required)*

☐ ACH Authorization Addendum *(optional)*

☐ Non-Resident Member Addendum *(if applicable)*

☐ Proof of Ownership in Cliffs Community *(if applicable, deed or settlement statement)*

☐ _____ *(other, if applicable)*

6. Payment Of Dues And Club Account. The Applicant hereby agrees to pay to the Club the membership dues, fees and charges, including any applicable sales tax, or other taxes, for the category of membership privileges selected. The current amount of dues, for each category of membership privileges is described on the Current Schedule of Initiation Fees, Dues, Other Fees and Charges Addendum, which is subject to change, as set forth in the Membership Documents. Dues charged the by the Cliffs Clubs is inclusive of the dues applicable to the Non-profit Club and will be allocated among the Cliffs Clubs and the Non-profit Club as mutually agreed by the Club Operator and the Non-profit Club. In the event that any amount owed to the Club is not paid on a timely basis, the Applicant understands that he/she may be charged late charges in accordance with the Membership Documents. The Applicant hereby authorizes that all dues, fees and charges be billed to any one of the credit cards on file with the Club pursuant to the Membership Documents, and certifies that the credit cards listed on the Credit Card Authorization Addendum attached hereto are issued to the Applicant and that the information set forth in the Credit Card Authorization Addendum (and any supplemental Credit Card Authorization Form provided by the Applicant to the Club) shall be true and correct in all respects. The Applicant hereby acknowledges and agrees that he/she is obligated to keep at least two (2) valid approved credit cards on file with the Club at all times, that the Club will charge a convenience fee as set forth in the Membership Plan for any charges paid by credit card, and that the Applicant shall be responsible for any amounts that are not paid by the credit card companies. All disputes on any such credit card accounts relating to the Club will be promptly brought to the Club's attention.

7. Acknowledgment Of Membership Rights. The Applicant hereby acknowledges and understands that the Club Operator will initially operate the Club. The Applicant further acknowledges that membership at the Club permits the Applicant the right to use the Club Facilities, but is not an investment in the Club Operator, the Club, or the Club Facilities, nor does membership confer on the Applicant any equity or ownership interest or any other property interest in the Club Operator, the Club, or the Club Facilities. Membership does not grant to the Applicant a vested or prescriptive right or easement to use the Club Facilities. The Applicant only obtains a non-exclusive revocable license to use the Club Facilities in accordance with the terms and conditions of the Membership Documents, as they may be amended from time to time. The Applicant hereby acknowledges and agrees that while such Applicant owns a Property in the Community, such Applicant shall be required to maintain the Purchased Membership in Good Standing in order to ensure that the purchaser of their Property in the Community will have the opportunity to become a Member of the Club. All rights and privileges of the Applicant and other members of the Club under the Membership Documents are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time.

As more particularly provided in the Membership Documents, and subject to any limitations provided therein, the Club Operator reserves the right, in its sole discretion, to terminate or modify the terms and conditions of the Membership Plan and the Rules and Regulations, to reserve memberships in the Club, to sell, lease, or otherwise dispose of the Club Facilities, to add, issue, modify, or terminate any category or class of membership, to discontinue operation of any or all of the Club Facilities, to convert the Club into a member-owned club, and to make any other changes in the terms and conditions of the membership or the Club Facilities available for use by its members.

8. Waiver And Indemnity. The Applicant acknowledges and agrees on behalf of himself or herself, and his or her immediate family members, extended family members, lessees and guests who, in any manner, make use of, or accept the use of, any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club Operator, or who engage in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club or the Club Operator, either on or off the Club Facilities, shall do so at his or her own risk, waive, satisfy and forever discharge the Club Operator and each of the other Club Indemnified Parties from any and all manners of action, causes of action, damages, claims and demands whatsoever, including any claims arising out of negligence, in law or in equity, which he or she may have now or at any time in the future, arising out of or resulting from the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club Operator, including without limitation the use of golf carts provided by the Club or Club Operator or the participation in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club or the Club Operator, either on or off the Club Facilities and shall defend, indemnify and hold harmless the Club Operator and each of the other Club Indemnified Parties from and against any and all losses, damages, claims or suits arising out of any personal injury or property damage caused by the intentional or negligent acts or omissions of the Applicant, or his or her immediate family members, extended family members, lessees and guests. Should the Applicant, or his or her immediate family members, extended family members, lessees or guests file a legal action against the Club Operator or any of the Club Indemnified Parties for any claim and fail to obtain judgment therein against it or them, the Applicant shall be liable to each of the Club Operator and other Club Indemnified Parties for all costs and expenses incurred by it or them in the defense of such legal action, including reasonable attorneys' fees and para-professionals' fees (including fees acquired in connection with appellate proceedings).

9. Release Of Any Prior Obligations. The Applicant does, on behalf of his/her agents, successors, beneficiaries and assigns, hereby remise, release, and forever discharge the Club Operator, together with its respective current and former shareholders, members, partners, officers, directors, managers, employees, agents, attorneys, affiliates, successors and assigns, from any and all causes of action, suits, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, guarantees, indemnifications, promises, liens, damages, judgments, executions, claims, and demands whatsoever, in law or in equity, which the Applicant ever had, now has, or which the Applicant's agents, successors, and assigns hereafter can, shall, or may have, by reason of any matter, cause, or thing whatsoever, from the beginning of time to the date this Application and Membership Agreement has been accepted and executed by the Club Operator.

10. Use of Likeness and Statements. The Applicant hereby acknowledges that the Club may use photographs taken of the Applicant and other users at the Club and statements made by the Applicant at the Club for Club and/or any Club Communities publications without any prior approval.

11. Assignment. The Applicant's rights, privileges or interests under this Application and Membership Agreement are not assignable or transferable. However, the Club Operator may assign its interest in this Application and Membership Agreement and the Membership Documents, and in the event of such an assignment, the liability and obligations of such assignor shall be terminated effective as of such assignment.

12. Definitions. All capitalized terms used herein which are not otherwise defined herein shall have the meanings set forth in the Membership Documents.

13. Governing Laws. This Application and Membership Agreement and the other Membership Documents shall be governed by and construed in accordance with the laws of the State of South Carolina without regard to principles of conflicts of laws. EACH PARTY TO THIS APPLICATION AND MEMBERSHIP AGREEMENT KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES THE RIGHT TO A JURY TRIAL IN ANY LAWSUIT BETWEEN SUCH PARTY AND ANY OTHER PARTY HERETO WITH RESPECT TO THIS APPLICATION AND MEMBERSHIP AGREEMENT.

FOR NON-CORPORATE MEMBERSHIP ONLY:

If the undersigned Primary Member has identified a Designated Adult in this Application and Membership Agreement, then the signature of the Primary Member's Designated Adult is required below, and such Designated Adult shall be jointly and severally liable for all of the Primary Member's obligations under the Membership Documents which are incurred while such person is the Designated Adult of the Applicant.

Date	Print Name of Primary Member	Signature of Primary Member
Date	Print Name of Designated Adult	Signature of Designated Adult

FOR CORPORATE MEMBERSHIP ONLY:

A Corporate Membership may have up to four (4) Member Designees. The Club Operator may require each Member Designee to complete a separate information sheet. Notwithstanding anything in the Membership Documents to the contrary, a Corporate Membership does not provide membership privileges for the immediate family of a Member Designee. The Corporate Member identified below and each Member Designee of the Purchased Membership shall be jointly and severally liable for all obligations associated with the Purchased Membership, and each Member Designee hereby agrees to all of the terms and conditions of this Application and Membership Agreement in the same manner as if the Member Designee was the Applicant hereunder.

_____	_____
Name of Corporate Member	Signature of Authorized Representative Date:_____
_____	_____
Name of Member Designee (1)	Signature of Member Designee (1) Date:_____
_____	_____
Name of Member Designee (2)	Signature of Member Designee (2) Date:_____
_____	_____
Name of Member Designee (3)	Signature of Member Designee (2) Date:_____
_____	_____
Name of Member Designee (4)	Signature of Member Designee (2) Date:_____

This Application and Membership Agreement shall not be binding on the Club Operator until the acceptance below is signed by an authorized representative of the Club Operator.

ACCEPTANCE BY CLUB OPERATOR:

Cliffs Club Partners, LLC, a Delaware limited liability company

By:_____ Title:_____ Date:_____

Member Account # :_____ Property Reference: _____

MEMBERSHIP OFFICE CONTACT INFORMATION

250 Knightsridge Road
Travelers Rest, SC 29690
Attention: Membership Director

FOR CLUB USE ONLY

Member Account in Good Standing? Yes ☐ No ☐

If no, amount outstanding $_____ as of _____(*date*).

Are dues from Prior Club current from March 1, 2012? Yes ☐ No ☐

Transfer Fee:

$_____ Date Received:_____ Check/Wire:_____ Balance Due $_____
$_____ Date Received:_____ Check/Wire:_____ Balance Due $_____
$_____ Date Received:_____ Check/Wire:_____

Promissory Note Executed and Received ☐

Due Dates: Payment 1 _____ Payment 2 _____

Reinstatement Fee: *(Historic Resigned Member only)*

$_____ Date Received:_____ Check/Wire:_____

Member Acct. #_____ Resignation Date: _____

Property Reference: _____ Termination Date: _____

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HISTORIC MEMBER ADDENDUM

Application and Membership Agreement

PRIMARY MEMBER NAME: _____

Member Account # :_____

Property Reference:

Community: _____ SECTION: _____ LOT: _____

This Historic Member Addendum is a part of the undersigned Applicant's Application and Membership Agreement to acquire the Purchased Membership, and all capitalized terms used herein shall have the meaning ascribed to such terms in such Application and Membership Agreement and/or the other Membership Documents. To the extent there is any inconsistency between the terms of this Historic Member Addendum and the terms of the other Membership Documents, the terms of this Historic Member Addendum shall supersede any such inconsistent terms in the other Membership Documents.

The Applicant previously acquired a club membership from The Cliffs Club & Hospitality Group, Inc. and/or its affiliates (together, the "Prior Clubs") and paid a membership deposit to the Prior Clubs (which membership deposit, as determined after applicable adjustments and set-offs, is referred to herein as the "Membership Deposit"). The Prior Clubs have filed for bankruptcy and, in connection with the bankruptcy, the Applicant has elected to acquire from the Club Operator the Purchased Membership pursuant to the terms of the Membership Documents. For purposes of this Historic Member Addendum, persons who were active members of the Prior Clubs with memberships in good standing prior to the effectuation of the Membership Documents by the Club Operator are referred to herein as "Historic Active Members" with respect to such memberships, and persons who were former members of one of the Prior Clubs with respect to memberships at the Prior Clubs that have been resigned and who have not received a repayment of their Membership Deposit are referred to herein as "Historic Resigned Members" with respect to such resigned memberships. A person may simultaneously qualify as both a Historic Active Member with respect to a membership at the Prior Clubs that has not been resigned and a Historic Resigned Member with respect to another membership at the Prior Club that has been resigned, and such determination shall be made with respect to each membership, separately, based upon the definitions of such terms above.

Any person who was a member of the Prior Clubs and who delivered a notice of resignation to the Prior Clubs within the twelve-month period prior to the date such person submits a completed Application and Membership Agreement and applicable Transfer Fee to the Club Operator shall not qualify as a Historic Resigned Member and shall be required to pay all dues applicable to their membership in the Prior Clubs with respect to the period from and after March 1, 2012 in order to constitute an active member in good standing with the Prior Clubs and, therefore, qualify as a Historic Active Member. **For purposes of clarification, a member of the Prior Clubs who qualifies as a Historic Active Member with respect to a membership in one of the Prior Clubs would not be required to pay an additional Reinstatement Fee under Section 3 hereof with respect to such membership to obtain the rights to a Refund Payment.**

This Historic Member Addendum includes certain provisions that are applicable to the Applicant, resulting from the Applicant's election, in connection with the bankruptcy of the Prior Clubs, to acquire the Purchased Membership, and the provisions included herein shall be incorporated into and become part of the Applicant's Application and Membership Agreement.

1. Categories of Membership. Each of the Cliffs Clubs will offer, among other categories of Membership, the following categories of Membership: Golf Memberships; Sports Memberships; Wellness Memberships; and Social Memberships. The Cliffs Clubs will also offer various sub-categories within certain of the above-described categories of Membership, as described in the Membership Plan.

a. Transfers by Cliffs Golf and Charter Members. Historic Active Members and Historic Resigned Members who held either a Cliffs Golf Membership or Cliffs Charter Membership at the Prior Clubs will be permitted to acquire, upon payment of the applicable Transfer Fee, a Golf Membership in the Full Golf sub-category. Notwithstanding the foregoing: (i) a Non-Resident Golf sub-category will be available for those who qualify as a Non-Resident Member as defined in the Membership Plan; and (ii) a limited number of downgrades from Full Golf to the Home Golf sub-category of Membership (to become effective January 1, 2013) will be permitted to those who request such downgrade at the time of submitting their Application and Membership Agreement, which downgrades will be limited with respect to each Cliffs Club to five percent (5%) of the total number of Historic Active Members and Historic Resigned Members who acquire a Golf Membership at such Cliffs Club within thirty (30) days following the transfer of the Club Facilities to the Cliffs Clubs and who are paying Golf Membership level dues (other than as a Non-Resident Golf sub-category). First priority for downgrades will be given to those Historic Active Members and Historic Resigned Members who qualify as Generational Members based upon the total number of years they have been a Member at the Cliffs Clubs and/or a member of the Prior Clubs, and any remaining slots for downgrades will be awarded based upon a lottery system established by the Club Operator. Historic Active Members and Historic Resigned Members who acquire a Full Golf Membership and request to downgrade to a Home Golf Membership upon submission of their Application and Membership Agreement (with applicable Transfer Fee) and who are not awarded a downgrade upon becoming a Member due to the five percent (5%) cap, will be placed on a downgrade waiting list and be permitted to downgrade to a Home Golf sub-category effective as of a subsequent calendar year as provided in Section 7 below.

b. Transfers by Cliffs Family and Sports Members. Historic Active Members and Historic Resigned Members who held either a Cliffs Family Membership or Cliffs Sports Membership at the Prior Clubs will be permitted to acquire, upon payment of the applicable Transfer Fee, a Sports Membership in the Full Sports sub-category. Notwithstanding the foregoing: (i) a Non-Resident Sports sub-category will be available for those who qualify as a Non-Resident Member as defined in the Membership Plan; and (ii) a limited number of downgrades from Full Sports to Wellness category of Membership (to become effective January 1, 2014) will be permitted to those who request such downgrade at the time of submitting their Application and Membership Agreement, which downgrades will be limited with respect to each Cliffs Club to five percent (5%) of the total number of Historic Active Members and Historic Resigned Members who acquire a Full Sports Membership at such Cliffs Club within thirty (30) days following the transfer of the Club Facilities to the Cliffs Clubs and who are paying Full Sports Membership level dues. First priority for downgrades will be given to those Historic Active Members and Historic Resigned Members who qualify as Generational Members based upon the total number of years they have been a Member at the Cliffs Clubs and/or a member of the Prior Clubs, and any remaining slots for downgrades will be awarded based upon a lottery system established by the Club Operator. Historic Active Members and Historic Resigned Members who acquire a Full Sports Membership and request to downgrade to a Wellness Membership category upon submission of their Application and Membership Agreement (with applicable Transfer Fee) and who are not awarded a downgrade to become effective January 1, 2014 due to the five percent (5%) cap, will be placed on a downgrade waiting list and be permitted to downgrade to a Wellness Membership effective as of a subsequent calendar year as provided in Section 7 below.

c. Transfers by Cliffs Wellness Members. Historic Active Members and Historic Resigned Members who held a Cliffs Wellness Membership at the Prior Clubs will be permitted to acquire, upon payment of the applicable Transfer Fee, a Wellness Membership. Notwithstanding the foregoing, a

limited number of downgrades from Wellness Membership to Social Membership (to become effective January 1, 2014) will be permitted to those who request such downgrade at the time of submitting their Application and Membership Agreement, which downgrades will be limited with respect to each Cliffs Club to five percent (5%) of the total number of Historic Active Members and Historic Resigned Members who acquire a Wellness Membership at such Cliffs Club within thirty (30) days following the transfer of the Club Facilities to the Cliffs Clubs and who are paying Wellness Membership level dues. First priority for downgrades will be given to those Historic Active Members and Historic Resigned Members who qualify as Generational Members based upon the total number of years they have been a Member at the Cliffs Clubs and/or a member of the Prior Clubs, and any remaining slots for downgrades will be awarded based upon a lottery system established by the Club Operator. Historic Active Members and Historic Resigned Members who acquire a Wellness Membership and request to downgrade to a Social Membership upon submission of their Application and Membership Agreement (with applicable Transfer Fee) and are not awarded a downgrade to become effective January 1, 2014 due to the five percent (5%) cap, will be placed on a downgrade waiting list and be permitted to downgrade to a Social Membership effective as of a subsequent calendar year as provided in Section 7 below.

d. Transfers by Cliffs Corporate Members. Historic Active Members and Historic Resigned Members who held a Cliffs Corporate Membership at the Prior Clubs will be permitted to acquire, upon payment of the applicable Transfer Fee, a Corporate Membership.

e. Transfers by Cliffs Residence Club Members. Historic Active Members and Historic Resigned Members who held a Cliffs Residence Club Membership at the Prior Clubs will be permitted to acquire, upon payment of the applicable Transfer Fee, a Cliffs Residence Club Membership.

If a Historic Active Member or Historic Resigned Member holds more than one membership at the Prior Clubs, such person would be required to submit a separate Application and Membership Agreement with respect to each Membership being acquired at the Cliffs Clubs. Any Historic Active Member or Historic Resigned Member who owns a Property within The Cliffs at High Carolina, who held a category of membership in the Prior Clubs, and who acquires a Membership in the Cliffs Clubs, would have the option, upon submitting their respective Application and Membership Agreement, to select which of the Cliffs Clubs would be the Home Club with respect to the Membership associated with such Property located within The Cliffs at High Carolina.

2. Initiation Fees/Transfer Fees. The Club Operator currently anticipates charging the following Initiation Fee for membership at the Cliffs Clubs:

Category of Membership	**Initiation Fee**
Golf Membership	$50,000
Corporate Membership	$50,000
Sports Membership	$35,000
Wellness Membership	$20,000
Social Membership	$20,000

However, the Applicant will not be required to pay the standard Initiation Fee for the Purchased Membership, but will be required to pay the applicable Transfer Fee for the category of Membership being acquired by the Applicant. The applicable transfer fee ("Transfer Fee") for the various categories of Membership are as follows:

Category of Membership	Transfer Fee
Golf Membership	$5,000*
Corporate Membership	$5,000*
Sports Membership (formerly Family Membership)	$2,500
Residence Club Membership	$2,500
Wellness Membership	$1,500

* The Applicant, if acquiring a Golf Membership or Corporate Membership, may elect instead to pay, through an installment plan, an increased sum of $5,740, as follows: an initial payment of $2,500 at the time of submitting the Application and Membership Agreement to the Club Operator, and delivery of a promissory note for the remaining balance payable in 24 monthly installments of $135.

The Transfer Fee payable by the Applicant hereunder shall be deemed to be the Initiation Fee for purposes of the Membership Documents and is not refundable.

3. Reinstatement Fee. If the Applicant is a Historic Resigned Member, the Applicant shall also be required to pay the applicable Reinstatement Fee in order to obtain the rights to receive a Refund Payment under Section 5 below of this Historic Member Addendum. The applicable reinstatement fee ("Reinstatement Fee") for the various categories of Membership are as follows:

Category of Membership	Reinstatement Fee
Golf Membership	$2,500
Corporate Membership	$2,500
Sports Membership (formerly Family Membership)	$1,500
Residence Club Membership	$1,500
Wellness Membership	$750

A Historic Resigned Member who fails to pay the Reinstatement Fee at the time of submitting the applicable Application and Membership Agreement shall have no right to receive any Refund Payment. Any Reinstatement Fee paid by the Applicant shall be deemed to be part of the Applicant's Initiation Fee for purposes of the Membership Documents and is not refundable.

4. Amnesty Program. The Club Operator intends to implement an amnesty program (the "Property Owner Amnesty Program") available to each person who currently owns Property in a Cliffs Community and is not a member of the Prior Clubs immediately prior to the transfer of the Club Facilities to the Cliffs Clubs. The Property Owner Amnesty Program, as currently contemplated, would require persons qualifying under the program to pay an activation fee in an amount equal to the applicable Transfer Fee, set forth in Section 2 above, for the selected Membership category. In addition, such persons qualifying for the Property Owner Amnesty Program would also be required to pay an Initiation Fee for the selected Membership category equal to the Initiation Fee set forth in Section 2 above, but would receive a credit of $20,000 toward the payment of the applicable Initiation Fee. Historic Resigned Members will be permitted to participate in the Property Owner Amnesty Program and will, therefore, have the option to either join the Cliffs Clubs as a Historic Resigned Member pursuant to the terms set forth in this Historic Member Addendum or join the Cliffs Clubs under the Property Owner Amnesty Program. In the event that a Historic Resigned Member acquires a Membership in the Cliffs Clubs pursuant to the Property Owner Amnesty Program, such Member will not be entitled to any Refund Payment. It is also intended that former members of the Prior Clubs, who own a Property in a Cliffs Community and who previously resigned but received a full refund of their membership deposit from the Prior Clubs, would also be eligible to participate in the Property Owner Amnesty Program.

5. Refund Payment.

a. *Waiting List and Reissuance.* A waiting list for the reissuance of a resigned Membership will be established for any Member who was either a Historic Active Member that paid the applicable Transfer Fee or a Historic Resigned Member that paid both the applicable Transfer Fee and applicable Reinstatement Fee; provided, however, that unless and until the Cliffs Clubs begins to actively offer Residence Club Memberships to others, no waiting list will be established for Residence Club Memberships and holders thereof, in order to obtain a Refund Payment, must arrange through the Club Operator for the reissuance of such Residence Club Membership to the buyer of such Member's interest in the applicable Property to which the Membership relates. Memberships on an applicable waiting list for reissuance will be issued in accordance with a rotating resale program, as follows: For each five (5) Memberships sold by the Cliffs Clubs within a given category of Membership, one (1) Membership will be reissued from the waiting list established for that category of Membership. For purposes of maintaining the applicable waiting lists, all sub-categories within a given category of Membership (without regard to which of the Cliffs Clubs such Membership relates) will be included within the same waiting list, and will be reissued from such waiting list, in accordance with the rotating resale program described above, on a first resigned, first reissued basis, with respect to each category of Membership. Corporate Memberships will be included in the same waiting list as Golf Memberships.

b. *Amount of Refund Payment and Vesting.* Upon the reissuance of a Membership from the applicable waiting list or as otherwise expressly provided in this Historic Member Addendum, the resigned Member who was either a Historic Active Member or Historic Resigned Member (who paid the applicable Reinstatement Fee) would be entitled to a refund payment ("Refund Payment") equal to the Applicable Percentage, multiplied by the lesser of: (i) the amount of the Membership Deposit; or (ii) seventy-five percent (75%) of the Initiation Fee then being charged by the Club Operator (at the time of such resignation) for the resigned Member's initial category of Membership acquired at the Cliffs Clubs, but if such Member downgrades to a lower category of Membership and fails to upgrade back to the initial category of Membership (or higher) within two years following the downgrade, then the relevant category of Membership for purposes of this clause (2) shall be such lower category of Membership and not the initial category of Membership. Except as may be modified by the Order of Confirmation of the Chapter 11 Plan issued by the United States Bankruptcy Court, District of South Carolina, Case No. 12-01220, for purposes of calculating the Refund Payment, the "Applicable Percentage" shall be determined based upon the length of time a Member keeps his/her Membership in Good Standing upon becoming a Member under the Membership Documents, as follows: (A) 20% commencing upon the 1st anniversary of becoming a Member under the Membership Documents; (B) 40% commencing upon the 2nd anniversary of becoming a Member under the Membership Documents; (C) 60% commencing upon the 3rd anniversary of becoming a Member under the Membership Documents; (D) 80% commencing upon the 4th anniversary of becoming a Member under the Membership Documents; and (E) 100% commencing upon the 5th anniversary of becoming a Member under the Membership Documents. Until

the 1st anniversary of becoming a Member under the new Membership Plan, the Applicable Percentage shall be zero.

c. *Payment of Refund Payment and Accelerated Vesting.* Upon the sale of the Applicant's Property in a Cliffs Community, if the Applicant arranges to have the purchaser of such Applicant's Property acquire a Membership at the Cliffs Clubs at the time of the closing of the Property sale, then: (i) notwithstanding the vesting schedule described above, the Applicant shall become fully vested in the right to the Refund Payment; (ii) if the purchaser of the Applicant's Property acquires an equal or greater category of Membership than that held by the Applicant, the Applicant's resigned Membership will not be placed on a waiting list for reissuance and the Applicant shall be paid the applicable Refund Payment at the closing of the sale of such Applicant's Property or within thirty (30) days after the date of issuance of the Membership to the purchaser of the Applicant's Property; and (iii) if the purchaser of the Applicant's Property acquires a lower category of Membership than that held by the Applicant, the Applicant shall be paid a portion of the applicable Refund Payment equal to 75% of the Initiation Fee paid by the purchaser of such Applicant's Property (not to exceed the amount of the Refund Payment) at the closing of the sale of such Applicant's Property or within thirty (30) days after the date of issuance of the Membership to the purchaser of the Applicant's Property, and the Applicant's resigned Membership will be placed on the applicable waiting list with the remaining balance of the Refund Payment, if any, being paid within thirty (30) days following the reissuance of such Applicant's resigned Membership from the waiting list.

Notwithstanding anything to the contrary in Section 34 of the Membership Plan, in the event of a termination of the Applicant's Membership as provided in Section 34 of the Membership Plan, the Applicant shall become automatically vested in the full Refund Payment and shall be paid the Refund Payment within sixty (60) days following the effective date of such termination, but shall not be entitled to any portion of the Transfer Fee or Reinstatement Fee paid by such Applicant. Notwithstanding the foregoing, if the Applicant's Membership is revoked or terminated pursuant to the terms of the Membership Documents due to a default in payment or other disciplinary action, the Applicant's right to a Refund Payment hereunder shall be automatically forfeited, waived, and released.

6. Upgrades.

a. *Upon Acquisition.* Historic Active Members and Historic Resigned Members may upgrade to a higher category of Membership immediately at the time of submitting their Application and Membership Agreement by agreeing to pay the applicable Transfer Fee and, if applicable, Reinstatement Fee for the higher category of Membership. For purposes of clarification, the Refund Payment calculation described in Section 5.b above will initially be based upon the category of Membership initially acquired. As a result, by paying the Transfer Fee and, if applicable, the Reinstatement Fee for such higher category of Membership, the Refund Payment calculation would be based upon the higher category of Membership.

b. *After Acquisition.* If the Applicant does not upgrade pursuant to Section 6.a above, the Applicant may subsequently upgrade to a higher category of Membership pursuant to the provisions of Section 21 of the Membership Plan, subject to availability. If the Applicant elects to upgrade pursuant to Section 21 of the Membership Plan to a higher category of Membership at any time during the two-year period commencing upon the issuance of the Purchased Membership to the Applicant, then the Applicant may elect, in lieu of paying the upgrade fee required under Section 21 of the Membership Plan, to have such upgrade fee set-off against the Refund Payment obligation, if any, payable to the Applicant (assuming for this purpose only that the Refund Payment was fully vested at the time of the upgrade). The Applicant shall not have the option to set-off against the Refund Payment any other amounts owed in connection with such Applicant's Membership, including, without limitation, any dues, fees or other charges owed to the Club Operator, except with respect to the Generational Member Discount Program described in Section 8 below.

7. Downgrades After Transfer. With respect to any downgrades not awarded pursuant to the provisions of Section 1 of this Historic Member Addendum, Historic Active Members and Historic Resigned Members may downgrade to a lower category or sub-category of Membership subject to the following

conditions, which conditions may be modified by the Club Operator in its sole discretion (but may not be modified to reduce the 5% cap in clause (b) below): (a) Historic Active Members and Historic Resigned Members will be permitted to downgrade a Membership by only one Membership level (e.g., Full Golf to Home Golf, Home Golf to Full Sports, Full Sports to Wellness, and Wellness to Social; For Non-Residents—Non-Resident Golf to Non-Resident Sports, Non-Resident Sports to Wellness, and Wellness to Social) per each annual request, provided that the Member qualifies for such sub-category level (i.e., Non-Resident Golf and Non-Resident Sports are reserved for Non-Resident Members only); (b) with respect to downgrades from each Membership level at each respective Cliffs Club, downgrades in any given year will be limited to five percent (5%) of the total number of Memberships in such category or sub-category. With respect to any downgrades (other than those effective for January 1, 2013 under Section 1.a and those effective for January 1, 2014 under Section 1.b or Section 1.c above), all downgrade requests throughout the calendar year up to November 30th of any given year will be eligible for consideration of a downgrade for the next calendar year subject to such other limitations set forth herein. Should more downgrade requests exist than eligible slots, then first priority for downgrades will be given to those Historic Active Members and Historic Resigned Members who qualify as Generational Members, based upon the total number of years they have been a Member at the Cliffs Clubs and/or a member of the Prior Clubs, and a lottery will be held in December by the Club Operator to determine which requests made during such year will become effective for the following year. The Club Operator reserves the right from time to time to determine the method and procedures to be used in implementing the lottery for downgrades.

8. Generational Member Benefits. To qualify as a "Generational Member", the Primary Member or the spouse or other Designated Adult must be at least 75 years of age and must have been a Member of the Cliffs Clubs and/or a member of the Prior Clubs for at least ten (10) years. Generational Members will be given a higher priority on any downgrade waiting list available to Historic Active Members and Historic Resigned Members, as provided in Section 1 and Section 7 hereof. Generational Members with a Golf Membership will also be eligible for the Generational Member Discount Program. The Generational Member Discount Program offers Generational Members with Golf Membership an ability to setoff fifty percent (50%) of their annual Golf Membership level dues against their right to a Refund Payment (determined as if fully vested) with respect to such Golf Membership. Total number of Members eligible for the Generational Member Discount Program at any given time shall be limited to three percent (3%) of the total number of Golf Members at the applicable Cliffs Club; provided, however, that any Historic Active Member or Historic Resigned Member who qualifies as a Generational Member hereunder and who was participating in a similar discount program with the Prior Clubs will be included in the Generational Member Discount Program notwithstanding the three percent (3%) cap. Priority for determining who may be added to the Generational Member Discount Program will be determined based upon the date such Member first becomes eligible to participate in the program and if there is a tie, then the Member who has been a Member at the Cliffs Clubs (and/or a member of the Prior Clubs) for the longer period of time will be given the higher priority. The Club Operator may from time to time, in its sole discretion, provide additional benefits for Members who qualify as Generational Members.

9. Acknowledgement. The Applicant hereby acknowledges and agrees, notwithstanding anything in the Membership Documents to the contrary, that: (a) Applicant shall be required to pay dues with respect to their applicable category of Membership for at least one full year after joining the Cliffs Clubs, irrespective of any resignation during that time; and (b) the Club Operator has not assumed any obligations of the Prior Clubs and the Club Operator's sole obligations to the Applicant are set forth in the Membership Documents, which includes, without limitation, the obligation to pay the Refund Payment as set forth herein.

To be eligible to join the Cliffs Clubs as a Historic Active Member or Historic Resigned Member pursuant to the terms of this Addendum, Applicant's Application must be completed and submitted to the Club Operator, along with the applicable Transfer Fee indicated above, no later than August 9, 2012.

By signing below, the Applicant hereby acknowledges and agrees to the terms set forth in this Historic Member Addendum.

APPLICANT:

Date	Print Name of Primary Member/ Corporate Member	Signature of Primary Member/ Authorized Representative

ACCEPTANCE BY CLUB OPERATOR:

Cliffs Club Partners, LLC, a Delaware limited liability company

By:_____ Title:_____ Date:_____

Member Account # :_____ Property Reference: _____

Current Schedule of Initiation Fees, Dues, Other Fees and Charges

A – Transfer Fees and Reinstatement Fees for Historic Members

Historic Membership Categories	Transfer Fee	Reinstatement Fee
Golf and Charter Membership	$5,000*	$2,500
Family and Sports Membership	$2,500	$1,500
Wellness Membership	$1,500	$750
Corporate Membership	$5,000	$2,500
Residence Club Membership	$2,500	$1,500

* Financing option available requiring total payment of $5,740: $2,500 down, remaining balance paid in 24 monthly installments of $135.

B – Membership Categories, Initiation Fees and Activation Fees

Primary Membership Categories	General Initiation Fees	Activation Fees under Property Owner Amnesty Program*
Golf Membership	$50,000	$5,000
Sports Membership	$35,000	$2,500
Wellness Membership	$20,000	$1,500
Social Membership	$20,000	$1,500
Other Membership Categories		
Corporate Membership	$50,000	$5,000

* The Club Operator intends to implement a Property Owner Amnesty Program to encourage all Property Owners who do not have a Membership (which will include any Historic Resigned Member who elects not to pay a Transfer Fee and transfer over under the applicable Historic Member Addendum) to acquire a Membership in the new Cliffs Clubs. A person acquiring a Membership under the Property Owner Amnesty Program will be required to pay the Activation Fee plus the Initiation Fee set forth above for the applicable category of Membership. As an incentive, however, any person acquiring a Membership under the Property Owner Amnesty Program will receive a credit of $20,000 toward the payment of their Initiation Fee, so that the **Total Fee under the Property Owner Amnesty Program, which includes the Initiation Fee + Activation Fee – Discount, will be: $35,000 for a Golf or Corporate Membership; $17,500 for a Sports Membership; and $1,500 for either a Wellness or Social Membership**. The following financing option will be available for purchasers of Golf Memberships pursuant to the Property Owner Amnesty Program: An initial payment of at least $17,500, with the remaining balance paid in 2 semi-annual payments accruing interest at 8%.

C – Applicable Dues

Membership Levels	Annual Dues	
Full Golf *	**$10,380**	
Home Golf	$9,340	
Non-Resident Golf	$8,300	
Full Sports*	**$5,280**	
Non-Resident Sports	$4,225	
Wellness*	**$3,720**	
Social	$1,860	
Corporate* (Maximum 4 Designees)	**$10,380**	**Includes up to 2 Designees**
	$ 5,190	**for each additional Designee**
Residence Club*	**$1,875**	

* These are the applicable Membership levels that would generally be acquired by Historic Active Members and Historic Resigned Members upon transferring to the new Cliffs Clubs.

D – Other Fees and Charges

Dues Levels	Home Course Green Fee	Reciprocal Green Fee	Escorted Guest Fee	Unescorted Guest Fee	Food and Beverage Minimum	Locker Rental	Bag Storage
Full Golf	No Charge	No Charge	$65 Home Club, $65 Other	$165.00	$1,200	$125	$125
Home Golf	No Charge	$65.00	$65 Home Club, $95 Other	$165.00	$1,200	$125	$125
Non-Resident Golf	$65.00	$65.00	$65 Home Club, $95 Other	$165.00	$600	$125	$125
Full Sports	$65.00	$95.00	$65 Home Club, $95 Other	$165.00	$1,200	$125	$125
Non-Resident Sports	$65.00	$95.00	$65 Home Club, $95 Other	$165.00	$600	$125	$125
Wellness	N/A	N/A	N/A	N/A	$1,200 Residents $600 Non-Residents	N/A	N/A
Social	N/A	N/A	N/A	N/A	$1,200 Residents $600 Non-Residents	N/A	N/A
Corporate	No Charge	No Charge	$65 Home Club, $95 Other	$165.00	$1,200 per Designee	$125	$125
Residence Club	No Charge	No Charge	$65 Home Club, $95 Other	$165.00	N/A	$125	$125

The Club Operator, in its discretion, may establish a different level of guest fees for certain extended family members. In addition, a nominal guest fee of $25 will be charged for Juniors. Cart fees will be charged at $22 for 18 holes and $14 for 9 holes, and Golf Members may participate in the Annual Cart Program for a fee of $1,850 for Family and $1,500 for Single. Full Golf Members will not be charged for up to 20 rounds of cart fees for the Primary Member or will be eligible for an equivalent discount toward the Annual Cart Program fee. Members will be charged a service fee of 18% on all food and beverage purchases and 20% for any catering services.

The applicable fees, dues and charges set forth in this Schedule of Initiation Fees, Dues, Other Fees and Charges (this "Schedule") are subject to change from time to time, as provided in The Cliffs Master Membership Plan, as amended (the "Membership Plan"). The terms and conditions of membership at any of the Cliffs Clubs are set forth in the applicable Membership Documents, as such term is defined in the Membership Plan, and all statements and information included in this Schedule are subject to the terms and conditions of the Membership Plan and other Membership Documents, as such may be amended from time to time. Additional fees and charges that are not stated herein may be applicable for additional services or privileges.

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CREDIT CARD AUTHORIZATION ADDENDUM

1. **Billing Address Information**

Name: _____

Member #: _____

Address: _____

City/State: _____

Zip Code: _____

Phone #: _____

2. **Account Information**

I authorize the Club or its management company, Cliffs Club Services, LLC, to charge all monthly Club charges to one of my two credit cards listed below. I have listed one primary and one "back-up" – VISA, MASTERCARD, AMERICAN EXPRESS OR DISCOVER ONLY.

Primary Credit Card Info. ☐ VISA ☐ MASTERCARD ☐ AMEX ☐ DISCOVER

Name on Card: _____

Credit Card Number: _____

Expiration Date: _____ Security Code: _____

Back-Up Credit Card Info. ☐ VISA ☐ MASTERCARD ☐ AMEX ☐ DISCOVER

Name on Card: _____

Credit Card Number: _____

Expiration Date: _____ Security Code: _____

Signature:_____Date: _____

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THE CLIFFS CLUBS
AUTOMATIC WITHDRAWAL AUTHORIZATION FORM

Automatic Check Handling (ACH Debit)

1. Personal Information:

Name:_____

Address:_____

City/State:_____

Zip Code:_____

Phone:_____

2. Account Information:

Account Type:_____

Bank Name/Depository:_____

Branch Name:_____

City/State:_____

Zip Code:_____

Bank Phone:_____

Transit/ABA Number:_____

Account #:_____

I/we hereby authorize Cliffs Club Services, LLC (the "Management Company") to initiate debit entries to my/our account(s) at the bank/depository ("Bank") named above on a monthly basis for the payment of my/our dues, fees, and charges relating to any club of which I am a member or have privileges and which is managed by the Management Company (together, the "Club").

This authority is to remain in full force and effect until the Management Company has received written notification from me/us of its termination in such time and in such manner as to afford the Management Company and Bank a reasonable opportunity to act on it.

Signature:_____

Spouse's Signature:_____

Date:_____

PLEASE ATTACH A VOIDED OR CANCELLED CHECK! To void a check, simply write "VOID" in large letters across a blank check.

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NON-RESIDENT MEMBER ADDENDUM
Application and Membership Agreement

This Non-Resident Member Addendum is a part of the undersigned Applicant's Application and Membership Agreement to acquire the Purchased Membership, and all capitalized terms used herein shall have the meaning ascribed to such terms in such Application and Membership Agreement and/or the other Membership Documents.

The Applicant has elected to acquire either a Non-Resident Golf sub-category of Membership or a Non-Resident Sports sub-category of Membership (which requires the Applicant to qualify as a Non-Resident Member), or has requested to be treated as a Non-Resident Member with respect to their category of Membership. To qualify as a Non-Resident Member, (1) neither the Applicant nor any member of such Applicant's immediate family may own a residence, or lease or reside at a residence (other than on a transient basis), located within a Cliffs Community or within a 125 mile radius from the nearest Cliffs Club, and (2) the Applicant must have executed and delivered to the Club Operator this Non-Resident Member Addendum. By executing this Non-Resident Member Addendum, the Applicant hereby represents and warrants to the Club Operator that neither the Applicant nor any member of such Applicant's immediate family owns a residence, or leases or resides at a residence (other than on a transient basis), located within a Cliffs Community or within a 125 mile radius from the nearest Cliffs Club. The Applicant hereby covenants and agrees that in the event that the Applicant or any member of Applicant's immediate family acquires a residence, or leases or begins to reside at a residence (other than on a transient basis), located within a Cliffs Community or within a 125 mile radius from the nearest Cliffs Club, the Applicant shall notify the Membership Office in writing within five (5) days following such acquisition, lease or commencement of residence. Effective immediately upon the acquisition, or lease or commencement of residence (other than on a transient basis), by the Applicant or any member of Applicant's immediate family of a residence located within a Cliffs Community or any other residence located within a 125 mile radius from the nearest Cliffs Club, then: (A) Applicant shall no longer qualify as a Non-Resident Member; (B) if the Applicant holds a Non-Resident Golf Membership or Non-Resident Sports Membership, such Membership shall be automatically upgraded to the next highest sub-category within that category of Membership; and (C) the Applicant shall be required to immediately pay any applicable fees associated with such automatic upgrade and the additional dues associated with such higher sub-category of Membership from and after the date that such Applicant no longer qualified as a Non-Resident Member. In the event that a residence is being constructed for the Applicant within a Cliffs Community or within a 125 mile radius of any Cliffs Clubs, the Applicant shall be deemed to have acquired the residence on the date that the certificate of occupancy is issued with respect to such residence. The Applicant hereby acknowledges that the representations, warranties, covenants and agreements of Applicant set forth in this Non-Resident Member Addendum is being relied upon by the Club Operator and is a material inducement for the Club Operator's agreement to allow the Applicant to be treated as a Non-Resident Member for purposes of the Membership Documents.

By signing below, the Applicant hereby acknowledges and agrees to the terms set forth in this Non-Resident Member Addendum.

APPLICANT:

_____	_____	_____
Date	Print Name of Primary Member	Signature of Primary Member

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THE CLIFFS CLUBS

APPLICATION AND MEMBERSHIP AGREEMENT

CLIFFS CLUB

_____Cliffs Club at Glassy
_____Cliffs Club at Keowee Vineyards
_____Cliffs Club at Keowee Falls
_____Cliffs Club at Mountain Park
_____Cliffs Club at Valley
_____Cliffs Club at Walnut Cove
_____Cliffs Club at Keowee Springs

CATEGORIES OF MEMBERSHIP

_____**Golf Membership**
____Full Golf
____Home Golf
____Non-Resident Golf

_____**Sports Membership**
____Full Sports
____Non-Resident Sports

____ **Wellness Membership**

____ **Social Membership**

_____**Corporate Membership**

_____ **Residence Club Membership**

PRIMARY MEMBER NAME: _____

Member Account # :_____

Property Reference:_____

Cliffs Property Address Associated with the Purchased Membership:

_____
Street

_____
City State Zip

Multiple Membership Holder ☐ Total Number of Memberships _____

Will this Membership be the Primary Membership? Yes ☐ No ☐

APPLICATION AND MEMBERSHIP AGREEMENT

The undersigned applicant ("Applicant") desires to obtain a _____ **Membership** (hereinafter the "Purchased Membership") in Cliffs Club at _____ (the "Club") and hereby submits this Application and Membership Agreement (together with all addenda attached hereto, collectively referred to herein as the "Application and Membership Agreement") to Cliffs Club Partners, LLC, a Delaware limited liability company, for consideration. Any capitalized terms not otherwise defined herein shall have the meaning ascribed to them in The Cliffs Club Master Membership Plan dated August, 2012 (as amended, the "Membership Plan"). If this Application and Membership Agreement is accepted by the Club Operator, the Applicant requests that their name be placed on the Membership Roster of the Club as follows:

APPLICANT/MEMBER INFORMATION

Mr.☐ Mrs.☐ Ms.☐ Miss☐ Dr.☐

Name of Primary Member
(Please Print): _____

Member/Billing
Address: _____
Street

_____
City State Zip

Seasonal
Address: _____
Street

_____
City State Zip

From: ____/____/____ To: ____/____/____

Social Security #_____ Date of Birth_____
Driver's License #_____ State_____
Marital Status: Single☐ Married☐ Wedding Date_____
Name of Employer_____
Occupation and/or Nature of Business_____
Title_____ Years in Present Employment_____

Business
Address: _____
Street

_____
City State Zip

Business Telephone # (___)_____ Fax # (___)_____
Local Telephone # (___)_____ Other Telephone # (___)_____
Mobile Telephone # (___)_____ E-Mail Address*_____

* *Please provide the E-Mail address you would like the Club to use for purposes of mailing billing statements and other notices from the Club.*

DESIGNATED ADULT INFORMATION
(Not Applicable for Corporate Membership)

Spouse☐ Other☐

Mr.☐ Mrs.☐ Ms.☐ Miss☐ Dr.☐

Name (Please Print): _____
Social Security #_____ Date of Birth_____
Driver's License #_____ State_____
Name of Employer_____
Occupation and/or Nature of Business_____
Title_____ Years in Present Employment_____

Business Address: _____
Street

_____
City State Zip

Business Telephone # (___)_____ Fax # (___)_____
Mobile Telephone # (___)_____ E-Mail Address_____

DEPENDENT INFORMATION
(Not Applicable for Corporate Membership)

Children who are twenty-three years of age and younger and are either living in the Applicant's home or attending school on a full-time basis or serving in the military:

	Name (First & Last)	Date of Birth	Male or Female	E-Mail Address
1.				
2.				
3.				
4.				

REFERENCES

CLUB/SOCIAL REFERENCES:

1. _____
Name of Club/Organization Year Accepted

_____
City State Present/Former Member

Are you in good standing? ☐ Yes ☐ No
If no, please explain _____

2. _____
Name of Club/Organization Year Accepted

_____
City State Present/Former Member

Are you in good standing? ☐ Yes ☐ No
If no, please explain _____

PERSONAL REFERENCES:

1. _____
Name Telephone # Years Known

_____
Street

_____
City State Zip

2. _____
Name Telephone # Years Known

_____
Street

_____
City State Zip

BANK/CREDIT REFERENCES:

_____
Name of Institution Branch Officer to Contact

ADDITIONAL SERVICES

The Applicant hereby selects the following additional services by checking the applicable box (and initialing where indicated) and agrees to pay to the Club the fees and charges, including any applicable sales tax, or other taxes, for the services selected. The current amount of fees for each service is described on the Current Schedule of Initiation Fees, Dues, Other Fees and Charges, which is subject to change, as set forth in the Membership Documents.

☐ Annual Cart Program - Family ☐
*Initial:*____ Single ☐

☐ Bag Storage - Member ☐
*Initial:*____ Designated Adult ☐

☐ Wine Locker
*Initial:*____

☐ Locker Rental - Member ☐
*Initial:*____ Designated Adult ☐

TERMS AND CONDITIONS

1. Application For Membership Privileges. The Applicant hereby applies for a _____ **Membership** at the Club and agrees to pay a nonrefundable Initiation Fee to the order of Cliffs Club Services, LLC of $_____. The Applicant has selected the sub-category of Membership identified on the cover page to this Application and Membership Agreement.

2. Payment Of Initiation Fee. The Applicant hereby acknowledges and agrees that the required Initiation Fee set forth above in Section 1, plus all applicable taxes (if any), shall be paid at the time this Application and Membership Agreement is submitted to the Club Operator for consideration, except as otherwise permitted by the Club Operator.

If the Applicant fails to pay the Initiation Fee, or any part thereof, as and when due pursuant to an agreement with Club Operator, then the Club Operator shall be entitled to all remedies provided in law or in equity, for the collection of the Initiation Fee, plus interest at the highest rate allowed by law, and may terminate the Purchased Membership upon which all membership privileges at the Club shall automatically terminate. If, however, the Club Operator elects to accept a late payment and does not terminate the Purchased Membership, then interest at the highest rate allowed by law shall be due on the amount of the payment from the original due date until the date the payment is made.

3. Initiation Fee Is Nonrefundable. Each person who desires to acquire a Membership will be required to pay a nonrefundable Initiation Fee, as contemplated under the Membership Documents, in an amount determined by the Club Operator in its sole discretion. The Applicant acknowledges and agrees that under no circumstances will the Applicant be entitled to any refund or repayment of the Initiation Fee paid for the Purchased Membership.

4. Disclosure and Release of Information. The Applicant hereby authorizes the Club Operator to send any invoices, notices or other mailings regarding the Purchased Membership by electronic mail to the e-mail address provided in this Application and Membership Agreement or any other e-mail address provided by the Applicant to the Club. The Applicant hereby acknowledges that the Club and Club Operator is relying on the information provided by the Applicant in this Application and Membership Agreement, and the Applicant hereby represents and warrants to the Club and Club Operator that such information is accurate. The Applicant hereby authorizes the Club Operator to obtain a credit report of the Applicant, check the references provided herein and otherwise obtain and use all information in determining qualification for membership in the Club. The Applicant agrees to release to the Club Operator all information requested by the Club Operator (including credit, financial, and any police/criminal records and information), and hereby authorizes those persons or entities included as references herein to furnish information to the Club Operator. The Applicant hereby irrevocably releases and holds the Club Operator and its affiliates and their respective members, shareholders, partners, directors, managers, officers, employees and agents forever harmless from any and all liabilities, claims and causes of action for all matters related to the above and further agree to indemnify and reimburse such individuals from any and all costs and expenses related to any such matters. The Applicant hereby covenants and agrees to immediately notify the Membership Office in writing regarding any updates or changes to the Applicant's information on file with the Membership Office. This Application also serves as the application by Applicant to become a member of The Cliffs Members Club, a non-profit corporation organized under the laws of the State of South Carolina (the "Non-profit Club"), and Applicant hereby acknowledges and consents to the sharing of Applicant's information provided herein, or in the Former Application, with the Non-profit Club.

5. Receipt Of Membership Documents. The Applicant hereby acknowledges receipt of the Membership Plan, the Club's Rules and Regulations dated _____, 2012 (the Membership Plan and Rules and Regulations together with this Application and Membership Agreement are collectively referred to as the "Membership Documents"), and hereby agrees to abide by all of the respective terms and conditions of the Membership Documents as amended from time to time. The Rules and Regulations of the Cliffs Clubs that are applicable to the dining and bar areas of the Club Facilities will likewise be applicable with respect to the Non-profit Club.

The following addenda *(please check only those that are applicable)* are attached to, and are incorporated into and made a part of, this Application and Membership Agreement:

☒ Current Schedule of Initiation Fees, Dues, Other Fees and Charges *(required)*

☒ Credit Card Authorization Addendum *(required)*

☐ ACH Authorization Addendum *(optional)*

☐ Property Owner Amnesty Program Addendum *(if applicable)*

☐ Non-Resident Member Addendum *(if applicable)*

☐ Proof of Ownership in Cliffs Community *(if applicable, deed or settlement statement)*

☐ _____ *(other, if applicable)*

6. Payment Of Dues And Club Account. The Applicant hereby agrees to pay to the Club the membership dues, fees and charges, including any applicable sales tax, or other taxes, for the category of membership privileges selected. The current amount of dues, for each category of membership privileges is described on the Current Schedule of Initiation Fees, Dues, Other Fees and Charges Addendum, which is subject to change, as set forth in the Membership Documents. Dues charged the by the Cliffs Clubs is inclusive of the dues applicable to the Non-profit Club and will be allocated among the Cliffs Clubs and the Non-profit Club as mutually agreed by the Club Operator and the Non-profit Club. In the event that any amount owed to the Club is not paid on a timely basis, the Applicant understands that he/she may be charged late charges in accordance with the Membership Documents. The Applicant hereby authorizes that all dues, fees and charges be billed to any one of the credit cards on file with the Club pursuant to the Membership Documents, and certifies that the credit cards listed on the Credit Card Authorization Addendum attached hereto are issued to the Applicant and that the information set forth in the Credit Card Authorization Addendum (and any supplemental Credit Card Authorization Form provided by the Applicant to the Club) shall be true and correct in all respects. The Applicant hereby acknowledges and agrees that he/she is obligated to keep at least two (2) valid approved credit cards on file with the Club at all times, that the Club will charge a convenience fee as set forth in the Membership Plan for any charges paid by credit card, and that the Applicant shall be responsible for any amounts that are not paid by the credit card companies. All disputes on any such credit card accounts relating to the Club will be promptly brought to the Club's attention.

7. Acknowledgment Of Membership Rights. The Applicant hereby acknowledges and understands that the Club Operator will initially operate the Club. The Applicant further acknowledges that membership at the Club permits the Applicant the right to use the Club Facilities, but is not an investment in the Club Operator, the Club, or the Club Facilities, nor does membership confer on the Applicant any equity or ownership interest or any other property interest in the Club Operator, the Club, or the Club Facilities. Membership does not grant to the

Applicant a vested or prescriptive right or easement to use the Club Facilities. The Applicant only obtains a non-exclusive revocable license to use the Club Facilities in accordance with the terms and conditions of the Membership Documents, as they may be amended from time to time. The Applicant hereby acknowledges and agrees that while such Applicant owns a Property in the Community, such Applicant shall be required to maintain the Purchased Membership in Good Standing in order to ensure that the purchaser of their Property in the Community will have the opportunity to become a Member of the Club. All rights and privileges of the Applicant and other members of the Club under the Membership Documents are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time.

As more particularly provided in the Membership Documents, and subject to any limitations provided therein, the Club Operator reserves the right, in its sole discretion, to terminate or modify the terms and conditions of the Membership Plan and the Rules and Regulations, to reserve memberships in the Club, to sell, lease, or otherwise dispose of the Club Facilities, to add, issue, modify, or terminate any category or class of membership, to discontinue operation of any or all of the Club Facilities, to convert the Club into a member-owned club, and to make any other changes in the terms and conditions of the membership or the Club Facilities available for use by its members.

8. Waiver And Indemnity. The Applicant acknowledges and agrees on behalf of himself or herself, and his or her immediate family members, extended family members, lessees and guests who, in any manner, make use of, or accept the use of, any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club Operator, or who engage in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club or the Club Operator, either on or off the Club Facilities, shall do so at his or her own risk, waive, satisfy and forever discharge the Club Operator and each of the other Club Indemnified Parties from any and all manners of action, causes of action, damages, claims and demands whatsoever, including any claims arising out of negligence, in law or in equity, which he or she may have now or at any time in the future, arising out of or resulting from the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club Operator, including without limitation the use of golf carts provided by the Club or Club Operator or the participation in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club or the Club Operator, either on or off the Club Facilities and shall defend, indemnify and hold harmless the Club Operator and each of the other Club Indemnified Parties from and against any and all losses, damages, claims or suits arising out of any personal injury or property damage caused by the intentional or negligent acts or omissions of the Applicant, or his or her immediate family members, extended family members, lessees and guests. Should the Applicant, or his or her immediate family members, extended family members, lessees or guests file a legal action against the Club Operator or any of the Club Indemnified Parties for any claim and fail to obtain judgment therein against it or them, the Applicant shall be liable to each of the Club Operator and other Club Indemnified Parties for all costs and expenses incurred by it or them in the defense of such legal action, including reasonable attorneys' fees and para-professionals' fees (including fees acquired in connection with appellate proceedings).

9. Release Of Any Prior Obligations. The Applicant does, on behalf of his/her agents, successors, beneficiaries and assigns, hereby remise, release, and forever discharge the Club Operator, together with its respective current and former shareholders, members, partners, officers, directors, managers, employees, agents, attorneys, affiliates, successors and assigns, from any and all causes of action, suits, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, guarantees, indemnifications, promises, liens, damages, judgments, executions, claims, and demands whatsoever, in law or in equity, which

the Applicant ever had, now has, or which the Applicant's agents, successors, and assigns hereafter can, shall, or may have, by reason of any matter, cause, or thing whatsoever, from the beginning of time to the date this Application and Membership Agreement has been accepted and executed by the Club Operator.

10. Use of Likeness and Statements. The Applicant hereby acknowledges that the Club may use photographs taken of the Applicant and other users at the Club and statements made by the Applicant at the Club for Club and/or any Club Communities publications without any prior approval.

11. Assignment. The Applicant's rights, privileges or interests under this Application and Membership Agreement are not assignable or transferable. However, the Club Operator may assign its interest in this Application and Membership Agreement and the Membership Documents, and in the event of such an assignment, the liability and obligations of such assignor shall be terminated effective as of such assignment.

12. Definitions. All capitalized terms used herein which are not otherwise defined herein shall have the meanings set forth in the Membership Documents.

13. Governing Laws. This Application and Membership Agreement and the other Membership Documents shall be governed by and construed in accordance with the laws of the State of South Carolina without regard to principles of conflicts of laws. EACH PARTY TO THIS APPLICATION AND MEMBERSHIP AGREEMENT KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES THE RIGHT TO A JURY TRIAL IN ANY LAWSUIT BETWEEN SUCH PARTY AND ANY OTHER PARTY HERETO WITH RESPECT TO THIS APPLICATION AND MEMBERSHIP AGREEMENT.

FOR NON-CORPORATE MEMBERSHIP ONLY:

If the undersigned Primary Member has identified a Designated Adult in this Application and Membership Agreement, then the signature of the Primary Member's Designated Adult is required below, and such Designated Adult shall be jointly and severally liable for all of the Primary Member's obligations under the Membership Documents which are incurred while such person is the Designated Adult of the Applicant.

Date	Print Name of Primary Member	Signature of Primary Member
Date	Print Name of Designated Adult	Signature of Designated Adult

FOR CORPORATE MEMBERSHIP ONLY:

A Corporate Membership may have up to four (4) Member Designees. The Club Operator may require each Member Designee to complete a separate information sheet. Notwithstanding anything in the Membership Documents to the contrary, a Corporate Membership does not provide membership privileges for the immediate family of a Member Designee. The Corporate Member identified below and each Member Designee of the Purchased Membership shall be jointly and severally liable for all obligations associated with the Purchased Membership, and each Member Designee hereby agrees to all of the terms and conditions of this Application and Membership Agreement in the same manner as if the Member Designee was the Applicant hereunder.

_____	_____
Name of Corporate Member	Signature of Authorized Representative Date:_____
_____	_____
Name of Member Designee (1)	Signature of Member Designee (1) Date:_____
_____	_____
Name of Member Designee (2)	Signature of Member Designee (2) Date:_____
_____	_____
Name of Member Designee (3)	Signature of Member Designee (2) Date:_____
_____	_____
Name of Member Designee (4)	Signature of Member Designee (2) Date:_____

This Application and Membership Agreement shall not be binding on the Club Operator until the acceptance below is signed by an authorized representative of the Club Operator.

ACCEPTANCE BY CLUB OPERATOR:

Cliffs Club Partners, LLC, a Delaware limited liability company

By:_____ Title:_____ Date:_____

Member Account # :_____ Property Reference: _____

MEMBERSHIP OFFICE CONTACT INFORMATION

250 Knightsridge Road
Travelers Rest, SC 29690
Attention: Membership Director

FOR CLUB USE ONLY

Initiation Fee: *(New Member / Amnesty Program - $20,000 credit received* ☐)

$_____ Date Received:_____ Check/Wire:_____ Balance Due $_____
$_____ Date Received:_____ Check/Wire:_____ Balance Due $_____
$_____ Date Received:_____ Check/Wire:_____

Promissory Note Executed and Received ☐

Due Dates: Payment 1 _____ Payment 2 _____

Member Acct. #_____ Resignation Date: _____

Property Reference: _____ Termination Date: _____

thecliffs.

PROPERTY OWNER AMNESTY PROGRAM ADDENDUM

Application and Membership Agreement

This Property Owner Amnesty Program Addendum (this "Addendum") is a part of the undersigned Applicant's Application and Membership Agreement to which this Addendum is attached (the "Applicant's Application") to acquire the Purchased Membership and the provisions included herein shall be incorporated into and become part of the Applicant's Application. All capitalized terms used herein shall have the meaning ascribed to such terms in the Applicant's Application and/or the other Membership Documents. To the extent there is any inconsistency between the terms of this Addendum and the terms of the other Membership Documents, the terms of this Addendum shall supersede any such inconsistent terms in the other Membership Documents.

The Club Operator has implanted a program (the "Property Owner Amnesty Program") in an effort to encourage current owners of Property within the Cliffs Communities to obtain a Membership at the Cliffs Clubs that would be associated with such current owner's Property, as described in their applicable Application and Membership Agreement. The Applicant has elected to acquire the Purchased Membership pursuant to the Property Owner Amnesty Program, with respect to the Property identified in the Applicant's Application. As such, the Applicant shall be entitled to a discount of $20,000 toward the applicable Initiation Fee payable by the Applicant for the Applicant's category of Membership, but shall be required to also pay a non-refundable Activation Fee. The applicable Initiation Fee and Activation Fee for the various categories of Membership are as follows:

Category of Membership	Initiation Fee, less discount	Activation Fee	Total Fees (less discount)
Golf Membership	$50,000 - $20,000 = **$30,000**	$5,000	$35,000
Corporate Membership	$50,000 - $20,000 = **$30,000**	$5,000	$35,000
Sports Membership	$35,000 - $20,000 = **$15,000**	$2,500	$17,500
Wellness Membership	$20,000 - $20,000 = **$0.00**	$1,500	$1,500
Social Membership	$20,000 - $20,000 = **$0.00**	$1,500	$1,500

The total of the applicable Initiation Fee set forth above (less discount), plus the applicable Activation Fee will be the "Initiation Fee" to be included in Section 1 of the Terms and Conditions of the Applicant's Application.

To be eligible to participate in the Property Owner Amnesty Program, Applicant's Application must be completed and submitted to Club Operator, along with the applicable Total Fees (less discount) indicated above, no later than August 31, 2012.

Exhibit B

Debtors' Pre-Petition Income Statements

PRELIMINARY AND UNAUDITED

THE CLIFFS CLUB AND HOSPITALITY GROUP, INC.
FOR THE YEARS ENDING DECEMBER 31, 2010 AND DECEMBER 31, 2011

	2010	2011
Total Sales Revenues	$6,344,093	$6,038,058
Total costs of sales	3,497,758	2,975,547
Gross profit	2,846,335	3,062,511
Gross margin	45%	51%
Other Operating Revenues	22,687,283	22,959,589
Profit margin	25,533,619	26,022,100
Personnel & Benefit Expense	17,013,689	15,196,372
Depreciation & Amortization	5,713,990	5,701,216
Other expenses and other income	2,411,465	15,643,444
Total Expenses	25,139,143	36,541,033
Net Income (Loss)	$ 394,476	$ (10,518,933)

Exhibit C

Debtors' Post-Petition Income Statements

PRELIMINARY AND UNAUDITED

THE CLIFFS CLUB AND HOSPITALITY GROUP, INC.
FOR THE PERIODS ENDING MARCH 31, 2012 AND APRIL 30, 2012

	March	April
Total Sales Revenues	$242,983	$368,251
Total costs of sales	123,716	206,924
Gross profit	119,267	161,326
Gross margin	49%	44%
Other Operating Revenues	1,936,883	1,927,829
Profit margin	2,056,151	2,089,155
Personnel & Benefit Expense	1,016,832	1,081,702
Depreciation & Amortization	603,280	485,209
Other expenses and other income	1,216,743	1,467,866
Total Expenses	2,836,855	3,034,778
Net Income (Loss)	$ (780,704)	$ (945,622)

Exhibit D

Debtors' Liquidation Analysis

Liquidation Analysis

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired claim either: (i) accept the plan; or (ii) receive or retain under the Plan property of a value, as of the effective date, that is not less than the value the claimant would receive or retain if the Debtors were liquidated by a trustee ("Chapter 7 Trustee" or "Trustee") pursuant to Chapter 7 of the Bankruptcy Code on the effective date. This analysis attempts to assess the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets in the context of a Chapter 7 liquidation in which a Chapter 7 trustee is appointed and charged with reducing to cash any and all of the assets of the Debtors. The Trustee would be required to: (i) sell the assets as a going concern; and/or (ii) shut down the Debtors' businesses and sell the individual assets of the Debtors. In preparing this Liquidation Analysis, the Debtors assumed that the greatest value would be realized if a Chapter 7 Trustee sold the clubs (land, buildings, and related assets) as going concerns and liquidated the remaining assets.

The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors' assets, including cash held by the Debtors at the time of the commencement of the hypothetical Chapter 7 case. Such amount would be reduced by the amount of any claims secured by such assets, the costs and expenses of the liquidation, and additional administrative expenses and priority claims that may result from the termination of the Debtors' businesses and the use of Chapter 7 for purposes of the hypothetical liquidation. Any remaining net cash would be distributed to creditors and equity holders in accordance with priority.

A separate liquidation analysis of each Debtor has not been prepared because an analysis on a Debtor-by-Debtor basis would be impractical and costly because: (i) the secured creditors' claims and liens are against all of the Debtors' material assets; (ii) the recovery value on Secured Claims (as defined below) is low; and (iii) the secured creditors could permanently take possession of their collateral. The secured claims include: priority real property tax claims, the DIP financing claim, the bridge loan claim, and the secured notes claims (collectively the "Secured Claims")

Estimating recoveries in a Chapter 7 case is an uncertain process, and actual recovery values to creditors may be higher or lower than those presented in this analysis. The Debtors make no assurances regarding a Chapter 7 Trustee's ability to attain these results.

Based on the analysis, secured creditors do not recover their claims in full, and since all assets are encumbered, unsecured creditors receive no recovery on their claims.

Asset Assumptions

This analysis assumes that a single Chapter 7 Trustee liquidates the assets. If multiple trustees were appointed, it would increase costs and reduce recoveries. Note that all values provided below are gross of the costs of liquidation as of an assumed liquidation date of August 15, 2012. Further, the analysis has been prepared with illustrative "higher" and "lower" recovery values where a range of values could reasonably be estimated.

A. Cash. The estimated recovery for this asset is 100%.

B. Cash, Restricted. Restricted cash represents cash deposits held by alcoholic beverage vendors. Since all liquor is paid for in advance, it is assumed that these funds would be returned to the Debtors by the vendors. The estimated recovery for this asset is 100%. Proceeds are collateral of secured creditors.

C. Certificate of Deposit. The Debtors' Certificate of Deposit ("CD") is collateral for a letter of credit. This analysis assumes that the letter of credit is drawn and the issuer forecloses upon the CD and would go to partially satisfy the claims of these lenders. The estimated recovery for this asset is 100%.

D. Accounts/ Member receivable. The analysis assumes that all accounts receivable are sold to the buyer as part of the transaction described in item G (Property and equipment) below. The consideration received as part of that sale includes the value for the accounts receivable.

E. Prepaid expenses. This asset is comprised primarily of prepaid construction costs and prepayments to vendors.

F. Inventory. The inventory includes food at restaurants, and golf and fitness apparel in retail shops. At closing the food and alcohol inventory will either be destroyed or sold at a reduced price. Golf and fitness apparel will be sold at a reduced price. The estimated higher and lower recovery for this asset is 75% and 25% of book value, respectively.

G. Property and equipment, net. This asset category includes the land, buildings, equipment, and other facilities owned by the Debtors, all of which are encumbered. The amount recorded on the Debtors' books is the depreciated cost. The estimated recovery in a sale transaction ranges from $6.5 million (lower) to $8.1 million (higher) based on the Debtors' recent profitability to a buyer who would operate the six clubs presently open.

H. Notes receivable, membership. Notes receivable are amounts due from current and former members who agreed to pay their membership deposits over time. For this analysis it is assumed that the notes are sold to the buyer described in item G (above). The consideration received as part of that sale includes the value for the accounts receivable.

I. Other receivables, primarily from owner. This asset represents amounts owing to the Debtors from their affiliates. The value of this asset is zero due to: (i) the inability of the respective obligors to pay their debts as they become due; and (ii) the unsecured nature of these receivables when all assets of the respective obligors are encumbered.

There may be various causes of action pursued by a Chapter 7 Trustee. Recoveries from any potential causes of action have not been estimated and such estimation would require substantial additional analysis.

Claim Assumptions

Chapter 7 Administrative Claims include fees that would be payable to the Trustee, inclusive of any statutory commission, and Trustee's counsel related to the liquidation. It includes 10 days of payroll to prevent assets being abandoned or lost to the Trustee.

Priority Tax Claims include pre-petition and post-petition priority real property tax claims that are senior to secured and unsecured claims.

DIP Facility Claims are the amounts borrowed during the course of the Chapter 11 through a Debtor in Possession ("DIP") credit facility. These claims have super-priority status in the amount of $7.8 million including fees and costs.

Bridge Loan Claim includes the bridge loan and related fees and costs.

Chapter 11 Administrative Claims include claims incurred during the administration of the Chapter 11 cases that are senior to unsecured claims.

General Unsecured Claims include third-party accounts payable, contract rejection claims and obligations under unsecured leases and contracts.

Member Initiation Deposit Claims include the refundable contingent membership initiation deposit claims discounted to their estimated net present value.

Intercompany and Insider Claims. This analysis assumes that intercompany and insider claims are nullified.

[SEE ATTACHED TABLES]

Conclusion

The Debtors have determined that conformation of the Plan would provide each holder of claims or interests with a recovery that is not less than such holder would receive pursuant to a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

All Amounts ($000's)

	Asset	Est. Book Value as of 8/15/2012	Higher: Recovery to DIP Lender and Secured Creditors	Higher: Recovery in Excess of Secured	Lower: Recovery to DIP Lender and Secured Creditors	Lower: Recovery in Excess of Secured
A	Cash and cash equivalents	$ 148	$ 148	$ -	$ 148	$ -
B	Cash, Restricted as to use	63	63	-	63	-
C	Certificate of Deposit	183	183	-	183	-
D	Accounts/ Member receivable, net	4,465	-	-	-	-
E	Prepaid expenses	727	300	-	100	-
F	Inventories	649	486	-	162	-
G	Property and equipment, net	119,464	8,123	-	6,498	-
H	Notes receivable, membership	3,719	-	-	-	-
	Other assets	5	-	-	-	-
I	Other receivables, primarily from owner	42,046	-	-	-	-
	Total	$ 171,467	$ 9,303	$ -	$ 7,154	$ -

Claim	Amount	Recovery	Recovery %	Recovery	Recovery %
Chapter 7 Administrative Claims	$ 1,165	$ 1,165	100%	$ 1,101	100%
Priority Tax Claims	1,943	1,943	100%	1,943	
DIP Facility Claim	7,771	6,194	80%	4,110	53%
Bridge Loan Claim	2,292	-	0%	-	0%
Letter of Credit	183	-	0%	-	0%
Secured Notes	73,532	-	0%	-	0%
Mechanics Liens	1,500	-	0%	-	0%
Chapter 11 Administrative Claims	170	-	0%	-	0%
General Unsecured Claims	8,993	-	0%	-	0%
Member Initiation Deposit Claims	21,800				
Total	$ 119,349	$ 9,303		$ 7,154	

Exhibit E

Plan Sponsor's Projections

Exhibit E

New ClubCo Projections

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i) Description of New ClubCo Pro Forma Financial Statements
ii) New ClubCo Pro Forma Financial Statements
iii) Description of Estimated Exit Costs and Funding
iv) Estimated Exit Costs and Funding (i.e. "Sources and Uses")
v) Description of Estimated Equity Investments by Plan Sponsor
vi) Estimated Equity Investments by Sponsor

i) **Description of New ClubCo Pro Forma Financial Statements**

Revenues. Revenues consist of membership dues, retail sales, food and beverage sales and ancillary rental and service income. Revenues are based on forecasted New ClubCo membership of approximately 2,325 members in 2012. This is an increase in member count over the current 1,937 discussed in the Disclosure Statement due to additional members drawn from the resigned member pool and non-member property owner pool. Based on consultation with the Plan Sponsor's outside golf expert and consultant, the following conversion of existing members is assumed:

- Active Residential Members: 90%
- Active Non-Residential Members: 80%
- Resigned Members: 50%
- Non Member Property Owners: 30%*
-

*Note that 93% of Non-Member Property Owners who are forecast to join the Clubs are at the Wellness or Social level, which is a minimally priced level of membership.

Note that the Plan requires annualized dues at Close to be $16.5 million per year.

Membership is forecast to increase to 2,382 in 2013 and continues to increase over the projection period. Total membership in 2023 is forecast as 3,710. Note that an annual dues increase of 3% per annum is forecast.

The revenue line does not include Access Fees and Initiation Fees. Access fees are discussed in more detail below. Transfer fees, reinstatement fees and activation fees are one time fees used to partially cover the costs of exiting from chapter 11. These fees total $10.2 million and are calculated as follows:

Transfer Fees to New Club: $9.3 million

Resigned Reinstatement Fees: $0.5 million

Activation Non-Member Fees: $0.4 million

Operating Expenses. Operating expenses include primarily the costs relating to retail and food and beverage sales, and expenses relating to personnel, repairs and supplies, and general and operations and administration. These expenses are largely driven by the numbers of members and the number of facilities (for example, personnel costs increase when facilities are opened at Mountain Park). While certain cost savings may be achieved over time, the pro forma does not assume any material cost savings as compared to current operations.

Gross Profit. Gross profit excludes Access Fees and Initiation Fees, and is therefore negative for the first 5 years of the projection period as the membership increases to a sustainable level.

Access Fees. New ClubCo will receive Access Fees of 8% of the gross purchase price of all 'new' ("first generation") lot sales. Access fees are highly dependent on real estate sales. Historically, real estate sales are as follows:

Year	Lots	Revenue	Average Price
2004	253	$ 95,600,000	$ 377,866
2005	412	$ 182,300,000	$ 442,476
2006	349	$ 164,400,000	$ 471,060
2007	260	$ 144,600,000	$ 556,154
2008	117	$ 70,300,000	$ 600,855
2009	85	$ 46,200,000	$ 543,529
2010	46	$ 25,200,000	$ 547,826
2011	25	$ 11,500,000	$ 460,000
Avg	**193**		**$ 499,971**

The pro forma assumes that lot sales paces is approximately 40% of peak while lot pricing is approximately 55% of peak. *Lot sales are never assumed or forecast to reach 2005 – 2007 levels.*

Year	Lots	Revenue	Average Price
2012	14	$ 4,915,000	$ 351,071
2013	63	$ 20,715,000	$ 328,810
2014	84	$ 27,650,000	$ 329,167
2015	115	$ 40,210,000	$ 349,652
2016	130	$ 44,935,000	$ 345,654
2017	155	$ 55,005,000	$ 354,871
2018	155	$ 55,005,000	$ 354,871
2019	158	$ 55,655,000	$ 352,247
2020	165	$ 57,255,000	$ 347,000
2021	165	$ 57,255,000	$ 347,000
2022	165	$ 57,255,000	$ 347,000
2023	165	$ 57,255,000	$ 347,000
Avg	**128**		**$ 346,195**

Note that the sales breakdown is forecast as 39% of lots that are currently owned by the Plan Sponsor and 61% of either Plan Sponsor land or land / lots currently owned by other parties.

Other Income. Other Income includes Non-refundable initiation fees, net of refunds paid to transferring members pursuant to the Membership Agreement and Historic Member Addendum.

Operating Profit. New Clubco is consistently profitable, enabling payment of senior debt and all current obligations.

Payments to Class 5 (General Unsecured) Creditors. There are three equal payments to holders of allowed general unsecured claims. The first is included in exit costs (described below). The second and third payments are made in 2013 and 2014.

Exit Facility. An Exit Facility is provided for under the Plan to make up for any cash shortfall in Exit Costs after the Initial Equity Investment and the Transfer Fees are taken into account. The Exit Facility is repaid by all free cash flows of New ClubCo until paid in full (*with the exception of the minimum payment due to Class 1 creditors -- the Note Holder claims*). Based on the Pro Forma Financial Statements, the Exit Facility will be paid in full in 2014.

Mountain Park Facility. The Mountain Park Facility is provided for under the Plan to pay for the completion of the golf course located at Mountain Park. The forecast anticipates that construction will begin in 2012 and be completed in 2013. The Mountain Park Facility is to be repaid by all free cash flows of New ClubCo *after the full repayment of the Exit Facility* until paid in full (*with the exception of the minimum payment due to Class 1 creditors -- the Note Holder claims*). Based on the Pro Forma Financial Statements, the Mountain Park Facility will be paid in full in 2015.

Class 1 Payments (Note Holders). Pursuant to the Plan, the Note Holders are forecasted to receive the greater of $1 million per year or 50% of free cash flow after the repayment of the Exit Facility and Mountain Park Facility. Based on the Pro Forma Financial Statements, Class 1 creditors will be paid in full in 2023.

ii) New ClubCo Proforma Financial Statements

ClubCo Proforma
Effective Date: August, 2012
Prepared: May, 2012

	4 Mo 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues	$ 9,561,023	$29,019,701	$30,925,250	$33,135,160	$35,526,443	$38,224,101	$41,151,896	$44,149,234	$47,471,522	$50,818,705	$54,406,183	$58,251,476
Operating Expenses	$10,911,189	$32,896,808	$35,446,286	$37,774,613	$38,882,509	$40,048,536	$41,109,009	$42,198,938	$43,330,898	$44,484,859	$45,676,854	$46,908,489
Gross Profit	$ (1,350,165)	$ (3,877,107)	$ (4,521,036)	$ (4,639,453)	$ (3,356,066)	$ (1,824,435)	$ 42,887	$ 1,950,296	$ 4,140,624	$ 6,333,845	$ 8,729,329	$11,342,987
Access Fees	$ 393,200	$ 1,657,200	$ 2,212,000	$ 3,216,800	$ 3,594,800	$ 4,400,400	$ 4,400,400	$ 4,452,400	$ 4,580,400	$ 4,580,400	$ 4,580,400	$ 4,580,400
Other Income	$ 1,290,128	$ 4,574,802	$ 5,306,802	$ 6,315,752	$ 6,907,752	$ 7,639,752	$ 7,849,752	$ 8,077,752	$ 8,207,752	$ 8,257,752	$ 8,257,752	$ 8,257,752
Operating Profit	$ 333,163	$ 2,354,895	$ 2,997,766	$ 4,893,099	$ 7,146,486	$10,215,717	$12,293,039	$14,480,448	$16,928,776	$19,171,997	$21,567,481	$24,181,139
Other Payments												
Class 4 Payments												
Beginning Balance	$ 1,907,733	$ 1,907,733	$ 953,867									
Payments	$ -	$ 953,867	$ 953,867									
Ending Balance	$ 1,907,733	$ 953,867	$ -									
Exit Facility												
Beginning Balance	$ 3,440,078	$ 3,278,920	$ 1,087,970									
Payments	$ 333,163	$ 2,354,895	$ 1,142,369									
Ending Balance	$ 3,278,920	$ 1,087,970	$ -									
Mtn Park Facility												
Beginning Balance	$ -	$ 1,666,667	$ 5,000,000	$ 3,144,603								
Payments	$ -	$ -	$ 1,855,397	$ 3,144,603								
Ending Balance	$ 1,666,667	$ 5,000,000	$ 3,144,603	$ -								
Class 1 Payments												
Beginning Balance	$64,050,000	$64,050,000	$63,050,000	$62,050,000	$61,050,000	$57,476,757	$52,368,898	$46,222,379	$38,982,155	$30,517,767	$20,931,768	$10,148,028
Payments	$ -	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 3,573,243	$ 5,107,858	$ 6,146,519	$ 7,240,224	$ 8,464,388	$ 9,585,999	$10,783,741	$10,148,028
Ending Balance	$64,050,000	$63,050,000	$62,050,000	$61,050,000	$57,476,757	$52,368,898	$46,222,379	$38,982,155	$30,517,767	$20,931,768	$10,148,028	$ -

iii) **Description of Estimated Exit Costs and Funding**

Exit Costs

Real Estate Taxes. Real estate taxes which remain unpaid plus the estimated accrued 2012 property taxes through the Effective Date.

Class 3 payment (Mechanics Liens). Class 3 payments are payments made to holders of claims in this class, totaling approximately $1.5 million.

Class 5 payment (General Unsecured Creditors). Class 5 payment is for the first of three payments to General Unsecured Creditors, the first payment is made as part of the Exit Costs, and the remaining two payments are paid by equity infusions in 2013 and 2014.

Class 6 payment (Administrative Convenience Class). Administrative Convenience Class is made up of allowed general unsecured claims less than, or equal to, $1,000 and is estimated to be $55,870.

Class 7 payment. Payments to rejecting club members with contingent membership deposit claims.

Cure Costs. Cure Costs represent amounts paid by New ClubCo for assumed executory contracts.

DIP Facility. The DIP Loan, interest and fees, is repaid. For modeling purposes only, it is assumed that the DIP Loan is fully drawn in order to pay all administrative claims, other than those assumed by the Plan Sponsor (DIP Loan, interest and fees *plus* administrative claims is $7,771,000).

Bridge Loan. The Bridge Loan, interest and fees, is repaid.

Post Effective Date Administration Plan Sponsor Funding. This is a fund to pay professional fees and expenses of the Debtors relating to post Effective Date matters in the amount of $100,000.

Exit Funding

Transfer Fees. Transfer fees is based on attaining approximately 2,325 members to New Clubco.

Initial Equity. Plan Sponsor exit equity of $1.5 million.

Exit Facility. Exit facility bridges any shortfall between other exit funding sources and exit costs:

iv) Estimated Exit Costs and Funding (i.e. "Sources & Uses")*

New ClubCo Exit Costs and Funding		
Effective Date:		**August, 2012**
Prepared:		**May, 2012**
Exit Costs		
Real Estate Taxes		$ 1,943,432
Class 3 Payment		$ 1,500,000
Class 5 Payment		$ 953,867
Class 7 Payment		$ 100,000
Class 6 Payment		$ 55,870
Cure Costs		$ 383,494
DIP Loan		$ 7,771,000
Bridge Loan		$ 2,291,507
Post ED Funding		$ 100,000
Total		$ 15,099,169
Exit Funding		
Transfer Fees		$ 10,159,091
Initial Equity		$ 1,500,000
Exit Facility		$ 3,440,078
Total		$ 15,099,169

* Cash on hand as of the Effective Date is estimated not to exceed the balances owed on the DIP Loan and Bridge Loan. To the extent any cash exists, such cash will be used by the Plan Sponsor to satisfy Effective Date obligations assumed by the Plan Sponsor under the Plan.

Exit Costs - (Initial Equity + Transfer Fees) = Exit Facility

v) Description of Estimated Equity Investments by Plan Sponsor

Initial Equity. Initial Equity of $1.5 million injected pursuant to the Plan, which is used to fund the Exit Costs.

Capital Reserve. Capital Reserve established of $1,000,000 as a broad cash reserve for capital improvements, maintenance, repairs, renovations and construction of amenities.

Class 5 Payments (General Unsecured Creditors). The second and third payments to Class 5 creditors are funded by additional equity investments by the Plan Sponsor.

Class 1 Payments (Note Holders). Class 1 (Note Holders) creditors are paid the greater of 50% of free cash flow or $1 million per year. Due to cash short falls from New ClubCo operations in the first years of the New ClubCo Pro Forma Financial Statements, the Plan Sponsor is projected to invest equity to cover these payments totaling $2.2 million.

Amenity Construction. This includes forecasted *additional* construction at Mountain Park, and other amenities to continue to attract and retain club membership. At this time, the Plan Sponsor has several plans for the timing and staging of amenities and understands that membership has a serious interest in understanding these plans. The Plan Sponsor is committed to sharing plans as soon as they are sufficiently well vetted and staged as to provide detailed and accurate information. With the exception of the initial completion of the golf course at Mountain Park, these plans will be subject to the recommendation of the management and Board of New ClubCo. Note the Board of New ClubCo will include 2 elected members (one note holder member and one non-note holder member). The estimated future amenity construction of $26.9 million mentioned on the next page is a projection of what is intended by the Plan Sponsor to be spent on amenity construction over a period of years, but is not an absolute commitment.

vi) **Estimated Equity Investments by Plan Sponsor**

New Clubco Estimated Equity Investment	
Effective Date:	**August, 2012**
Prepared:	**May, 2012**

(Note: solely related to Debtor entities)

Initial Equity	$1,500,000
Capital Reserve	$1,000,000
Class 5 Payments	$1,907,733
Class 1 Payments	$2,067,871
Amenity Construction	$26,900,000
Total	$33,375,604

Other investment by Plan Sponsor:

The plan sponsor has its overall restructuring of the Debtor's by capitalizing its real estate development plan with $85 million in real estate holdings.

Other assumed liabilities of Plan Sponsor:

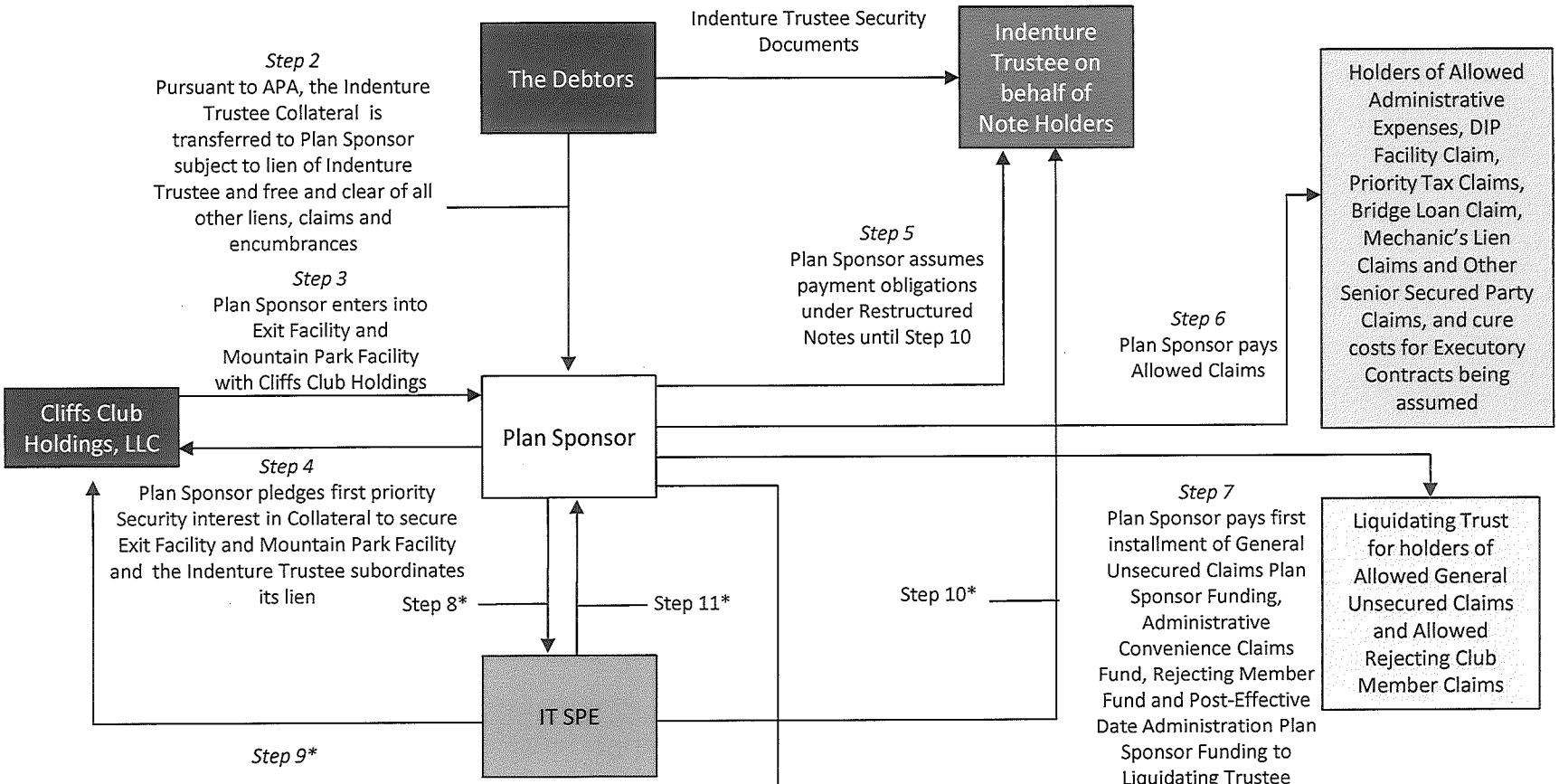
The Plan Sponsor is proposing to pay the face value of the notes: $64,050,000.

Total equity and assumed liabilities: **$182,425,604.**

Exhibit F

Schematic of the transaction contemplated by the Plan

The Cliffs Club & Hospitality Group, Inc., et al., Debtors Joint Chapter 11 Plan Implementation Steps on Plan Effective Date



Step 8
Plan Sponsor contributes the Collateral to the IT SPE, which is owned 100% by the Plan Sponsor and 0% by the IT Representative, subject to first priority liens in favor of Cliffs Club Holdings, LLC and subject to Indenture Trustee Liens

Step 9
The property is conveyed subject to the specified mortgages securing the Exit Facility and Mountain Park Facility indebtedness but without assumption of that indebtedness by the IT SPE

Step 10
IT SPE executes a Debt Assumption and Assignment Agreement with the Plan Sponsor whereby the IT SPE assumes payment obligations under Restructured Notes , and executes new security documents including an Agreement for Deed in Lieu of Foreclosure and Escrow Agreement, and Plan Sponsor and Debtors are released from liability for repayment of Restructured Notes

Step 11
IT SPE enters into Master Lease with Plan Sponsor to lease the Collateral to the Plan Sponsor

Exhibit G

Disclosure Statement Order

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

Case No. 12-01220

ORDER APPROVING DISCLOSURE STATEMENT AND FIXING TIME FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN, COMBINED WITH NOTICE THEREOF

The relief set forth on the following pages, for a total of 11 pages including this page, is hereby **ORDERED**.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

ORDER APPROVING DISCLOSURE STATEMENT AND FIXING TIME FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN, COMBINED WITH NOTICE THEREOF

The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"),[2] having filed their Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement") [Docket Entry No. 366], pursuant to section 1125(b) of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. and Rule 3017 of the Federal Rules of Bankruptcy Procedure, in connection with the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor

[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

[2] Capitalized terms not otherwise defined herein shall have the meanings given to them in the Debtors' Motion for Entry of an Order Approving (I) the Disclosure Statement; (II) Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor; and (III) Related Notice and Objection Procedures [Docket Entry No. 367].

(the "Plan") [Docket Entry No. 365]; and it having been determined after hearing on notice that the Disclosure Statement contains adequate information:

It is hereby ORDERED, and notice is hereby given, that:

1. The Disclosure Statement is APPROVED, and specifically is approved for solicitation of acceptances of the Plan.

2. **August 1, 2012** is fixed as the last day for filing written acceptances or rejections of the Plan (the "Voting Deadline"). To be counted, ballots for accepting or rejecting the Plan must be received on or before the Voting Deadline by BMC Group, Inc., the Debtors' duly appointed claims, noticing and balloting agent (the "Voting Agent"), at one of the following addresses:

BY MAIL TO:	**BY HAND OR OVERNIGHT DELIVERY TO:**
BMC Group, Inc.	BMC Group, Inc.
Attn: Cliffs Ballot Processing	Attn: Cliffs Ballot Processing
PO Box 3020	18675 Lake Drive East
Chanhassen, MN 55317-3020	Chanhassen, MN 55317

3. By no later than July 9, 2012, the Debtors shall mail a copy of: (i) this Order (without exhibits); (ii) the Disclosure Statement (together with the Plan annexed thereto and all other prepared attachments); (iii) any additional opinion of the Court approving the Disclosure Statement; (iv) any letter from the Official Committee of Unsecured Creditors in support of the Plan; (v) the Confirmation Hearing Notice (as described below); (vi) an appropriate form of ballot (each, a "Ballot") in substantially the forms attached hereto as Exhibits "A-1" through "A-6", together with a pre-addressed, postage prepaid return envelope addressed to the Voting Agent, which form Ballots are hereby approved (together, the "Solicitation Package"), to all creditors and equity security holders in these cases, with a copy to the United States Trustee, as

provided in Fed. R. Bankr. P. 3017(d). The Debtors and the Voting Agent are hereby authorized to copy the Solicitation Package onto compact discs (excepting only the form of Ballot, which shall be served in paper copy), and to serve such compact discs to the creditors and equity security holders in these cases, in lieu of paper copies of the Solicitation Package; provided, however, that the Debtors and the Voting Agent shall accommodate any reasonable request by creditors and equity security holders to receive a paper copy of the Solicitation Package.

4. The date of this Order is established as the voting record date for purposes of determining the creditors and equity security holders who are entitled to vote to accept or reject the Plan.

5. The Debtors shall not be required to mail the Solicitation Package to any holder of unimpaired claims or interests or to holders of impaired claims or interests who are deemed to reject the Plan. Annexed hereto as Exhibit "B" is an approved form of notice to holders of unimpaired claims who are deemed to accept the Plan, and to holders of interests who are deemed to reject the Plan, which form the Debtors shall distribute to all holders of unimpaired claims who are deemed to accept the Plan and to all holders of interests who are deemed to reject the Plan.

6. For purposes of voting to accept or reject the Plan and tabulation of such votes, and without prejudice to the rights of the Debtors in any other context, each claim within a class of claims entitled to vote to accept or reject the Plan shall be entitled to vote the amount of such claim as set forth in the Schedules (as may be amended from time to time) unless such Holder has timely filed a proof of claim, in which event such

Holder would be entitled to vote the amount of such claim as set forth in such proof of claim, subject to the following:

a. With respect to Class 1 Indenture Trustee – Note Holder Claims, the individual Holders of such claims (and not any custodian of any or all the Notes) shall vote for purposes of whether Class 1 votes as a class to accept or reject the Plan. The Debtors filed a first amendment to their Schedules (schedules of assets and liabilities) and attached thereto a Schedule D Rider that detailed the individual Note Holder Claims that comprise the Class 1 Secured Claim estimated at $73,532,000 in the aggregate. For the avoidance of doubt: (i) this provision and the Debtors' submission of the Schedule D Rider is for Plan voting purposes only, and any Note Holder who disagrees with any amount set forth in the Schedule D Rider need not file a proof of claim to assert the amount of his or her Note Holder Claim, but rather should indicate the alleged amount of his or her Note Holder Claim on any Class 1 Ballot submitted to the Voting Agent (the Debtors may address in the tabulation report submitted to the Bankruptcy Court any disputes regarding the appropriate amount of any Note Holder Claim indicated on any such Class 1 Ballot); and (ii) Note Holders will be provided separate Class 7 Ballots with respect to their Club Member Claims;

b. If a claim is deemed "Allowed" under the Plan or an order of the Court, such claim shall be Allowed for voting purposes in the deemed "Allowed" amount set forth in the Plan or the Court's order;

c. If a claim for which a proof of claim has been timely filed is wholly contingent (excepting contingent member initiation deposit claims, holders of such claims being entitled to vote such claims in their face amount), unliquidated or disputed (as determined by the Debtors after a reasonable review of the claim and its supporting documentation), such claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at $1.00, and the Ballot mailed to the Holder of such claim shall be marked as voting at $1.00;

d. If a claim is partially liquidated and partially unliquidated, the claim shall be Allowed for voting purposes only in the liquidated amount;

e. If a claim has been estimated or otherwise Allowed for voting purposes by order of the Court pursuant to Bankruptcy Rule 3018(a), such claim shall be temporarily Allowed in the amount so estimated or Allowed by the Court for voting purposes only, and not for purposes of allowance or distribution;

f. If a claim is listed in the Schedules as contingent (excepting contingent member initiation deposit claims, holders of such claims being entitled to vote such claims), unliquidated or disputed and a proof of claim was not (i) filed by the applicable bar date for the filing of proofs of claim established by the Court or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, then, unless the Debtors have consented in writing to Allow such claim for voting purposes, such claim shall be disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c);

g. If the Debtors have filed an objection to a claim before the Voting Deadline, such claim shall be temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection;

h. Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased multiple claims (whether against the same or multiple Debtors) that are classified under the Plan in the same class, shall be provided with only one Solicitation Package and the appropriate form of Ballot(s); and

i. Any vote submitted in respect of a claim shall be deemed submitted on a consolidated basis in the above-captioned, jointly administered cases. For tabulation purposes, the Voting Agent shall disregard duplicate votes submitted with respect to the same claim.

7. If any claimant or equity security holder seeks to challenge the allowance of its claim or equity security for voting purposes in accordance with the above procedures, such claimant or equity security holder is directed to serve on counsel for Debtors and file with the Court no later than 5:00 p.m. (Eastern time) on the seventh (7th) day after the later of: (i) the Solicitation Date, and (ii) the date of service of an objection, if any, to such claim or equity security a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim or equity security in a different amount for purposes of voting to accept or reject the Plan. If and to the extent that the Debtors and any creditor filing a motion pursuant to Bankruptcy Rule 3018(a) are unable to resolve the issues raised by any such motion prior to the Voting Deadline,

then, at the Confirmation Hearing, the Bankruptcy Court will determine whether any provisional Ballot should be counted as a vote on the Plan. Such creditor's Ballot shall not be counted unless temporarily Allowed by the Court for voting purposes after notice and a hearing.

8. If a creditor casts more than one Ballot voting the same claim(s) before the Voting Deadline, the last Ballot received before the Voting Deadline is deemed to reflect the voter's intent and, thus, to supersede any prior Ballots.

9. Any Ballot that is properly completed, executed and timely returned to the Voting Agent but does not indicate an acceptance or rejection of the Plan or indicates both an acceptance and a rejection of the Plan, shall not be counted.

10. Any Ballot actually received by the Voting Agent after the Voting Deadline shall not be counted unless the Debtors granted an extension of the Voting Deadline with respect to such Ballot.

11. Any Ballot that is illegible or contains insufficient information: (i) to permit the identification of the claimant or equity security holder; or (ii) to determine whether the Ballot indicates an acceptance or rejection of the Plan, shall not be counted.

12. Any Ballot cast by a person or entity that does not hold a Claim in a class that is entitled to vote to accept or reject the Plan shall not be counted.

13. Any Ballot cast for a claim identified as unliquidated, contingent (excepting contingent member initiation deposit claims, holders of such claims being entitled to vote such claims) or disputed, and for which no proof of claim was timely filed, shall not be counted.

14. Any unsigned Ballot or non-originally signed Ballot shall not be counted.

15. Any Ballot sent directly to any of the Debtors, their agents (other than the Voting Agent), or the Debtors' financial or legal advisors or to any other party instead of the Voting Agent shall not be counted.

16. Any Ballot cast for a claim that has been disallowed (for voting purposes or otherwise) shall not be counted.

17. Any Ballot transmitted to the Voting Agent by facsimile or other electronic means shall not be counted.

18. The Debtors may reject any and all Ballots the acceptance of which would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules. The Debtors may also waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline; provided, however, that any such waivers shall be documented in the tabulation report filed by the Voting Agent with the Bankruptcy Court.

19. None of the Debtors, the Voting Agent or any other person or entity shall be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor shall the Debtors, the Voting Agent or any other person or entity incur any liability for failure to provide such notification.

20. The Voting Agent may disregard any and all defective Ballots with no further notice to any other person or entity.

21. **August 6, 2012 at 10:00 a.m.** is fixed as the date and time for the hearing on confirmation of the Plan (the "Confirmation Hearing"), which Confirmation Hearing shall be conducted at: **J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, South Carolina 29201–2423**; provided,

however, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to any parties other than an announcement in Court at the Confirmation Hearing or any adjourned Confirmation Hearing.

22. The Confirmation Hearing Notice substantially in the form annexed hereto as Exhibit "C" is approved and shall be transmitted to all creditors and equity security holders of the Debtors.

23. The Debtors shall publish the Confirmation Hearing Notice electronically on http://www.bmcgroup.com/cliffs.

24. The mailing of the Solicitation Package and the Confirmation Hearing Notice and the publication thereof as set forth herein shall constitute good and sufficient notice of the deadlines set forth herein.

25. **August 1, 2012** is fixed as the last day for filing and serving pursuant to Fed. R. Bankr. P. 3020(b)(1) written objections to confirmation of the Plan. All objections to confirmation of the Plan must be in writing, must state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party, must state with particularity the basis and nature of any objection to the Plan, must be filed with the Clerk of the United States Bankruptcy Court for the District of South Carolina, and must be served upon counsel for the Debtors and in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket Entry No. 121] so as to be actually received by August 1, 2012.

26. Objections to confirmation of the Plan not timely filed and served in the manner set forth above may not be considered and may be overruled.

27. The Debtors are authorized to file a consolidated reply to any objections to the Plan.

28. The Debtors are authorized to take or refrain from taking any action and expending such funds necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court.

29. To the extent the Debtors modify the Plan prior to the Confirmation Hearing, which modification results in no less favorable treatment to the holders of any class of claims or interests, then the Debtors shall not be required to re-solicit the votes of holders of the affected claims or interests.

30. The Debtors are authorized to make non-substantive changes to the Disclosure Statement, Plan, Ballots, the Confirmation Hearing Notice, any other notice, supplement or documents related to the Plan or Disclosure Statement and all exhibits and appendices to any of the foregoing without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan and any other materials in the Solicitation Package prior to their distribution.

AND IT IS SO ORDERED.

Prepared and presented by:

/s/ Däna Wilkinson
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-and-

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Attorneys for the Debtors and Debtors in Possession

Exhibit "A-1"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

CLASS 1 [INDENTURE TRUSTEE – NOTE HOLDER CLAIMS] BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

On May 22, 2012, The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), filed the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Plan"). The Court has approved the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a copy of the Plan or the Disclosure Statement, copies of the Plan and the Disclosure Statement may be inspected in the offices of the clerk of the bankruptcy court during normal business hours or downloaded from the bankruptcy court's website at http://www.scb.uscourts.gov. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc. (the "Voting Agent"), at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073. Court approval of the Disclosure Statement does not indicate approval of the Plan by the bankruptcy court.

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 1 [Indenture Trustee – Note Holder Claims] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote. If you believe that your claim belongs in a different Class, then you should indicate below the Class in which you believe your claim belongs.

The deadline to submit your ballot is July ___, 2012 (the "Voting Deadline"). If your ballot is not received by the Voting Deadline by mail or delivery by hand, courier or overnight service to the Voting Agent at the appropriate address shown below, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class 1 claim [Indenture Trustee – Note Holder Claims] against the Debtors in the unpaid amount of $_____;

(Check one box only)

[ ] ACCEPTS THE PLAN

[ ] REJECTS THE PLAN

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

_____

_____

RETURN THIS BALLOT TO:

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

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Exhibit "A-2"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

CLASS 3 [MECHANIC'S LIEN CLAIMS] BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

On May 22, 2012, The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), filed the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Plan"). The Court has approved the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a copy of the Plan or the Disclosure Statement, copies of the Plan and the Disclosure Statement may be inspected in the offices of the clerk of the bankruptcy court during normal business hours or downloaded from the bankruptcy court's website at http://www.scb.uscourts.gov. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc. (the "Voting Agent"), at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073. Court approval of the Disclosure Statement does not indicate approval of the Plan by the bankruptcy court.

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 3 [Mechanic's Lien Claims] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote. If you believe that your claim belongs in a different Class, then you should indicate below the Class in which you believe your claim belongs.

The deadline to submit your ballot is July ___, 2012 (the "Voting Deadline"). If your ballot is not received by the Voting Deadline by mail or delivery by hand, courier or overnight service to the Voting Agent at the appropriate address shown below, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class 3 claim [Mechanic's Lien Claims] against the Debtors in the unpaid amount of $_____:

(Check one box only)

[ ] ACCEPTS THE PLAN

[ ] REJECTS THE PLAN

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

_____

_____

RETURN THIS BALLOT TO:

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

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Exhibit "A-3"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

CLASS 4 [OTHER SENIOR SECURED PARTY CLAIMS] BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

On May 22, 2012, The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), filed the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Plan"). The Court has approved the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a copy of the Plan or the Disclosure Statement, copies of the Plan and the Disclosure Statement may be inspected in the offices of the clerk of the bankruptcy court during normal business hours or downloaded from the bankruptcy court's website at http://www.scb.uscourts.gov. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc. (the "Voting Agent"), at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073. Court approval of the Disclosure Statement does not indicate approval of the Plan by the bankruptcy court.

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 4 [Other Senior Secured Party Claims] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote. If you believe that your claim belongs in a different Class, then you should indicate below the Class in which you believe your claim belongs.

The deadline to submit your ballot is July ___, 2012 (the "Voting Deadline"). If your ballot is not received by the Voting Deadline by mail or delivery by hand, courier or overnight service to the Voting Agent at the appropriate address shown below, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class 4 claim [Other Senior Secured Party Claims] against the Debtors in the unpaid amount of $_____:

(Check one box only)

[ ] ACCEPTS THE PLAN

[ ] REJECTS THE PLAN

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

_____

_____

RETURN THIS BALLOT TO:

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

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Exhibit "A-4"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

CLASS 5 [GENERAL UNSECURED CLAIMS] BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

On May 22, 2012, The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), filed the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Plan"). The Court has approved the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a copy of the Plan or the Disclosure Statement, copies of the Plan and the Disclosure Statement may be inspected in the offices of the clerk of the bankruptcy court during normal business hours or downloaded from the bankruptcy court's website at http://www.scb.uscourts.gov. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc. (the "Voting Agent"), at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073. Court approval of the Disclosure Statement does not indicate approval of the Plan by the bankruptcy court.

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 5 [General Unsecured Claims] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote. If you believe that your claim belongs in a different Class, then you should indicate below the Class in which you believe your claim belongs.

The deadline to submit your ballot is July ___, 2012 (the "Voting Deadline"). If your ballot is not received by the Voting Deadline by mail or delivery by hand, courier or overnight service to the Voting Agent at the appropriate address shown below, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class 5 claim [General Unsecured Claims] against the Debtors in the unpaid amount of $_____:

(Check one box only)

[ ] ACCEPTS THE PLAN

[ ] REJECTS THE PLAN

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

_____

_____

RETURN THIS BALLOT TO:

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

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Exhibit "A-5"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

CLASS 6 [ADMINISTRATIVE CONVENIENCE CLAIMS] BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

On May 22, 2012, The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), filed the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Plan"). The Court has approved the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a copy of the Plan or the Disclosure Statement, copies of the Plan and the Disclosure Statement may be inspected in the offices of the clerk of the bankruptcy court during normal business hours or downloaded from the bankruptcy court's website at http://www.scb.uscourts.gov. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc. (the "Voting Agent"), at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073. Court approval of the Disclosure Statement does not indicate approval of the Plan by the bankruptcy court.

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class 6 [Administrative Convenience Claims] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote. If you believe that your claim belongs in a different Class, then you should indicate below the Class in which you believe your claim belongs.

The deadline to submit your ballot is July ___, 2012 (the "Voting Deadline"). If your ballot is not received by the Voting Deadline by mail or delivery by hand, courier or overnight service to the Voting Agent at the appropriate address shown below, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class 6 claim [Administrative Convenience Claims] against the Debtors in the unpaid amount of $_____:

(Check one box only)

[ ] ACCEPTS THE PLAN

[ ] REJECTS THE PLAN

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

_____

_____

RETURN THIS BALLOT TO:

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

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Exhibit "A-6"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	**CHAPTER 11**
The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,	**Case No. 12-01220**
	Jointly Administered
Debtors.	

CLASS 7 [CLUB MEMBER CLAIMS]
BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN
FILED BY THE DEBTORS AND THE PLAN SPONSOR
AND MEMBERSHIP ELECTION

On May 22, 2012, The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), filed the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Plan"). The Court has approved the Disclosure Statement for the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Plan. The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a copy of the Plan or the Disclosure Statement, copies of the Plan and the Disclosure Statement may be inspected in the offices of the clerk of the bankruptcy court during normal business hours or downloaded from the bankruptcy court's website at http://www.scb.uscourts.gov. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc. (the "Voting Agent"), at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073. Court approval of the Disclosure Statement does not indicate approval of the Plan by the bankruptcy court.

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. By this Ballot, you will indicate both whether you: (i) accept or reject the Plan; and (ii) agree to become a member of New ClubCo.

The deadline to submit your ballot is August 1, 2012 (the "Voting Deadline"). If your ballot is not received by the Voting Deadline by mail or delivery by hand, courier or overnight service to the Voting Agent at the appropriate address shown below, and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, a current or former member of the Debtors' clubs, and holder of a Class 7 [Club Member Claims] claim against the Debtors in the unpaid amount of $_____ with respect to such membership:

(Check one box only)

[ ] ACCEPTS THE PLAN

[ ] REJECTS THE PLAN

MEMBERSHIP ELECTION

The undersigned, a current or former member of the Debtors' clubs, and holder of a claim against the Debtors as set forth above:

(Check one box only)

[ ] AGREES TO BECOME A MEMBER OF NEW CLUBCO

[ ] DECLINES TO BECOME A MEMBER OF NEW CLUBCO

THE UNDERSIGNED ACKNOWLEDGES AND AGREES that, in the event the undersigned elected above to become a member of New ClubCo, the undersigned further agrees to: (i) pay any applicable Transfer Fee and/or optional Membership Reinstatement Fee; (ii) execute any applicable New ClubCo Membership Plan documents to effectuate such membership (to the extent that you have more than one membership in the Debtors' clubs, as part of the membership application process you will be able to designate the memberships you wish to retain and do not wish to retain); and (iii) be bound by the terms and conditions of the New ClubCo Membership Plan and all associated provisions of the Plan, if confirmed.

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

_____

_____

RETURN THIS BALLOT TO:

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

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Cliffs Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Exhibit "B"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re: **The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,** **Debtors.**	**CHAPTER 11** **Case No. 12-01220** **Jointly Administered**

NOTICE OF NON-VOTING STATUS UNDER THE JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND THE PLAN SPONSOR

1. On February 28, 2012 (the "Petition Date"), The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. On June __, 2012, the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court") entered an Order [Docket Entry No. __] (the "Approval Order") approving the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement") [Docket Entry No. ___].

3. Among other things, the Approval Order: (a) approved the Disclosure Statement; (b) established certain procedures for the solicitation and tabulation of votes to accept or reject the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor [Docket No. ____] (the "Plan"); (c) approved the contents of the proposed solicitation package to be distributed to the Debtors' stakeholders who are entitled to vote to accept or reject the Plan (the "Solicitation Package"); (d) approved this form of notice to be sent to certain stakeholders who are not entitled to vote to accept or reject the Plan; and (e) approved other notice and objection procedures in connection with the hearing to confirm the Plan (the "Confirmation Hearing").

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

4. Pursuant to Rule 3017(d) of the Federal Rules of Bankruptcy Procedure and the Approval Order, the Debtors are: (a) required to provide the Solicitation Package to all creditors and equity holders entitled to vote to accept or reject the Plan; and (b) not required to provide the Solicitation Package to holders of claims or interests in classes under the Plan that are conclusively presumed to either accept or reject the Plan (collectively, the "Non-Voting Classes").

5. The Non-Voting Classes, and their proposed treatment under the Plan, are set forth immediately below:

Class 2: The Allowed Class 2 Indenture Trustee Bridge Loan Claim is not impaired under the Plan and will be satisfied in full. The Holder of the Class 2 claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan on account of such claim.

Class 8: Allowed Equity Interests in the Debtors are impaired under the Plan. Under the Plan, Holders of Class 8 Interests in the Debtors will not receive or retain any property on account of such interests. Holders of Class 8 Interests in the Debtors are conclusively presumed to reject the Plan and are not entitled to vote to accept or reject the Plan.

6. **YOU HAVE BEEN IDENTIFIED AS THE HOLDER OF A CLAIM OR INTEREST IN A NON-VOTING CLASS UNDER THE PLAN AND THEREFORE ARE NOT ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ON ACCOUNT OF SUCH CLAIM OR INTEREST.** Accordingly, pursuant to the Approval Order, you are receiving this Notice in lieu of a Solicitation Package. Should you wish to obtain a copy of either the Disclosure Statement or the Plan, copies of the Disclosure Statement and the Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc., at http://www.bmcgroup.com/cliffs. You may also request copies of the Plan and the Disclosure Statement from counsel to the Debtors via mail: McKenna Long & Aldridge, LLP, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Suite 5300, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073.

7. If you wish to challenge the Debtors' classification of your claim, you must file a motion, pursuant to Bankruptcy Rule 3018(a) (a "Rule 3018(a) Motion") and the Approval Order, for an order temporarily allowing your claim in a different classification or amount for purposes of voting to accept or reject the Plan and serve such motion on the Debtors and all appropriate notice parties in these cases. In accordance with Bankruptcy Rule 3018(a), as to any creditor filing a Rule 3018(a) Motion, such creditor's ballot will not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing. Rule 3018(a) Motions that are not timely filed and served will not be considered.

8. The Confirmation Hearing to consider confirmation of the Plan will be held on **July , 2012 at :00 .m. at: J. Bratton Davis United States Bankruptcy Courthouse,**

1100 Laurel Street, Columbia, South Carolina 29201–2423; *provided, however*, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to parties other than an announcement in Court at the Confirmation Hearing or any adjourned Confirmation Hearing.

9. **July , 2012** is the last day for filing and serving pursuant to Fed. R. Bankr. P. 3020(b)(1) written objections to confirmation of the Plan. All objections to confirmation of the Plan must be in writing, must be filed with the Clerk of the United States Bankruptcy Court for the District of South Carolina, and must be served upon counsel for the Debtors and in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket Entry No. 121].

Dated: June ___, 2012

BY ORDER OF THE COURT

/s/ Däna Wilkinson
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District Court I.D. No. 4663
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Attorneys for the Debtors and Debtors in Possession

Exhibit "C"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re: **The Cliffs Club & Hospitality Group, Inc., *et al.*,[1] *d/b/a* The Cliffs Golf & Country Club,** **Debtors.**	**CHAPTER 11** **Case No. 12-01220** **Jointly Administered**

NOTICE OF (A) ENTRY OF ORDER APPROVING DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES; (B) DEADLINE FOR CASTING VOTES TO ACCEPT OR REJECT CHAPTER 11 PLAN; (C) HEARING TO CONSIDER CONFIRMATION OF CHAPTER 11 PLAN; AND (D) RELATED MATTERS

PLEASE TAKE NOTICE OF THE FOLLOWING:

Pursuant to an order dated June __, 2012 [Docket Entry No. ___] (the "Approval Order"), the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court") has (a) approved the Disclosure Statement to Accompany the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (the "Disclosure Statement") filed by The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors-in-possession (collectively, the "Debtors"), and (b) authorized the Debtors to solicit votes to accept or reject the Joint Chapter 11 Plan filed by the Debtors and the Plan Sponsor (as may be amended, the "Plan").

Pursuant to the Bankruptcy Rules, June ___, 2012 is the voting record date for determining the holders of prepetition claims and interests entitled to vote to accept or reject the Plan, and the Approval Order establishes **July ___, 2012** as the voting deadline for submission of ballots to accept or reject the Plan. Creditors, equity security holders and all other parties as directed by Bankruptcy Rule 3017 will receive the following materials: (i) the Plan; (ii) the Disclosure Statement; (iii) the Approval Order (without exhibits); (iv) any

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[1] The Debtors, followed by the last four digits of their respective taxpayer identification numbers and Chapter 11 case numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338) (12-01220); CCHG Holdings, Inc. (1356) (12-01223); The Cliffs at Mountain Park Golf & Country Club, LLC (2842) (12-01225); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319) (12-01226); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879) (12-01227); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230) (12-01229); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898) (12-01230); The Cliffs at High Carolina Golf & Country Club, LLC (7576) (12-01231); The Cliffs at Glassy Golf & Country Club, LLC (6559) (12-01234); The Cliffs Valley Golf & Country Club, LLC (6486) (12-01236); and Cliffs Club & Hospitality Service Company, LLC (9665) (12-01237).

additional opinion of the Court approving the Disclosure Statement; (v) this notice; (vi) a letter from the Official Committee of Unsecured Creditors in support of the Plan; and (vii) a ballot to be used to vote to accept or reject the Plan (parties not entitled to vote will not receive a ballot). Please note that, with the exception of the ballot, such documents may be copied onto compact discs and served in that format in lieu of paper copies. If you require paper copies of such documents, please contact counsel to the Debtors via mail: McKenna Long & Aldridge, LLP, Attn: Bryan E. Bates, Esq., 303 Peachtree St. NE, Suite 5300, Atlanta, GA 30308; via email: bbates@mckennalong.com; or via phone: 404-527-4073.

If the Debtors have determined that you are not entitled to vote to accept or reject the Plan, but you believe that you should be entitled to vote to accept or reject the Plan, then you must file with the Bankruptcy Court a motion for an order pursuant to Bankruptcy Rule 3018(a), and in accordance with the Approval Order, temporarily allowing such claim in a specified amount for purposes of voting to accept or reject the Plan. Any such motion must be served upon the Debtors, counsel for the Debtors and in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket Entry No. 121].

YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THE DISCLOSURE STATEMENT, PLAN AND ALL OTHER DOCUMENTS ASSOCIATED THEREWITH CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

July __, 2012 is fixed as the last day for filing and serving pursuant to Fed. R. Bankr. P. 3020(b)(1) written objections to confirmation of the Plan. All objections to confirmation of the Plan must be in writing; must state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party; must state with particularity the basis and nature of any objection to the Plan; must be filed with the Clerk of the United States Bankruptcy Court for the District of South Carolina; and must be served upon counsel for the Debtors and in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket Entry No. 121] so as to be actually received on July ___, 2012.

A hearing to consider confirmation of the Plan will be held on **July __, 2012 at __:00 ___.m. at: J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, South Carolina 29201–2423.**

THE PLAN CONTAINS CERTAIN RELEASE, INJUNCTION AND EXCULPATION PROVISIONS. THESE PROVISIONS ARE SET FORTH IN THE PLAN AND DESCRIBED IN THE DISCLOSURE STATEMENT.

ANY PARTY TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE TO BE ASSUMED SHALL HAVE TWENTY ONE (21) DAYS AFTER SERVICE OF THE SCHEDULE OF ASSUMED CONTRACTS WITHIN WHICH TO FILE WITH THE BANKRUPTCY COURT AN OBJECTION TO THE CURE AMOUNT LISTED

BY THE DEBTORS, AN OBJECTION TO THE ADEQUACY OF ASSURANCE OF FUTURE PERFORMANCE, OR ANY OTHER OBJECTION TO THE ASSUMPTION OF SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE. ANY SUCH OBJECTION SHALL BE RESOLVED BY THE BANKRUPTCY COURT AT THE CONFIRMATION HEARING OR, IF THE COURT DOES NOT HEAR SUCH OBJECTION AT THE CONFIRMATION HEARING, AT SUCH OTHER TIME AS AGREED TO BY THE AFFECTED PARTIES. IF THE BANKRUPTCY COURT DETERMINES THAT THE CURE AMOUNT WITH RESPECT TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE IS GREATER THAN THE AMOUNT LISTED BY THE DEBTORS, THEN THE DEBTORS MAY ELECT TO REJECT THE EXECUTORY CONTRACT OR LEASE AT ISSUE.

Copies of the Disclosure Statement and Plan may be inspected in the offices of the Clerk of the Bankruptcy Court during normal business hours or downloaded from the Bankruptcy Court's website at http://www.scb.uscourts.gov. Please note that prior registration with the PACER Service Center and payment of a fee may be required to access such documents. Additionally, copies of the Disclosure Statement and Plan are available for free download via an unofficial version of the case docket accessible through the Debtors' claims, notice and balloting agent, BMC Group, Inc., at http://www.bmcgroup.com/cliffs. Requests for copies of the Disclosure Statement and Plan may also be made to counsel for the Debtors at the contact information shown below.

Dated: June ___, 2012

BY ORDER OF THE COURT

/s/ Däna Wilkinson
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Exhibit H

Executive summary of the New ClubCo Membership Plan

THE CLIFFS CLUBS

EXECUTIVE SUMMARY OF MEMBERSHIP PLAN

4823-3995-9055.9

I. IDENTITY OF CLUBS AND CLUB OPERATOR

The Cliffs Clubs Master Membership Plan ("Membership Plan") will be established by Cliffs Club Partners, LLC and its affiliates (the "Club Operator"), a joint venture between The Carlile Group, SunTx Urbana, the primary lot and landowner of The Cliffs property, and Arendale Holdings, a real estate and development company experienced in operations of residential development communities and private golf clubs.

The Membership Plan would cover membership in each of the following Cliffs Clubs:

- The Cliffs at Walnut Cove Golf & Country Club;
- The Cliffs at Glassy Golf & Country Club;
- The Cliffs Valley Golf & Country Club;
- The Cliffs at Keowee Vineyards Golf & Country Club;
- The Cliffs at Keowee Falls Golf & Country Club;
- The Cliffs at Keowee Springs Golf & Country Club; and
- The Cliffs at Mountain Park Golf & Country Club.

Generally, the Home Club for a Member will be the Cliffs Club that is within or adjacent to The Cliffs Community in which such Member owns property.

This Executive Summary of Membership Plan contains a summary of certain provisions currently anticipated to be included within the Membership Plan and related documents. Detailed information will be set out in the Membership Plan and related documents.

II. QUALIFICATION FOR MEMBERSHIP AND MEMBERSHIP OPTIONS

	Historic Active Member	Historic Resigned Member	Property Owner Amnesty Program	Future Property Owners
Qualifications	Includes members of existing clubs in good standing who pay dues from March 1, 2012 through date of formation of new clubs. *Must elect to acquire new membership on or before Aug. 9, 2012.*	Includes past members of existing clubs whose memberships are on a waiting list to be reissued. Does not include members who should be paying dues under existing membership plan documents. *Must elect to acquire new membership on or before Aug. 9, 2012.*	Includes Historic Resigned Members and all other persons who own property in The Cliffs and who are not members of the current clubs. *Must elect to acquire new membership on or before Aug. 31, 2012.*	Includes persons who acquire a property within The Cliffs in the future from an approved Developer or from an existing member in good standing.
Fee to become a Member	Transfer Fee, as follows: Golf/Charter or Corporate—**$5,000*** Family/ Sports—**$2,500** Wellness—**$1,500** Residence Club—**$2,500** ** Financing option will include initial payment of $2,500, plus remaining balance paid in 24 monthly installments of $135.*	Transfer Fee, as follows: Golf/Charter or Corporate—**$5,000*** Family/ Sports—**$2,500** Wellness—**$1,500** Residence Club—**$2,500** ** Financing option will include initial payment of $2,500, plus remaining balance paid in 24 monthly installments of $135.* See page 8 regarding payment of Reinstatement Fee to obtain right to Refund Payment.	Activation Fee, plus Initiation Fee, less $20,000 Discount, as follows: Golf or Corporate—**$35,000 Total*** $5,000 Activation Fee + $50,000 Initiation Fee - $20,000 Discount Sports—**$17,500 Total** $2,500 Activation Fee + $35,000 Initiation Fee - $20,000 Discount Wellness or Social—**$1,500 Total** $1,500 Activation Fee + $20,000 Initiation Fee - $20,000 Discount ** Financing option includes initial payment of at least ½ total fee, remaining balance paid in 2 semi-annual payments. Interest at 8%.*	Initiation Fee, as follows: Golf or Corporate—**$50,000** Sports—**$35,000** Wellness—**$20,000** Social—**$20,000**

	Historic Active Member	Historic Resigned Member	Property Owner Amnesty Program	Future Property Owners
Membership Options	♦ *Cliffs Golf Members* may acquire Full Golf Membership with payment of Transfer Fee. Limited right to downgrade upon transfer effective Jan. 1, 2013. *See page 7.* Non-Residents may select Non-Resident Golf Membership.* ♦ *Cliffs Family and Sports Members* may acquire Full Sports Membership with payment of Transfer Fee. Right to upgrade immediately upon transfer and limited right to downgrade upon transfer effective Jan. 1, 2014. *See pages 6 and 7.* Non-Residents may select Non-Resident Sports Membership.* ♦ *Cliffs Wellness Members* may acquire Wellness Membership with payment of Transfer Fee. Right to upgrade immediately upon transfer and limited right to downgrade upon transfer effective Jan. 1, 2014. *See pages 6 and 7.* ♦ *Cliffs Corporate Members* may acquire Corporate Membership with payment of Transfer Fee. ♦ *Cliffs Residence Club Members* may acquire Residence Club Membership with payment of Transfer Fee. * *To qualify as a Non-Resident, must not have a residence within 125 miles of Cliffs Clubs.*	♦ Former *Cliffs Golf Members* may acquire Full Golf Membership with payment of Transfer Fee. Limited right to downgrade upon transfer effective Jan. 1, 2013. *See page 7.* Non-Residents may select Non-Resident Golf Membership.* ♦ Former *Cliffs Family and Sports Members* may acquire Full Sports Membership with payment of Transfer Fee. Right to upgrade immediately upon transfer and limited right to downgrade upon transfer effective Jan. 1, 2014. *See pages 6 and 7.* Non-Residents may select Non-Resident Sports Membership.* ♦ Former *Cliffs Wellness Members* may acquire Wellness Membership with payment of Transfer Fee. Right to upgrade immediately upon transfer and limited right to downgrade upon transfer effective Jan. 1, 2014. *See pages 6 and 7.* ♦ Former *Cliffs Corporate Members* may acquire Corporate Membership with payment of Transfer Fee. ♦ Former *Cliffs Residence Club Members* may acquire Residence Club Membership with payment of Transfer Fee. * *To qualify as a Non-Resident, must not have a residence within 125 miles of Cliffs Clubs.*	May acquire any category of Membership desired with payment of Activation Fee, plus Non-Refundable Initiation Fee, *less applicable discount.* Must qualify as Non-Resident Member to acquire Non-Resident Golf or Non-Resident Sports Membership.* * *To qualify as a Non-Resident, must not have a residence within 125 miles of Cliffs Clubs.*	May acquire any category of Membership desired, subject to availability, with payment of Non-Refundable Initiation Fee. Must qualify as Non-Resident Member to acquire Non-Resident Golf or Non-Resident Sports Membership.* * *To qualify as a Non-Resident, must not have a residence within 125 miles of Cliffs Clubs.*

III. NEW MEMBERSHIP CATEGORIES AND PRIVILEGES

The following categories of Membership are proposed to be made available at each of the Cliffs Clubs:

	Privileges	Annual Dues	Greens Fees	Guest Fees	Food and Beverage	Cart Fees
Full Golf	♦ Access to all Club Facilities. ♦ No cap on golf rounds. ♦ No greens fees for Members and immediate family. ♦ Primary Member's cart fees for up to 20 rounds are included with dues. ♦ 30 days advanced reservation at Home Club. ♦ 7 days advanced reservation at other Clubs. ♦ Priority Tournament access. ♦ Priority tee times on weekends and holidays.	$10,380	No charge	$65 at Home Club $95 at other Clubs $165 if unescorted	18% service charge on all food and beverage purchases. 20% service charge for catering. Minimum $1,200	$22 18-Hole $14 9-Hole Annual Cart Program: $1,850 Family $1,500 Single No charge for up to 20 rounds for Primary Member or equivalent discount if Annual Cart Program purchased.
Home Golf	♦ Access to all Club Facilities. ♦ No cap on golf rounds. ♦ No greens fees at Home Club for Members and immediate family. Applicable greens fees for other Clubs. ♦ 30 days advanced reservation at Home Club. ♦ 7 days advanced reservation at other Clubs. ♦ Priority Tournament access. ♦ Priority tee times on weekends and holidays.	$9,340	No charge at Home Club $65 at other Clubs	$65 at Home Club $95 at other Clubs $165 if unescorted	18% service charge on all food and beverage purchases. 20% service charge for catering. Minimum $1,200	$22 18-Hole $14 9-Hole Annual Cart Program: $1,850 Family $1,500 Single
Non-Resident Golf	♦ Access to all Club Facilities. ♦ No cap on golf rounds. ♦ Applicable greens fees at Home Club and other Clubs. ♦ 30 days advanced reservation at Home Club. ♦ 7 days advanced reservation at other Clubs. ♦ Limited Tournament access. ♦ Available to Non-Resident Members only (i.e., no residence within 125 miles of any Cliffs Club). ♦ Priority tee times on weekends and holidays.	$8,300	$65 at Home Club $65 at other Clubs	$65 at Home Club $95 at other Clubs $165 if unescorted	18% service charge on all food and beverage purchases. 20% service charge for catering. Minimum $600	$22 18-Hole $14 9-Hole Annual Cart Program: $1,850 Family $1,500 Single

	Privileges	Annual Dues	Greens Fees	Guest Fees	Food and Beverage	Cart Fees
Full Sports	♦ Access to all Club Facilities. ♦ Cap of 10 golf rounds per year at Home Club and 5 golf rounds per year at each other Club. ♦ No course access before noon on weekends and holidays and subject to other restrictions on availability and tee times. ♦ Restricted Tournament access.	$5,280	$65 at Home Club $95 at other Clubs	$65 at Home Club $95 at other Clubs $165 if unescorted	18% service charge for food and beverage purchases. 20% service charge for catering. Minimum $1,200	$22 18-Hole $14 9-Hole
Non-Resident Sports	♦ Access to all Club Facilities. ♦ Cap of 6 golf rounds per year at Home Club and 2 golf rounds per year at each other Club. ♦ No course access before noon on weekends and holidays and subject to other restrictions on availability and tee times. ♦ Available to Non-Resident Members only (i.e., no residence within 125 miles of any Cliffs Club). ♦ Restricted Tournament access.	$4,225	$65 at Home Club $95 at other Clubs	$65 at Home Club $95 at other Clubs $165 if unescorted	18% service charge for food and beverage purchases. 20% service charge for catering. Minimum $600	$22 18-Hole $14 9-Hole

	Privileges	Annual Dues	Greens Fees	Guest Fees	Food and Beverage	Cart Fees
Wellness	♦ Access to Club Facilities other than golf courses or golf practice facilities.	$3,720	N/A	N/A	18% service charge for food and beverage purchases. 20% service charge for catering. Minimum: $600 for Non-Residents; $1,200 for residents.	N/A
Social	♦ Access to dining facilities. ♦ Eligible to participate in social events (other than Golf, Sports or Wellness related events), such as bridge club and speaker forums.	$1,860	N/A	N/A	18% service charge for food and beverage purchases. 20% service charge for catering. Minimum: $600 for Non-Residents; $1,200 for residents.	N/A

	Privileges	Annual Dues	Greens Fees	Guest Fees	Food and Beverage	Cart Fees
Corporate	♦ Similar privileges as Full Golf. ♦ May designate up to 4 Designees.	$10,380 covers up to 2 Designees $5,190 per each Designee over 2	No charge	$65 at Home Club $95 at other Clubs $165 if unescorted	18% service charge for food and beverage purchases. 20% service charge for catering. Minimum: $1,200 per Designee.	$22 18-Hole $14 9-Hole
Residence Club	♦ Similar privileges as Full Golf while Member is in residence.	$1,875	No charge	$65 at Home Club $95 at other Clubs $165 if unescorted	N/A	$22 18-Hole $14 9-Hole

Dues and Fees are subject to change in the discretion of the Club Operator. Other fees and charges that are not stated in this Executive Summary may be applicable for additional services or privileges.

IV. UPGRADES

	Historic Active Member	Historic Resigned Member	Property Owner Amnesty Program	Future Property Owners
Upgrades	May upgrade immediately by paying the applicable Transfer Fee for the higher category of Membership desired. May upgrade at any time later by paying* an upgrade fee equal to difference between Initiation Fee being charged for the desired category of Membership and Initiation Fee being charged for the Member's current category of Membership. * *In lieu of paying upgrade fee, Historic Active Members may elect to have any upgrade fee within first 2 years setoff against the Refund Payment (as if Refund Payment were fully vested).*	May upgrade immediately by paying the applicable Transfer Fee for the higher category of Membership desired. May upgrade at any time later by paying* an upgrade fee equal to difference between Initiation Fee being charged for the desired category of Membership and Initiation Fee being charged for the Member's current category of Membership. * *In lieu of paying upgrade fee, Historic Resigned Members may elect to have any upgrade fee within first 2 years setoff against the Refund Payment (as if Refund Payment were fully vested).*	May upgrade at any time by paying an upgrade fee equal to difference between Initiation Fee being charged for the desired category of Membership and Initiation Fee being charged for the Member's current category of Membership.	May upgrade at any time by paying an upgrade fee equal to difference between Initiation Fee being charged for the desired category of Membership and Initiation Fee being charged for the Member's current category of Membership.

V. DOWNGRADES

	Historic Active Member	Historic Resigned Member	Property Owner Amnesty Program	Future Property Owners
Downgrades	Downgrades will be permitted on a limited basis, as follows: Members may downgrade only one Membership level per request (e.g., Full Golf to Home Golf, Home Golf to Full Sports, Full Sports to Wellness, and Wellness to Social; For Non-Residents—Non-Resident Golf to Non-Resident Sports, Non-Resident Sports to Wellness, and Wellness to Social). Total number of downgrades each year will be capped at 5% of total number of Members within Member's category at Home Club. Members who submit their application and Transfer Fee within first 30 days are eligible to request a downgrade upon transfer. Downgrades requested at transfer and awarded to Golf Members will be limited to 5% cap and become effective Jan. 1, 2013. Downgrades requested at transfer and awarded to other Members will be limited to 5% cap and become effective Jan. 1, 2014. After transfer, requests for downgrades in subsequent years must be made by November 30 to be considered for following calendar year. Priority for downgrades will be given to Generational Members based upon tenure.* Others will be awarded based upon a lottery system. ** To qualify as a Generational Member, Primary Member or spouse or other Designated Adult must be at least 75 years old and must have been a member for at least 10 years (including time as a member of predecessor clubs).*	Downgrades will be permitted on a limited basis, as follows: Members may downgrade only one Membership level per request (e.g., Full Golf to Home Golf, Home Golf to Full Sports, Full Sports to Wellness, and Wellness to Social; For Non-Residents—Non-Resident Golf to Non-Resident Sports, Non-Resident Sports to Wellness, and Wellness to Social). Total number of downgrades each year will be capped at 5% of total number of Members within Member's category at Home Club. Members who submit their application and Transfer Fee within first 30 days are eligible to request a downgrade upon transfer. Downgrades requested at transfer and awarded to Golf Members will be limited to 5% cap and become effective Jan. 1, 2013. Downgrades requested at transfer and awarded to other Members will be limited to 5% cap and become effective Jan. 1, 2014. After transfer, requests for downgrades in subsequent years must be made by November 30 to be considered for following calendar year. Priority for downgrades will be given to Generational Members based upon tenure.* Others will be awarded based upon a lottery system. ** To qualify as a Generational Member, Primary Member or spouse or other Designated Adult must be at least 75 years old and must have been a member for at least 10 years (including time as a member of predecessor clubs).*	No right to downgrade.	No right to downgrade.

VI. RIGHT TO REFUND

	Historic Active Member	Historic Resigned Member	Property Owner Amnesty Program	Future Property Owners
Right to Refund Payment	Yes, for those Historic Active Members who join the new Cliffs Clubs and pay the applicable Transfer Fee.	Yes, for those Historic Resigned Members who join the new Cliffs Clubs, pay the applicable Transfer Fee and pay an additional Reinstatement Fee, as follows: Golf/Charter or Corporate—**$2,500** Family/Sports—**$1,500** Wellness—**$750** Residence Club—**$1,500**	No right to a Refund Payment	No right to a Refund Payment
Amount of Refund Payment	Vested portion of the following amount: Lesser of deposit paid to prior clubs, or 75% of Initiation Fee charged at time of resignation.	*If Reinstatement Fee paid*, vested portion of the following amount: Lesser of deposit paid to prior clubs, or 75% of Initiation Fee charged at time of resignation.	N/A	N/A
Vesting Period for Refund Payment	Right to Refund Payment vests over 5 year period (20% per year). 100% immediate vesting upon sale of associated property at The Cliffs.	*If Reinstatement Fee paid*, right to Refund Payment vests over 5 year period (20% per year). 100% immediate vesting upon sale of associated property at The Cliffs.	N/A	N/A

	Historic Active Member	Historic Resigned Member	Property Owner Amnesty Program	Future Property Owners
Timing of Refund Payment upon Sale of Property at The Cliffs	If buyer acquires an equal or greater category of Membership, then full Refund Payment paid at closing or within 30 days and Membership not placed on waiting list. If lower category of Membership acquired by buyer, then 75% of buyer's Initiation Fee would be paid to seller at closing or within 30 days, and remaining balance paid upon reissuance of Membership off waiting list.	*Assuming Reinstatement Fee paid:* If buyer acquires an equal or greater category of Membership, then full Refund Payment paid at closing or within 30 days and Membership not placed on waiting list. If lower category of Membership acquired by buyer, then 75% of buyer's Initiation Fee would be paid to seller at closing or within 30 days, and remaining balance paid upon reissuance of Membership off waiting list.	N/A	N/A
Waiting List for Reissuance of Membership	If resale property buyer acquires a Membership of lesser category or if Membership is resigned without resale of property, then the resigned Membership is placed on new waiting list for reissuance. Only 1 global waiting list for each category of Membership (i.e., not Club specific). For every 5 Memberships sold, 1 is sold from waiting list. Refund Payment for resigned Membership to be paid within 30 days of reissuance of resigned Membership from waiting list.	*Assuming Reinstatement Fee paid:* If resale property buyer acquires a Membership of lesser category or if Membership is resigned without resale of property, then the resigned Membership is placed on new waiting list for reissuance. Only 1 global waiting list for each category of Membership (i.e., not Club specific). For every 5 Memberships sold, 1 is sold from waiting list. Refund Payment for resigned Membership to be paid within 30 days of reissuance of resigned Membership from waiting list.	N/A	N/A

VII. SPECIAL CONSIDERATIONS

A. Multiple Memberships. A Member who owns multiple properties within The Cliffs and has multiple Memberships associated with such properties, will be permitted to designate one of their Memberships, which must be the highest category of Membership held by such Member, as their primary membership. The Home Club for such Member will be the Cliffs Club associated with the primary membership. The Member would be responsible for paying the dues applicable for the category of the primary membership. For each Membership other than the primary membership, the Member would be required to pay the dues applicable to a Social category of Membership.

B. Incomplete Amenities.

1. *The Cliffs at Mountain Park* – Golf Members and Sports Members at this Club would be required to pay 50% of full dues applicable for their sub-category of Membership until the golf course opens, and would be required to pay 100% of full dues following the opening of the golf course. Wellness Members at this Club would be required to pay 50% of full dues applicable to their category of Membership until the wellness facility opens, and would be required to pay 100% of full dues following the opening of the wellness facility. Social Members would pay 100% of full dues.

2. *The Cliffs at Keowee Springs* – Wellness Members at this Club would be required to pay 50% of full dues for their sub-category of Membership until the wellness facility opens, and would be required to pay 100% of full dues following the opening of the wellness facility. All other categories of Membership pay 100% of full dues.

C. Generational Members. Generational Members will be given a higher priority on any downgrade waiting list available to Historic Active Members and Historic Resigned Members. Generational Members with a Golf Membership will also be eligible for the Generational Member Discount Program. The Generational Member Discount Program offers Generational Members with Golf Membership an ability to setoff 50% of their annual dues against their right to a Refund Payment (determined as if fully vested). Total number of Members eligible for the Generational Member Discount Program at any given time shall be limited to 3% of the total number of Golf Members at the applicable Cliffs Club. To qualify as a Generational Member, the Primary Member or the spouse or other Designated Adult must be at least 75 years of age and must have been a member for at least 10 years (including time as a member of predecessor clubs).

VIII. HOME CLUB BOARDS AND BOARD OF GOVERNORS OF CLUB OPERATOR

Cliffs Club Partners, LLC will have a 7 member Board of Governors of which 2 seats will be reserved for two Club Members at-large. The Board seats for the 2 Club Members will be filled by election of all of the Members of the Cliffs Clubs, with one such seat being filled by a Club Member who is a holder of a note from the prior clubs and the other seat being filled by a Club Member not holding a note.

Each Cliffs Club will also have a Home Club Board, the members of which will be elected by the respective Home Club Members.