

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

STATEMENT OF WELLS FARGO BANK, N.A., AS INDENTURE TRUSTEE, IN
RESPONSE TO DEBTORS' STATUS REPORT ON BIDDING PROCESS

Wells Fargo Bank, National Association in its capacity as indenture trustee (the "Indenture Trustee") for the holders of certain notes, files this statement in response to the Debtors' Status Report on Bidding Process (the "Status Report") [Docket No. 316], and in particular the Debtors' comments relating to the partnership (the "New Partnership") formed by Carlile Cliffs Investment, LLC, SunTx Urbana, and Arendale Holdings Corp.

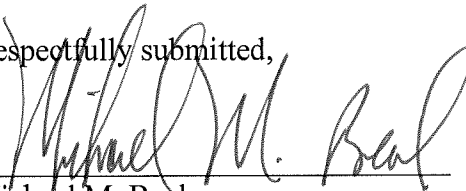
The Indenture Trustee and a representative group of Noteholders are currently engaged in significant negotiations with the New Partnership and the Debtors regarding a potential structure of an agreement, and therefore it is premature to respond to the Debtors' comments set forth in the Status Report. Nonetheless, the Indenture Trustee reserves any and all rights relating to the results of the auction, including at any hearings on the Debtors' disclosure statement or confirmation of its proposed plan of reorganization, in the event a consensual resolution is not reached. Nothing in the Status Report should alter the Indenture Trustee's (or any other entity's)

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) (the "Debtors").

rights to raise such issues at the appropriate time. The Indenture Trustee has spoken to the Debtors' counsel and has confirmed that nothing contained in the Status Report is intended to prejudice the rights of any party relating to the auction or otherwise, including the Indenture Trustee.

Dated: May 7, 2012

Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Ashley S. Stokes, an employee of the McNair Law Firm, P.A., hereby certify that on May 7, 2012 the foregoing document, **STATEMENT OF WELLS FARGO BANK, N.A., AS INDENTURE TRUSTEE, IN RESPONSE TO DEBTORS' STATUS REPORT ON BIDDING PROCESS**, was served by First Class Mail, postage prepaid on the parties listed below:

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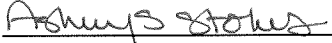
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May 7, 2012