

EXHIBIT A

Bidding Procedures

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

Joint Administration Pending

BIDDING PROCEDURES

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”) have entered into a term sheet (the “Carlile Term Sheet”) dated February 22, 2012 attached hereto as **Exhibit A** with The Carlile Development Group (the “Carlile Group”) concerning a proposed restructuring of the Debtors through a chapter 11 plan of reorganization to be filed in these cases (the “Chapter 11 Plan”) for which the Carlile Group is the proposed plan sponsor. It is contemplated that substantially all of the Debtors’ assets, and certain of the Debtors’ liabilities will be transferred pursuant to the Chapter 11 Plan. The bidding procedures set forth herein (the “Bidding Procedures”) are established in order to ensure that the opportunity to serve as the sponsor of a Chapter 11 Plan or in connection with any proposed restructuring is adequately market tested and all potential sponsors have the opportunity to submit counter-proposals to that submitted by the Carlile Group and described in the Carlile Term Sheet.

Any Chapter 11 Plan or other proposed restructuring is subject to the approval of the United States Bankruptcy Court for the District of South Carolina (the “Bankruptcy Court”). The following Bidding Procedures have been approved by the Bankruptcy Court pursuant to an order dated March _____, 2012 (the “Bidding Procedures Order”) and shall be the exclusive mechanism governing the opportunity to be the sponsor of any Chapter 11 Plan in the above-captioned cases or any other proposed restructuring involving any of the Debtors.

The following Bidding Procedures shall govern the right to bid to become the plan sponsor of a Chapter 11 Plan in the above-captioned cases to be filed by the Debtors (the “Sponsor Rights”).

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); and Cliffs Club & Hospitality Service Company, LLC (9665).

I. Description of Sponsor Rights

The bidder that is selected as having submitted the highest and best term sheet shall have the right to be the sponsor of a Chapter 11 Plan of the Debtors on terms described in that bidder's submitted and chosen term sheet. Any Chapter 11 Plan will be required to be confirmed by the Bankruptcy Court, pursuant to and in accordance with Title 11 of the United States Code (the "Bankruptcy Code"). All creditors of the Debtors will have the right to vote on the Chapter 11 Plan to the extent required under the Bankruptcy Code, and nothing in these Bidding Procedures or in the Bidding Procedures Order shall cause any creditor to consent to a proposed Chapter 11 Plan or to otherwise waive any of its rights under the Bankruptcy Code or otherwise, including the right to vote on a Chapter 11 Plan (to the extent such a vote is required under Bankruptcy Code).

II. Prerequisites for Submitting Bids

In order to participate in the Qualified Auction (as defined below), an Interested Party (as defined below) must meet the requirements to become a Potential Bidder, a Potential Qualified Bidder, and a Qualified Bidder, each as described herein. Only Qualified Bidders will be permitted to participate in the Qualified Auction.

III. Requirements for Being a Potential Bidder

(a) Confidentiality Agreement.

The Debtors have established a data-room (the "Data Room") that will allow potential sponsors to conduct due diligence relating to the Debtors. For the reason that much of this information is confidential, non-public information, any interested person or entity (an "Interested Party") that would like access to such information must deliver (unless previously delivered) by electronic mail (with a hard copy to follow) to the Debtors (c/o the Debtors' Chief Restructuring Officer) an executed confidentiality agreement, in form and substance reasonably satisfactory to the Debtors, which may be obtained from the Debtors. A form of confidentiality agreement may be obtained from, and executed confidentiality agreements may be returned to, the following addresses:

Grisanti, Galef & Goldress
5883 Glenridge Drive, NE
Suite #160
Atlanta, Georgia 30328
Telephone: (404) 293-0137
Facsimile: (404) 256-4555
Attention: Katie Goodman
ktgoodman@mindspring.com

With a copy to:

McKenna Long & Aldridge LLP
303 Peachtree Street, NE, Suite 5300
Atlanta, Georgia 30308
Telephone: (404) 527-4150
Facsimile: (404) 527-4198
Attention: Gary W. Marsh
gmarsh@mckennalong.com

Upon receipt of the executed confidentiality agreement, such Interested Party will have access to the Data Room.

Each Potential Bidder (as defined below) will be deemed to have acknowledged (and in the event a Potential Bidder is ultimately selected as the Plan Sponsor, such party will so represent in any Chapter 11 Plan) that it had the opportunity to conduct any and all due diligence necessary prior to making any offer and that it has relied solely on its own independent review and that it did not rely on any written or oral statements, representations, promises or guaranties of the Debtors or any other party regarding the Debtors' businesses or the completeness of any information provided by the Debtors in connection with this process.

(b) Evidence of Financial Capability.

Further, Interested Parties are required to provide evidence of such Interested Party's source of capital or other financial ability to complete the contemplated transactions (including with respect to the acquisition of real estate surrounding the clubs) contemporaneously to the Debtors, counsel for Wells Fargo Bank, National Association, as Trustee (the "Indenture Trustee"), and counsel to any committee of unsecured creditors appointed in this case (the "Committee"). Such evidence shall be provided to the Debtors, the Indenture Trustee and the Committee at the addresses indicated in Section IV below.

(c) Designation as Potential Bidder.

After (i) any Interested Party has submitted a confidentiality agreement, (ii) the Debtors and the Chief Restructuring Officer (the "CRO"), have accepted that agreement, and (iii) such Interested Party has demonstrated a base level of financial capability to complete the proposed transaction, such Interested Party shall be deemed a "Potential Bidder". Nothing shall prevent the Indenture Trustee, the Committee, or any other party in interest which would otherwise have standing, from bringing a motion before the Bankruptcy Court in the event such party does not agree with the determination as to whether an Interested Party qualifies as a Potential Bidder. In such circumstances, the CRO, the Debtors, and the Indenture Trustee each agree to not oppose or object to any request that such hearing be held on an expedited or emergency basis.

IV. Requirements for Becoming a Potential Qualified Bidders

Any Potential Bidder desiring to participate in the Qualified Auction (as defined below) shall deliver a term sheet (including any improvement made thereto, a "Sponsor Right Term Sheet") describing the terms upon which such Potential Bidder shall support a proposed Chapter 11 Plan

as the plan sponsor. The deadline to deliver a completed Sponsor Right Term Sheet shall be **4:00 p.m. eastern time on April 13, 2012** (the "Bid Deadline"). Sponsor Right Term Sheets shall be sent to each of the Debtors, the Indenture Trustee and any Committee contemporaneously at the following addresses by overnight mail or hand delivery:

To the Debtors:

Grisanti, Galef & Goldress
5883 Glenridge Drive, NE
Suite #160
Atlanta, Georgia 30328
Telephone: (404) 293-0137
Facsimile: (404) 256-4555
Attention: Katie Goodman

With a copy to:

McKenna Long & Aldridge LLP
303 Peachtree Street, NE, Suite 5300
Atlanta, Georgia 30308
Telephone: (404) 527-4150
Facsimile: (404) 527-4198
Attention: Gary W. Marsh

To the Indenture Trustee:

Wells Fargo Corporate Trust Service
MAC #N9311-115
625 Marquette Avenue, 11th Floor
Minneapolis, MN 55479
Telephone: (612) 667-1984
Attention: Michael G Slade

With a copy to

Mintz Levin Cohn Ferris Glovsky & Popeo, PC
One Financial Center
Boston, Massachusetts 02111
Telephone: (617) 542-6000
Facsimile: (617) 542-2241
Attention: Daniel S. Bleck

To the Committee:

[TO BE DETERMINED]

A Sponsor Right Term Sheet must satisfy each of the following requirements (the "Potential Qualified Bidder Requirements"):

- (i) Identify the Potential Bidder and the principals of the Potential Bidder (if any) and their representatives who are authorized to act on their behalf regarding further negotiations and completing the proposed transaction;
- (ii) Include a description of the treatment of creditor claims and membership rights;
- (iii) Include financial projections for a period of at least 10 years with detailed assumptions provided in hard copy and excel format;
- (iv) Not be conditioned on obtaining financing or completion of further due diligence to consummate the transaction;
- (v) Include written disclosure of past or contemplated future payments, relationships, or agreements of any kind, with any third-parties related in any way to any of the Debtors, including but not limited to any parties that have, or may have had, any direct or indirect ownership interest in any of the Debtors or in any of their affiliates that have not filed bankruptcy cases (the "Nondebtor Affiliates");
- (vi) Include written disclosure of any individual having any connection to any of the Debtors or any Nondebtor Affiliate in any capacity (including as a member) that also has any interest (financial, as an employee, consultant, or otherwise) in such Potential Bidder;
- (vii) Indicate that the Potential Bidder is prepared to enter into and consummate the transactions within a time frame substantially similar to the timetable for closing established in the Carlile Term Sheet;
- (viii) Be accompanied by a commitment and evidence of the ability to pay, at the time as set forth in the next sentence, (a) the existing debtor in possession facility, (b) the existing bridge facility, (c) a break-up fee to the Carlile Group in the amount of \$1 million, plus a \$750,000 expense reimbursement (which shall increase by an additional \$100,000 per month commencing in September 2012 until such break-up fee and expense reimbursement is paid) (the "Carlile Break Up Fee"), (d) the administrative costs and expenses of the Debtors' bankruptcy cases and the fees and expenses of the Indenture Trustee and its professionals, and (e) the costs associated with the proposal being put forth, including acquisition of real estate. Each of (a), (b), (c) and (d) must be paid in full, in cash by no later than the effective date of the Chapter 11 Plan; and

- (ix) Be accompanied by a deposit (by means of a certified bank check from a U.S. bank or by wire transfer) equal to \$1 million (each, a "Deposit").

If the above (i) through (ix) of the Potential Qualified Bidder Requirements are met, then the CRO, in consultation with the Debtors, the Indenture Trustee and the Committee, shall designate such Potential Bidder as a "Potential Qualified Bidder".

The Debtors, or another on their behalf, shall inform parties that they are a Potential Qualified Bidder or not a Potential Qualified Bidder by no later than 4:00 p.m. on **April 15, 2012**. Nothing shall prevent the Indenture Trustee, the Committee, or any other party in interest which would otherwise have standing, from bringing a motion before the Bankruptcy Court in the event such party does not agree with the determination as to whether a Potential Bidder qualifies as a Potential Qualified Bidder. In such circumstances, the CRO, the Debtors, and the Indenture Trustee agree not to oppose or object to any request that such hearing be held on an expedited or emergency basis.

From the period between the Petition Date through the Bid Deadline, the CRO, the Debtors, the Indenture Trustee, and the Committee may communicate independently with any third parties, including any Potential Bidders, Potential Qualified Bidders, and Qualified Bidders who have indicated an interest in submitting a Sponsor Right Term Sheet to, among other things, discuss the terms and conditions of any potential offer.

Further, during the period between the Bid Deadline and the Qualified Auction, the Debtors, the Indenture Trustee, and the Committee may communicate independently with any Potential Qualified Bidder and Qualified Bidders to discuss their Sponsor Right Term Sheet and any matters relating thereto.

VI. Requirements for Becoming a Qualified Bidder

The Carlile Group shall be deemed a Qualified Bidder subject to compliance with the provisions of this paragraph. "Carlile Transaction Documents" means (i) except as set forth in subsection (iii) below, a definitive asset purchase agreement with all schedules and exhibits attached with respect to the proposed Chapter 11 Plan; (ii) the form of an assumption agreement with respect to the treatment of the senior debt administered by the Indenture Trustee; and (iii) to the extent not already explained fully in the Carlile Term Sheet, a description of the Carlile Group's new member plan and related agreements. No later than **March 16, 2012**, the Carlile Group shall deliver the Carlile Transaction Documents contemporaneously to the Debtors, the Indenture Trustee, and the Committee, except that the Carlile Group need only deliver substantially all the schedules and exhibits to the asset purchase agreement, and need not deliver amendments to the Carlile Term Sheet's description of the new membership plan and related agreements. No later than the Bid Deadline, the Carlile Group shall deliver any previously undelivered parts of the Carlile Transaction Documents, and shall provide written evidence contemporaneously to the Debtors, the Indenture Trustee and the Committee, in form satisfactory to the CRO (in consultation with the Debtors, the Indenture Trustee and the Committee), that the Carlile Term Sheet, as supplemented by the Carlile Transaction Documents, complies with (iv), (v) and (vi) of the Potential Qualified Bidder Requirements. In the event that the Carlile Group does not

comply with the requirements of this paragraph, the Carlile Group shall not be considered a Qualified Bidder, the Carlile Group shall not be entitled to the Carlile Break Up Fee and any Successful Bidder (as defined below) will not be required to pay such amount.

To be eligible to participate in the Qualified Auction, each Potential Qualified Bidder (other than the Carlile Group) must deliver to the Debtors, the Indenture Trustee, and the Committee contemporaneously by no later than **April 21, 2012**: (i) except as set forth in subsection (iii) below, a definitive asset purchase agreement with all schedules and exhibits attached with respect to such Potential Qualified Bidder's proposed Chapter 11 Plan; (ii) the form of an assumption agreement with respect to the treatment of the senior debt administered by the Indenture Trustee; and (iii) to the extent not already explained fully in such Potential Qualified Bidder's Sponsor Right Term Sheet, a description of the new member plan and related agreements (collectively, the "Qualified Bidder Transaction Documents"); the Carlile Group shall be required to deliver by that date any schedule or exhibit not completed or delivered before then. Once a Potential Qualified Bidder has delivered its Qualified Bidder Transaction Documents as provided herein, the CRO, in consultation with the Debtors, the Indenture Trustee and the Committee, shall designate such Potential Qualified Bidder as a "Qualified Bidder". Nothing shall prevent the Indenture Trustee, the Committee, or any other party in interest which would otherwise have standing, from bringing a motion before the Bankruptcy Court in the event such party does not agree with the determination as to whether a Potential Qualified Bidder qualifies as a Qualified Bidder. In such circumstances, the CRO, the Debtors, and the Indenture Trustee agree not to oppose or object to any request that such hearing be held on an expedited or emergency basis.

VII. The Auction

If there exists more than one Qualified Bidder, an auction (the "Qualified Auction") will be held for all Qualified Bidders at the office of McKenna, Long & Aldridge LLP, 303 Peachtree Street, NE, Suite 5300, Atlanta, Georgia 30308 on **April 23, 2012**. Only representatives of Qualified Bidders, the CRO, the Debtors, the Committee, and the Indenture Trustee, and members of the Indenture Trustee's ad hoc steering committee, may attend the Auction.

The CRO, in consultation with the Debtors, the Indenture Trustee and any Committee, may adopt rules for the Qualified Auction at the Qualified Auction that comply with the requirements below in this paragraph and that, in their reasonable judgment, promote the goals of the Qualified Auction and are consistent with the spirit of the Bidding Procedures Order such that Qualified Bidders will have the opportunity to improve the terms of their Sponsor Right Term Sheet at the Auction. All such rules will provide that: (i) a court reporter shall attend the Qualified Auction and all Sponsor Right Term Sheets (including any improvements made thereto) shall be submitted on the record, and (ii) all Sponsor Right Term Sheets shall be made and received in one room, on an open basis, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e. the principals submitting each bid) shall be fully disclosed to the all other Qualified Bidders and that all material terms of each Sponsor Right Term Sheet will be fully disclosed to all other Qualified Bidders, at the Qualified Auction. Among other things, the rules shall specify that each of the Debtors, the CRO, the Indenture Trustee and the Committee reserve the right to separately

negotiate the terms of any Sponsor Right Term Sheet with any Qualified Bidder both prior to and during the Qualified Auction, provided that the terms of such Sponsor Right Term Sheet are fully disclosed at the time such Sponsor Right Term Sheet is formally submitted during the Qualified Auction process.

Immediately prior to concluding the Qualified Auction, the CRO, together with Debtors, the Indenture Trustee and the Committee, should each so choose, shall review each final version of a Sponsor Right Term Sheet on the basis of its terms and the factors relevant to a proposed Chapter 11 Plan. The CRO, after consultation with the Debtors, the Indenture Trustee and the Committee, shall determine what constitutes the highest and best offer for the estates' (the "Successful Bid") and the next highest or otherwise best Sponsor Right Term Sheet after the Successful Bid (the "Back Up Bid"). Such decision shall be based upon, among other factors, the following: (i) the Qualified Bidder's ability to demonstrate the long term viability of the clubs, (ii) the Qualified Bidder's ability to cover the costs associated with the proposal being put forth, including acquisition of real estate, and (iii) the best interests of the Debtors' estates, the members of the clubs, and the Debtors' creditors.

Any Sponsor Right Term Sheet submitted after the conclusion of the Qualified Auction shall not be considered for any purpose unless an order of the Bankruptcy Court is entered directing that such Sponsor Right Term Sheet be considered and neither the Debtors, nor any other person, shall have any obligation to seek such an order from the Bankruptcy Court. After consultation with the Indenture Trustee and the Committee, the CRO shall inform Qualified Bidders of the Successful Bid and the Back-Up Bid by no later than **April 28, 2012**. Nothing shall prevent the Indenture Trustee, the Committee, or any other party in interest that would otherwise have standing from bringing a motion before the Bankruptcy Court in the event it does not agree with the determination as to the Successful Bid and/or the Back-Up Bid. In such circumstances, the CRO, the Debtors, and the Indenture Trustee agree not to oppose or object to any request that such hearing be held on an expedited or emergency basis.

V. Plan and Disclosure Statement

The Debtors will file a Chapter 11 Plan and disclosure statement by no later than **May 13, 2012** (the "Plan Filing Date") incorporating the provisions of the Successful Bid and naming the person or entity that submitted the Successful Bid (the "Successful Bidder") as the plan sponsor.

If for any reason the Successful Bidder fails to move forward with a Chapter 11 Plan, the CRO and the Debtors may (following consultation with the Indenture Trustee and the Committee) proceed with the Back Up Bidder and file a Chapter 11 Plan incorporating the provisions of the Back-Up Bid and naming the Back Up Bidder as the plan sponsor.

Any and all Deposits received by the Debtors as part of a Sponsor Rights Term Sheet, together with all interest earned thereon, shall be returned as soon as practicable by the Debtors after the conclusion of the Qualified Auction, or if no Qualified Auction is held, by **May 3, 2012**. Notwithstanding the foregoing, the Deposits that were made in connection with the Successful Bid or Bids and the Back Up Bid, if any, shall be held by the Debtors until the effective date of the Chapter 11 Plan (whether the transaction is with the Successful Bidder or the Back Up

Bidder). Upon the effective date of the Chapter 11 Plan, the Deposit of the plan sponsor shall be applied to payments required to be made under the Chapter 11 Plan, and the Deposit of the party that is not the plan sponsor shall be returned.

In the event that the Successful and/or Back Up Bidder (as the case may be) fails to consummate any Chapter 11 Plan for which it is the sponsor because of that party's breach of any agreement to which it is a party or violation of any Bankruptcy Court order to which it is subject, the Debtors shall be entitled to retain the applicable Deposit in full satisfaction of damages incurred as a result of the actions of such defaulting party. In the event the Carlile Group is the defaulting party, then the Debtors shall receive an immediate credit in the aggregate amount of \$1 million, applied as follows: first against obligations owed under the DIP Facility, and then against obligations owed under the Prepetition Bridge Loan Agreement, both as defined in the dip financing motion. Such \$1 million credit shall be in full satisfaction of damages incurred as a result of the actions of the Carlile Group taken in connection with these Bidding Procedures, including without limitation the Carlile Group's failure to consummate a Chapter 11 Plan.

VI. Notice

Pursuant to Bankruptcy Rules 2002, 6004, 6006 and 9014, the Debtors shall give notice of these Bidding Procedures, the motion seeking to approve these Bidding Procedures and the Bidding Procedures Order (collectively, the "Bid Documents") by mailing a copy of the Bid Documents to the following (collectively, the "Notice Parties");

- (a) Master Service List;
- (b) counsel for the Carlile Group
- (c) counsel for the Advisory Board of Noteholders;
- (d) counsel for Arendale Holdings Corp.;
- (e) counsel to Nature First Real Estate Holdings, LLC;
- (f) counsel for Reed Development Group; and
- (g) all other parties who also previously expressed an interest in consummating a transaction with the Debtors;

With respect to those persons or entities who have signed confidentiality agreements with the Debtors, the Debtors shall give notice of the Bid Documents by facsimile, email or telephone on the day that the Bidding Procedures Order is entered.

EXHIBIT A

Term Sheet

CARLILE DEVELOPMENT GROUP TERM SHEET

FEBRUARY 22, 2012

This document is the term sheet (the "Term Sheet") on behalf of Carlile Development Group (sometimes the "Investor"), containing terms of a proposed restructuring transaction by (the "Restructuring") of the following: CCHG Holdings, Inc.; The Cliffs Club & Hospitality Group, 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 The Cliffs Club & Hospitality Service Company, LLC (collectively, the "Filing Debtors").

We understand that management intends to file chapter 11 bankruptcy cases for the Filing Debtors, and that management does not intend a bankruptcy filing of any other affiliates. If that understanding is wrong or if management's intent changes, the Carliles request the opportunity to modify the Term Sheet accordingly. In addition, the Carliles and their professionals will immediately engage in substantial due diligence. If the results of that effort show material changes from what we now know, then the Carliles reserve the right to change what you read below.

This Term Sheet does not contain all terms, conditions, and other provisions of the Restructuring. In particular, this Term Sheet does not state various procedures that arise as a matter of law and/or that are generally common to reorganization plans, for example, deadlines for filing claims or requests for administrative expense payment.

The transactions contemplated by this Term Sheet are subject to conditions to be set forth in definitive documents. This Term Sheet is made in the nature of a settlement proposal in furtherance of settlement discussions and is entitled to protection from any use or disclosure to any party or person pursuant to Federal Rule of Evidence 408 and any other rule or statute of similar import. The Investor reserves all rights pursuant to applicable law (including but not limited to the Bankruptcy Code) and the applicable loan documents. The Restructuring is of course subject to Bankruptcy Court approval.

This Term Sheet and the information contained herein are strictly confidential and contain material non-public information. Disclosure of the material contained herein is prohibited without the express written consent of the Investor (as defined below). This Term Sheet does not constitute an offer of securities, nor is it an offer or solicitation for any chapter 11 plan, and is being presented for discussion and settlement purposes only.

A. TRANSACTIONS REQUIRED TO IMPLEMENT RESTRUCTURING

The Restructuring will be consummated through the following transactions:

- (i) The Filing Debtors shall on the same day commence chapter 11 filings under title 11, United States Code ("Bankruptcy Code" or "11 U.S.C.") in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court").
- (ii) At the time the chapter 11 cases are commenced (the "Petition Date"), the Filing Debtors shall file customary first day motions, including but not limited to motions for joint administration under F.R.B.P. 1015(b).
- (iii) On the Petition Date, the Filing Debtors shall file motions seeking authority to borrow from the Investor debtor-in-possession financing under 11 U.S.C. § 364(c) (the "DIP Loan") discussed in part B below.
- (iv) As soon as practicable after the Petition Date, the Filing Debtors shall file a joint Plan of Reorganization (the "Reorganization Plan") discussed below beginning in Part C.
- (v) The parties to the Restructuring will execute such other agreements and take such other actions as may be necessary to implement the Restructuring.

B. THE DIP LOAN

1. General Description

The DIP Loan will be a revolving credit facility. Its provisions will protect the Carliles' risk through broad access to information, appropriate events of default and cure rights, and normal remedies on default. Its purpose is to provide operating capital for the chapter 11 cases during the Reorganization process, not to seize control of that process.

2. Parties

The Investor or an affiliate will be the lender. Each of the Filing Debtors will be a borrower.

3. Principal, Interest, and Fees

The original principal amount will be \$7.5 million (exclusive of the existing bridge loan). Interest will be 12% per annum on the outstanding balance. Fees will consist of a 2% origination fee and payment of the lender's reasonable legal expenses and monitoring costs.

4. Security and Priority

The facility will be secured by a super-priority lien on all property of the Filing Debtors' estates that the Bankruptcy Court will permit, including without limitation all properties now lien by the Trust Indenture other than "Debtors' Actions," as defined below. (For example, the Filing Debtors may own mortgaged lots on which bankruptcy law would not permit a superpriority lien.)

5. Covenants, Defaults, Access to Information, and other Provisions

Conditions to lending, covenants (whether considered affirmative, negative, financial, or otherwise), events of default, and remedies on default will be standard for DIP financing. The Carliles seek timely access to information to monitor the loan. The loan itself should not be used as a tool in the Reorganization process.

6. Maturity

The facility matures in six months, with a right to extend (absent default) for another six months.

C. THE CHAPTER 11 REORGANIZATION PLAN – GENERAL

1. Parties – Plan Proponents and New Entity

The Filing Debtors and the Investor will be Reorganization Plan's "proponents." The Investor will form a new entity under Texas law ("NewCo") to act as set forth below.

2. General Description, Governing Law

NewCo will acquire substantially all the assets of the Filing Debtors, except for "Debtors' Actions," defined below. NewCo will operate the clubs, complete the Mountain Park golf course, and offer memberships to existing members in good standing and new members. NewCo will fund the Reorganization Plan as described below, i.e., NewCo will pay or provide for payment in full of administrative expenses and priority claims, and will provide for secured and unsecured debt.

South Carolina substantive law will govern the Reorganization Plan with two exceptions: (i) law of the state in which collateral is located may govern perfection of and recovery upon that collateral; and (ii) federal law, including bankruptcy law, shall govern to the extent that federal law supersedes otherwise applicable state law.

3. Effective Date and Conditions to Closing

The Reorganization Plan will become effective at a closing (the "Plan Closing") that shall occur no later than a reasonable date certain after the order confirming the Reorganization Plan (the "Confirmation Order") becomes a final order, but may occur earlier, at the Investor's discretion, at a time when the Confirmation Order is in effect, i.e., an appeal of the Confirmation Order, without the posting of a bond, will not automatically

stop the Plan Closing.

Usual conditions to closing will apply. In addition, the Investor must be reasonably satisfied that, no later than the Plan Closing, it can acquire all assets of those other than the Filing Debtors needed to effectuate its post-Plan Closing operations and land acquisitions.

4. Higher and Better Offers

As noted above, the purpose of this Term Sheet is to set forth a process for the Filing Debtors' Reorganization, not to determine the outcome of their chapter 11 cases before those cases begin, and before various parties in interest have the opportunity under the Bankruptcy Code to advocate for their positions. Accordingly, the Investor will relinquish its position in any Reorganization Plan to a higher and better offer, as long as the Investor can be made whole, get compensation for its contribution to the Reorganization process, and exit.

Accordingly, the conditions to the substitution of NewCo (the "Substitution Conditions") are payment in full of the following, no later than Plan Closing: (i) all outstanding obligations of the prepetition bridge loan; (ii) all outstanding obligations of the DIP Loan facility; and (iii) to the extent earned (as described in the motion to approve bid procedures filed by one or more Borrowers on the Petition Date), a \$1,000,000 break-up fee, plus a \$750,000 expense reimbursement which shall increase by an additional \$100,000 per month for each month after the first six months after the Petition Date until paid in full.

And accordingly, the Filing Debtors will not file, nor otherwise propose, nor consent, to any Reorganization Plan that does not fully meet the requirements of paragraphs C.4(i), (ii), and (iii) just above, unless, before that act of filing, proposing, or consenting, either (i) the Investor has given its express written consent to that act, (ii) the Investor has withdrawn as a plan proponent or sponsor, or (iii) the Bankruptcy Court has approved the Substitution Conditions in full in a final order no longer subject to appeal.

D. TREATMENT OF BANKRUPTCY CLAIMS AND EXPENSES

The Reorganization Plan shall provide treatment for expenses, claims, and interests, and the Investor shall fund such treatment, as follows. **The Carliles will negotiate the details of the terms below in good faith with all interested parties, and reserve the right to improve their offer if they so desire. The Reorganization Plan will contain sufficient detail to clarify and to protect all interested parties' rights:**

1. DIP Loan and Other Administrative Expenses

The DIP Loan, professional fees, and other expenses of administration under 11 U.S.C. § 503(b) shall be paid in full a week after the later of the Plan Closing or the date upon which such expense is allowed.

2. Priority Claims

Prepetition priority claims shall be paid in full a week after the later of the Plan Closing or the date upon which such claim is allowed, unless otherwise set forth in the Reorganization Plan.

3. Consensually Secured Claims

The ClubCo Secured PPM Notes (the "Indenture Notes") will remain secured and will be paid, all as set forth below. Where a lot is subject to a mortgage, the Investor may at its discretion either abandon the lot or reach a settlement with the mortgagee to remove the mortgage.

4. Mechanic's and Materialman's Liens

Mechanic's and Materialman's liens shall be paid in their full allowed amounts in four equal quarterly payments beginning three months after the Plan Closing.

5. Non-Member Unsecured Claims

All general prepetition unsecured claims not classified in any other class shall be paid an aggregate dividend of 75% in six equal semi-annual payments beginning six months after the Plan Closing.

6. Member Claims

Contracts of existing club members are considered "executory contracts" in the Bankruptcy Code. They will be "rejected," which constitutes a prepetition default on the contract. Dues credits, club credits, and agreements to refund initiation deposits in excess of amounts paid will not be honored, but will be added to the amounts of the club members' general prepetition unsecured claims.

Club members in good standing will have a choice: they may elect new membership, described in Section H below, or they may do nothing, in which event they will be classified in a class of club member claimants. Election to enter new membership constitutes a decision to leave this class and to receive no dividend, i.e., no repayment of debt, under the Reorganization Plan.

Club members who remain in the class of club member claimants will receive their pro rata share, according to the allowed amounts of their claims, of a Non-rejoining Members' Fund, which will consist of (i) \$100,000, plus (ii) net proceeds of actions brought under 11 U.S.C. §§ 545 – 551 or causes of action owned by a Filing Debtor pre-bankruptcy and brought into a Filing Debtor's bankruptcy estate under 11 U.S.C. § 541 (collectively, "Debtors' Actions").

7. Equity Interests

All equity interests in the Filing Debtors will be extinguished.

E. POST-PLAN CLOSING ADMINISTRATION AND OTHER ISSUES

1. Responsible Person for Remaining Bankruptcy Estates

Following the Plan Closing, the Debtors' estates will include the Debtors' Actions and any other property that the Plan provides that the estates will retain, rather than be transferred to NewCo. The estates will then be administered by a Responsible Person, who shall be vested with exclusive power, authority and control over all remaining estate property.

The Responsible Person will be authorized and empowered to institute, prosecute, settle, compromise, abandon or release all causes of action, at the estates' expense. The Responsible Person shall be authorized to (a) prosecute objections to claims; (b) resolve disputed claims; (c) make distributions to the holders of allowed claims in accordance with the Reorganization Plan; (d) perform administrative services needed to implement the Reorganization Plan (such as filing post-confirmation reports) and (e) retain counsel and other necessary professionals for such purposes. The costs for performing such services shall be paid from the estates as set forth in the Reorganization Plan.

2. Releases

At the Plan Closing, the Plan Proponents and Investor will receive and the Bankruptcy Plan shall provide for a full discharge and mutual release of liability from and in favor of each of their respective principals, employees, agents, officers, directors, shareholders, managers, members, partners and professionals from: (i) any and all claims and causes of action arising prior to the Plan Closing; and (ii) any and all claims arising from the actions taken or not taken in good faith in connection with the Restructuring and the Reorganization Plan. Without limitation, those released shall be released from any and all claims or causes of action arising out of, or relating to, any purchase and sale agreements related to any property previously owned by the Filing Debtors (including, without limitation, any claims relating to alleged errors and/or omissions in the offering materials used to market and sell the such properties and any claims related to alleged non-registration or other alleged non-compliance with applicable laws), without regard to whether such claims or causes of action were asserted or filed as of the Petition Date, and notwithstanding whether the holders of such claims or causes of action filed claims at all or voted to reject the Bankruptcy Plan.

F. NEWCO GOVERNANCE, LAND ACQUISITION, ETC.

1. Governance

NewCo shall be governed by a board of no more than nine directors, of which two shall be members at large. The Investor shall choose the initial board.

2. Land Acquisition and Development

Carlile Development shall commit up to \$85 million to acquire, joint venture, land bank, or otherwise gain control of development land and lots. NewCo will remain the

clubs' operator. A separate development company shall be created to develop, market and sell lots, i.e., to take on all the functions of the current development and sales divisions or entities.

3. Access Fees

Eight percent (8%) of the sale price of each lot in the developments will be designated as an "Access Fee" and paid to NewCo.

4. Mountain Park Golf Course and other Amenities.

NewCo will own all golf courses. The Carlile Group or an affiliate will advance up to \$5 million to NewCo as pre-paid Access Fees to complete the Mountain Park golf course and golf house, to be repaid from Access Fees on Lots in which Carlile Development has an interest, as those Access Fees are collected. After that repayment in full, Carlile Access Fees go into a capital reserve on NewCo's balance sheet. In addition, future amenities may be funded out of the 25% capital reserve described in Section G.5 below. Any additional amenity construction funded by Carlile will be treated as prepaid Access Fees. Access Fees from other non-Carlile lots will go to NewCo as "Free Cash Flow," defined in Section G.5 below.

G. NEWCO DEBT STRUCTURE

1. General

The existing secured debt memorialized in the Trust Indenture will remain, now restructured to 15 year notes (called "Notes," and their holders called "Noteholders"). NewCo will allocate the "Free Cash Flow" to the benefit of the Noteholders and the Clubs as defined and set forth in G.5 below. NewCo will place no senior debt ahead of the Trust Indenture at Plan Closing, but must reserve the right to do so later if needed.

2. Senior Debt

The Investor does not contemplate the need for debt that will be senior to the restructured debt of the Indenture Notes, but reserves the right to incur up to \$4 million of such senior debt at commercial rates and terms for un contemplated circumstances.

3. Indenture Notes -- Principal, Interest, Maturity

The total Note debt will have original principal amount of \$64.05 million (no pre-Plan Closing interest carries through). Interest will not accrue. Notes will mature 15 years after Plan Closing. Notes will not be amortized, but will be paid down as set forth below.

4. Security and Ranking

New Notes will keep their existing security. New Notes will be subordinate to Senior Debt, if any. New Notes will remain subordinate to the bridge loan advance as is now the case, and to any DIP financing, until those loans are repaid in full.

5. Free Cash Flow and its Uses

"Free Cash Flow" means total gross revenue from operations, including membership fees, up to \$50,000 of an initiation fee, and Access Fees (other than Carlile Access Fees which are addressed in Section F.4 above), less cost of goods sold, operating expenses (including 3% for management services of the Carlile Group) maintenance costs, interest, taxes, and service on senior debt, if any.

NewCo will use Free Cash Flow as follows:

50% -- paid annually to Noteholders until Notes paid in full.

25% -- "Redemption Cash," applied to a "dutch auction" redemption. Subject to a reserve for emergencies, unused Redemption Cash will be added to the annual payment to Noteholders set forth above.

25% -- capital reserve, which will include reserves for capitalized maintenance, repairs, renovations and amenity construction. (This reserve shall also include Access Fees paid by Carlile on Carlile owned real estate in accordance with Section F.4 above).

6. Release of Collateral

The parties shall agree upon a schedule for the release of the Notes' collateral based upon reasonable financial metrics to be agreed upon by the Investor and the Noteholders. However, the schedule will be subject to the remaining collateral's maintenance of adequate protection for repayment of the outstanding Note obligations, as measured at the time of release.

7. Early Repayment and other Covenants

NewCo may repay the Notes in whole or in part at any time. NewCo may offer to purchase any portion of the Notes for any price at any time.

Covenants, including negative covenants, will be market standard, including rights of first refusal and specified events of default, and the approval of the annual budget and impact of variances.

H. NEW MEMBERSHIPS

1. Election to Join as Members of NewCo

Existing Clubmembers in good standing may elect to opt out of the class of general prepetition unsecured creditors and instead become members of NewCo ("Rejoining Members") as follows. Election to become a Rejoining Member constitutes a relinquishment of any claim to any repayment of the Rejoining Member's claim in the Bankruptcy Case.

2. Membership Transfer Fees

Every Rejoining Member will pay a one-time Transfer Fee as follows, if paid within 30 days of the Plan Closing, unless otherwise indicated: (i) Wellness -- \$1,500; (ii) Family -- \$2,500; and (iii) Golf -- either \$5,000 in one payment, or \$5,500 paid as follows: a first payment of \$2,500, followed by five quarterly payments of \$600. Rejoining Members will receive back their pro rata share of any excess of the total amount of Transfer Fees over the aggregate amount of expenses related to the Bankruptcy Case. If such Bankruptcy Case expenses exceed the total amount of Transfer Fees, then NewCo may fund or borrow capital at commercially reasonable rates, to be repaid as Free Cash Flow.

3. Membership Dues

Annual dues will be \$10,380 for Golf, \$5,280 for Family, and \$3,720 for Wellness. Nonresident member dues will be reduced by 20% until the second anniversary of rejoining, and other exceptions will apply as set forth in the Membership Plan.

4. Revesting of Lost Filing Debtor Deposits

Every Rejoining Member who joins within 30 days of the Plan Closing will be entitled to a payment equal to the following percentage of an amount (the "Vesting Amount") that equals the lesser of (i) that member's vested Filing Debtor deposit or (ii) 75% of the NewCo membership initiation fee:

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

5. Refund List

No refund or resigned list carries over from a Filing Debtor to NewCo.

CARLILE DEVELOPMENT GROUP TERM SHEET

FEBRUARY 22, 2012

This document is the term sheet (the "Term Sheet") on behalf of Carlile Development Group (sometimes the "Investor"), containing terms of a proposed restructuring transaction by (the "Restructuring") of the following: CCHG Holdings, Inc.; The Cliffs Club & Hospitality Group, 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 The Cliffs Club & Hospitality Service Company, LLC (collectively, the "Filing Debtors").

We understand that management intends to file chapter 11 bankruptcy cases for the Filing Debtors, and that management does not intend a bankruptcy filing of any other affiliates. If that understanding is wrong or if management's intent changes, the Carliles request the opportunity to modify the Term Sheet accordingly. In addition, the Carliles and their professionals will immediately engage in substantial due diligence. If the results of that effort show material changes from what we now know, then the Carliles reserve the right to change what you read below.

This Term Sheet does not contain all terms, conditions, and other provisions of the Restructuring. In particular, this Term Sheet does not state various procedures that arise as a matter of law and/or that are generally common to reorganization plans, for example, deadlines for filing claims or requests for administrative expense payment.

The transactions contemplated by this Term Sheet are subject to conditions to be set forth in definitive documents. This Term Sheet is made in the nature of a settlement proposal in furtherance of settlement discussions and is entitled to protection from any use or disclosure to any party or person pursuant to Federal Rule of Evidence 408 and any other rule or statute of similar import. The Investor reserves all rights pursuant to applicable law (including but not limited to the Bankruptcy Code) and the applicable loan documents. The Restructuring is of course subject to Bankruptcy Court approval.

This Term Sheet and the information contained herein are strictly confidential and contain material non-public information. Disclosure of the material contained herein is prohibited without the express written consent of the Investor (as defined below). This Term Sheet does not constitute an offer of securities, nor is it an offer or solicitation for any chapter 11 plan, and is being presented for discussion and settlement purposes only.

A. TRANSACTIONS REQUIRED TO IMPLEMENT RESTRUCTURING

The Restructuring will be consummated through the following transactions:

- (i) The Filing Debtors shall on the same day commence chapter 11 filings under title 11, United States Code ("Bankruptcy Code" or "11 U.S.C.") in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court").
- (ii) At the time the chapter 11 cases are commenced (the "Petition Date"), the Filing Debtors shall file customary first day motions, including but not limited to motions for joint administration under F.R.B.P. 1015(b).
- (iii) On the Petition Date, the Filing Debtors shall file motions seeking authority to borrow from the Investor debtor-in-possession financing under 11 U.S.C. § 364(c) (the "DIP Loan") discussed in part B below.
- (iv) As soon as practicable after the Petition Date, the Filing Debtors shall file a joint Plan of Reorganization (the "Reorganization Plan") discussed below beginning in Part C.
- (v) The parties to the Restructuring will execute such other agreements and take such other actions as may be necessary to implement the Restructuring.

B. THE DIP LOAN

1. General Description

The DIP Loan will be a revolving credit facility. Its provisions will protect the Carliles' risk through broad access to information, appropriate events of default and cure rights, and normal remedies on default. Its purpose is to provide operating capital for the chapter 11 cases during the Reorganization process, not to seize control of that process.

2. Parties

The Investor or an affiliate will be the lender. Each of the Filing Debtors will be a borrower.

3. Principal, Interest, and Fees

The original principal amount will be \$7.5 million (exclusive of the existing bridge loan). Interest will be 12% per annum on the outstanding balance. Fees will consist of a 2% origination fee and payment of the lender's reasonable legal expenses and monitoring costs.

4. Security and Priority

The facility will be secured by a super-priority lien on all property of the Filing Debtors' estates that the Bankruptcy Court will permit, including without limitation all properties now liened by the Trust Indenture other than "Debtors' Actions," as defined below. (For example, the Filing Debtors may own mortgaged lots on which bankruptcy law would not permit a superpriority lien.)

5. Covenants, Defaults, Access to Information, and other Provisions

Conditions to lending, covenants (whether considered affirmative, negative, financial, or otherwise), events of default, and remedies on default will be standard for DIP financing. The Carliles seek timely access to information to monitor the loan. The loan itself should not be used as a tool in the Reorganization process.

6. Maturity

The facility matures in six months, with a right to extend (absent default) for another six months.

C. THE CHAPTER 11 REORGANIZATION PLAN – GENERAL

1. Parties – Plan Proponents and New Entity

The Filing Debtors and the Investor will be Reorganization Plan's "proponents." The Investor will form a new entity under Texas law ("NewCo") to act as set forth below.

2. General Description, Governing Law

NewCo will acquire substantially all the assets of the Filing Debtors, except for "Debtors' Actions," defined below. NewCo will operate the clubs, complete the Mountain Park golf course, and offer memberships to existing members in good standing and new members. NewCo will fund the Reorganization Plan as described below, i.e., NewCo will pay or provide for payment in full of administrative expenses and priority claims, and will provide for secured and unsecured debt.

South Carolina substantive law will govern the Reorganization Plan with two exceptions: (i) law of the state in which collateral is located may govern perfection of and recovery upon that collateral; and (ii) federal law, including bankruptcy law, shall govern to the extent that federal law supersedes otherwise applicable state law.

3. Effective Date and Conditions to Closing

The Reorganization Plan will become effective at a closing (the "Plan Closing") that shall occur no later than a reasonable date certain after the order confirming the Reorganization Plan (the "Confirmation Order") becomes a final order, but may occur earlier, at the Investor's discretion, at a time when the Confirmation Order is in effect, i.e., an appeal of the Confirmation Order, without the posting of a bond, will not automatically

stop the Plan Closing.

Usual conditions to closing will apply. In addition, the Investor must be reasonably satisfied that, no later than the Plan Closing, it can acquire all assets of those other than the Filing Debtors needed to effectuate its post-Plan Closing operations and land acquisitions.

4. Higher and Better Offers

As noted above, the purpose of this Term Sheet is to set forth a process for the Filing Debtors' Reorganization, not to determine the outcome of their chapter 11 cases before those cases begin, and before various parties in interest have the opportunity under the Bankruptcy Code to advocate for their positions. Accordingly, the Investor will relinquish its position in any Reorganization Plan to a higher and better offer, as long as the Investor can be made whole, get compensation for its contribution to the Reorganization process, and exit.

Accordingly, the conditions to the substitution of NewCo (the "Substitution Conditions") are payment in full of the following, no later than Plan Closing: (i) all outstanding obligations of the prepetition bridge loan; (ii) all outstanding obligations of the DIP Loan facility; and (iii) to the extent earned (as described in the motion to approve bid procedures filed by one or more Borrowers on the Petition Date), a \$1,000,000 break-up fee, plus a \$750,000 expense reimbursement which shall increase by an additional \$100,000 per month for each month after the first six months after the Petition Date until paid in full.

And accordingly, the Filing Debtors will not file, nor otherwise propose, nor consent, to any Reorganization Plan that does not fully meet the requirements of paragraphs C.4(i), (ii), and (iii) just above, unless, before that act of filing, proposing, or consenting, either (i) the Investor has given its express written consent to that act, (ii) the Investor has withdrawn as a plan proponent or sponsor, or (iii) the Bankruptcy Court has approved the Substitution Conditions in full in a final order no longer subject to appeal.

D. TREATMENT OF BANKRUPTCY CLAIMS AND EXPENSES

The Reorganization Plan shall provide treatment for expenses, claims, and interests, and the Investor shall fund such treatment, as follows. The Carliles will negotiate the details of the terms below in good faith with all interested parties, and reserve the right to improve their offer if they so desire. The Reorganization Plan will contain sufficient detail to clarify and to protect all interested parties' rights:

1. DIP Loan and Other Administrative Expenses

The DIP Loan, professional fees, and other expenses of administration under 11 U.S.C. § 503(b) shall be paid in full a week after the later of the Plan Closing or the date upon which such expense is allowed.

2. Priority Claims

Prepetition priority claims shall be paid in full a week after the later of the Plan Closing or the date upon which such claim is allowed, unless otherwise set forth in the Reorganization Plan.

3. Consensually Secured Claims

The ClubCo Secured PPM Notes (the "Indenture Notes") will remain secured and will be paid, all as set forth below. Where a lot is subject to a mortgage, the Investor may at its discretion either abandon the lot or reach a settlement with the mortgagee to remove the mortgage.

4. Mechanic's and Materialman's Liens

Mechanic's and Materialman's liens shall be paid in their full allowed amounts in four equal quarterly payments beginning three months after the Plan Closing.

5. Non-Member Unsecured Claims

All general prepetition unsecured claims not classified in any other class shall be paid an aggregate dividend of 75% in six equal semi-annual payments beginning six months after the Plan Closing.

6. Member Claims

Contracts of existing club members are considered "executory contracts" in the Bankruptcy Code. They will be "rejected," which constitutes a prepetition default on the contract. Dues credits, club credits, and agreements to refund initiation deposits in excess of amounts paid will not be honored, but will be added to the amounts of the club members' general prepetition unsecured claims.

Club members in good standing will have a choice: they may elect new membership, described in Section H below, or they may do nothing, in which event they will be classified in a class of club member claimants. Election to enter new membership constitutes a decision to leave this class and to receive no dividend, i.e., no repayment of debt, under the Reorganization Plan.

Club members who remain in the class of club member claimants will receive their pro rata share, according to the allowed amounts of their claims, of a Non-rejoining Members' Fund, which will consist of (i) \$100,000, plus (ii) net proceeds of actions brought under 11 U.S.C. §§ 545 – 551 or causes of action owned by a Filing Debtor pre-bankruptcy and brought into a Filing Debtor's bankruptcy estate under 11 U.S.C. § 541 (collectively, "Debtors' Actions").

7. Equity Interests

All equity interests in the Filing Debtors will be extinguished.

E. POST-PLAN CLOSING ADMINISTRATION AND OTHER ISSUES

1. Responsible Person for Remaining Bankruptcy Estates

Following the Plan Closing, the Debtors' estates will include the Debtors' Actions and any other property that the Plan provides that the estates will retain, rather than be transferred to NewCo. The estates will then be administered by a Responsible Person, who shall be vested with exclusive power, authority and control over all remaining estate property.

The Responsible Person will be authorized and empowered to institute, prosecute, settle, compromise, abandon or release all causes of action, at the estates' expense. The Responsible Person shall be authorized to (a) prosecute objections to claims; (b) resolve disputed claims; (c) make distributions to the holders of allowed claims in accordance with the Reorganization Plan; (d) perform administrative services needed to implement the Reorganization Plan (such as filing post-confirmation reports) and (e) retain counsel and other necessary professionals for such purposes. The costs for performing such services shall be paid from the estates as set forth in the Reorganization Plan.

2. Releases

At the Plan Closing, the Plan Proponents and Investor will receive and the Bankruptcy Plan shall provide for a full discharge and mutual release of liability from and in favor of each of their respective principals, employees, agents, officers, directors, shareholders, managers, members, partners and professionals from: (i) any and all claims and causes of action arising prior to the Plan Closing; and (ii) any and all claims arising from the actions taken or not taken in good faith in connection with the Restructuring and the Reorganization Plan. Without limitation, those released shall be released from any and all claims or causes of action arising out of, or relating to, any purchase and sale agreements related to any property previously owned by the Filing Debtors (including, without limitation, any claims relating to alleged errors and/or omissions in the offering materials used to market and sell the such properties and any claims related to alleged non-registration or other alleged non-compliance with applicable laws), without regard to whether such claims or causes of action were asserted or filed as of the Petition Date, and notwithstanding whether the holders of such claims or causes of action filed claims at all or voted to reject the Bankruptcy Plan.

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1. Governance

NewCo shall be governed by a board of no more than nine directors, of which two shall be members at large. The Investor shall choose the initial board.

2. Land Acquisition and Development

Carlile Development shall commit up to \$85 million to acquire, joint venture, land bank, or otherwise gain control of development land and lots. NewCo will remain the

clubs' operator. A separate development company shall be created to develop, market and sell lots, i.e., to take on all the functions of the current development and sales divisions or entities.

3. Access Fees

Eight percent (8%) of the sale price of each lot in the developments will be designated as an "Access Fee" and paid to NewCo.

4. Mountain Park Golf Course and other Amenities.

NewCo will own all golf courses. The Carlile Group or an affiliate will advance up to \$5 million to NewCo as pre-paid Access Fees to complete the Mountain Park golf course and golf house, to be repaid from Access Fees on Lots in which Carlile Development has an interest, as those Access Fees are collected. After that repayment in full, Carlile Access Fees go into a capital reserve on NewCo's balance sheet. In addition, future amenities may be funded out of the 25% capital reserve described in Section G.5 below. Any additional amenity construction funded by Carlile will be treated as prepaid Access Fees. Access Fees from other non-Carlile lots will go to NewCo as "Free Cash Flow," defined in Section G.5 below.

G. NEWCO DEBT STRUCTURE

1. General

The existing secured debt memorialized in the Trust Indenture will remain, now restructured to 15 year notes (called "Notes," and their holders called "Noteholders"). NewCo will allocate the "Free Cash Flow" to the benefit of the Noteholders and the Clubs as defined and set forth in G.5 below. NewCo will place no senior debt ahead of the Trust Indenture at Plan Closing, but must reserve the right to do so later if needed.

2. Senior Debt

The Investor does not contemplate the need for debt that will be senior to the restructured debt of the Indenture Notes, but reserves the right to incur up to \$4 million of such senior debt at commercial rates and terms for unanticipated circumstances.

3. Indenture Notes -- Principal, Interest, Maturity

The total Note debt will have original principal amount of \$64.05 million (no pre-Plan Closing interest carries through). Interest will not accrue. Notes will mature 15 years after Plan Closing. Notes will not be amortized, but will be paid down as set forth below.

4. Security and Ranking

New Notes will keep their existing security. New Notes will be subordinate to Senior Debt, if any. New Notes will remain subordinate to the bridge loan advance as is now the case, and to any DIP financing, until those loans are repaid in full.

5. Free Cash Flow and its Uses

"Free Cash Flow" means total gross revenue from operations, including membership fees, up to \$50,000 of an initiation fee, and Access Fees (other than Carlile Access Fees which are addressed in Section F.4 above), less cost of goods sold, operating expenses (including 3% for management services of the Carlile Group) maintenance costs, interest, taxes, and service on senior debt, if any.

NewCo will use Free Cash Flow as follows:

- 50% -- paid annually to Noteholders until Notes paid in full.
- 25% -- "Redemption Cash," applied to a "dutch auction" redemption. Subject to a reserve for emergencies, unused Redemption Cash will be added to the annual payment to Noteholders set forth above.
- 25% -- capital reserve, which will include reserves for capitalized maintenance, repairs, renovations and amenity construction. (This reserve shall also include Access Fees paid by Carlile on Carlile owned real estate in accordance with Section F.4 above).

6. Release of Collateral

The parties shall agree upon a schedule for the release of the Notes' collateral based upon reasonable financial metrics to be agreed upon by the Investor and the Noteholders. However, the schedule will be subject to the remaining collateral's maintenance of adequate protection for repayment of the outstanding Note obligations, as measured at the time of release.

7. Early Repayment and other Covenants

NewCo may repay the Notes in whole or in part at any time. NewCo may offer to purchase any portion of the Notes for any price at any time.

Covenants, including negative covenants, will be market standard, including rights of first refusal and specified events of default, and the approval of the annual budget and impact of variances.

H. NEW MEMBERSHIPS

1. Election to Join as Members of NewCo

Existing Clubmembers in good standing may elect to opt out of the class of general prepetition unsecured creditors and instead become members of NewCo ("Rejoining Members") as follows. Election to become a Rejoining Member constitutes a relinquishment of any claim to any repayment of the Rejoining Member's claim in the Bankruptcy Case.

2. Membership Transfer Fees

Every Rejoining Member will pay a one-time Transfer Fee as follows, if paid within 30 days of the Plan Closing, unless otherwise indicated: (i) Wellness -- \$1,500; (ii) Family -- \$2,500; and (iii) Golf -- either \$5,000 in one payment, or \$5,500 paid as follows: a first payment of \$2,500, followed by five quarterly payments of \$600. Rejoining Members will receive back their pro rata share of any excess of the total amount of Transfer Fees over the aggregate amount of expenses related to the Bankruptcy Case. If such Bankruptcy Case expenses exceed the total amount of Transfer Fees, then NewCo may fund or borrow capital at commercially reasonable rates, to be repaid as Free Cash Flow.

3. Membership Dues

Annual dues will be \$10,380 for Golf, \$5,280 for Family, and \$3,720 for Wellness. Nonresident member dues will be reduced by 20% until the second anniversary of rejoining, and other exceptions will apply as set forth in the Membership Plan.

4. Revesting of Lost Filing Debtor Deposits

Every Rejoining Member who joins within 30 days of the Plan Closing will be entitled to a payment equal to the following percentage of an amount (the "Vesting Amount") that equals the lesser of (i) that member's vested Filing Debtor deposit or (ii) 75% of the NewCo membership initiation fee:

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

5. Refund List

No refund or resigned list carries over from a Filing Debtor to NewCo.

Every Rejoining Member may go onto a newly constituted refund list. Upon sale of Member's property, an amount equal to its previously vested Filing Debtor deposit, less any amount repaid as set forth in paragraph 4 just above, will be added to the refund list and refunded in accordance with the Membership Plan. In the event the Rejoining Member resigns his or her membership without a replacement membership, the full value of that newly vested amount will be placed on the refund list and repaid in accordance with the Membership Plan.

6. New Membership Initiation Fees

Every NewCo member who is not an electing Club member as set forth in paragraph 1 above shall pay the following membership initiation fee, which may be raised in the future: Golf -- \$50,000; Family -- \$25,000; Wellness -- \$14,000.

If you are in agreement with the foregoing, kindly sign and return to us the enclosed copy of this Term Sheet.

Very truly yours,

Carlisle Development Group

By: Steve B. Carlisle
Name: Steve B. Carlisle
Title: President

Accepted and agreed to as of the
date first above written:

THE CLIFFS CLUB & HOSPITALITY
GROUP, INC.

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President & CEO

CCHG Holdings, Inc.

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President & CEO

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

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President, CEO

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

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President, CEO

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

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President, CEO

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

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President, CEO

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

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President, CEO

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

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President & CEO

The Cliffs at Glassy Golf & Country Club, LLC

By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President & CEO

The Cliffs Valley Golf & Country Club, LLC

By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President & CEO

The Cliffs Club & Hospitality Service Company, LLC

By: THE CLIFFS CLUB & HOSPITALITY GROUP, INC., AS SOLE MEMBER

By: Timothy P. Cherry
Name: Timothy P. Cherry
Title: Interim President & CEO