

Attachment 3

Exit Facility

EXIT FACILITY PROMISSORY NOTE

\$ _____, 2012

FOR VALUE RECEIVED, **CLIFFS CLUB PARTNERS, LLC**, a Delaware limited liability company ("Borrower"), hereby promises to pay to the order of **THE CLIFFS CLUB HOLDINGS, LLC**, a Delaware limited liability company (together with any and all of its successors and assigns and/or any other holder of this Note, "Lender"), without offset, in immediately available funds in lawful money of the United States of America, at 4200 Marsh Landing Boulevard, Suite 100, Jacksonville, Florida 32250, the principal sum of _____ and No/100 Dollars (\$ _____), together with interest on the unpaid principal balance of this promissory note (this "Note") from day to day outstanding as hereinafter provided.

Section 1 Payment Terms; Priority. All amounts received by Borrower or any affiliated entity on or after the date of this Note constituting "Transfer Fees" or "Reinstatement Fees" received in accordance with the Cliffs Club Master Membership Plan, dated _____, 2012, during any calendar month shall be remitted by Borrower to Lender no later than ten (10) days after the end of such calendar month and applied to the amounts due on this Note. In addition, no later than each Payment Date (defined below), an amount equal to all the Available Facilities Debt Service (defined below) generated during the Payment Period (defined below) immediately preceding the Payment Date, not to exceed the amount due on this Note, shall be remitted to Lender. "Available Facilities Debt Service" means the amount which would have equaled the Net Cash Flow (defined below) calculated in accordance with the Restructuring Agreement (defined below) for the applicable Payment Period, had the Exit Facility (defined below) and Mountain Park Facility (defined below) been paid in full prior to the applicable Payment Period. "Restructuring Agreement" means that certain Note Restructuring Agreement, dated even date herewith, between The Cliffs Club & Hospitality Group, Inc. (and various subsidiary entities) and Wells Fargo Bank, National Association, as Indenture Trustee (the "Trustee") pursuant to that certain Trust Indenture, dated as of April 30, 2010, as amended, among such parties. "Net Cash Flow" means the

“New ClubCo Net Cash Flow” as such latter term is defined in the Joint Chapter 11 Plan dated May 22, 2012, filed by The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors as the “debtors” and the Borrower as the “plan sponsor” pursuant to Chapter 11 of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), as altered, amended, supplemented or modified from time to time, approved by confirmation order entered by the Bankruptcy Court pursuant to section 1129 of the Bankruptcy Code. “Payment Date” means the date each annual payment is due to the Trust pursuant to the Restructuring Agreement. “Payment Period” means the annual period during which Net Cash Flow is to be calculated for purpose of determining the annual amount due the Trustee on the Payment Date.

To the extent that the entire principal balance of this Note, together with all accrued and unpaid interest and all other amounts payable hereunder and under the other Exit Facility Documents (defined below), are not paid in full out of Available Facilities Debt Service by the Maturity Date (defined below), then all such amounts that remain outstanding shall be due and payable in full to Lender on the Maturity Date. “Maturity Date” means twenty (20) years from the date of this Note, or such date prior thereto that Lender is entitled to payment in full from Borrower of the entire principal balance of this Note, together with all accrued and unpaid interest based upon acceleration of the subject indebtedness as provided in Section 5 below as a result of the occurrence of a Special Event of Default (defined below).

For purposes of this Note, “Exit Facility” means the loan evidenced by this Note and all related loan documents, and “Mountain Park Facility” means the loan from Lender to Borrower evidenced by that certain \$7,500,000 promissory note of Borrower of even date herewith and all related loan documents.

All amounts received by Lender from Borrower or any affiliated entity related to the Exit Facility or Mountain Park Facility shall be applied on a first priority basis to the Exit Facility and only when the Exit Facility is paid in full, shall such amounts be applied to the Mountain Park Facility. All funds received by Lender related directly or indirectly to the Exit Facility or Mountain Park Facility shall be deemed received in trust to be applied first to the Exit Facility until the Exit Facility is paid in full and then to the Mountain Park Facility.

Section 2 Security; Loan Documents. The security for this Note includes those certain security instruments entitled Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filings and Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (as the same may from time to time be amended, restated, modified or supplemented, the "Mortgages") granted by Borrower and certain affiliated entities (collectively, the "Mortgagors") to Lender, conveying and encumbering all the assets of the Mortgagors (the "Property"). This Note, the Mortgages and all other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note, as the same may from time to time be amended, restated, modified or supplemented, are herein sometimes called individually an "Exit Facility Document" and together the "Exit Facility Documents."

Section 3 Interest.

(a) Fixed Rate. Interest on the outstanding principal balance of, and all other sums owing under this Note, which are not past due, shall accrue and be payable at a rate which is equal to eight percent (8%) per annum (the "Note Rate"). Interest shall be computed for the actual number of days which have elapsed, on the basis of a 365-day year.

(b) Default Rate. After the occurrence of a Special Event of Default (including the expiration of any applicable cure period), the Lender, in the Lender's sole discretion and without notice or demand, may raise the rate of interest accruing on the outstanding principal balance of this Note by three hundred (300) basis points above the Note Rate ("Default Rate"), independent of whether the Lender elects to accelerate the outstanding principal balance of this Note.

(c) Prepayment. Borrower may prepay the principal balance of this Note in full at any time or in part from time to time without fee or penalty.

Section 4 Certain Provisions Regarding Payments. All payments made under this Note shall be applied, to the extent thereof, to accrued but unpaid interest, to unpaid principal, and to any other sums due and unpaid to Lender under

the Exit Facility Documents, in such manner and order as Lender may elect in its sole discretion, any instructions from Borrower or anyone else to the contrary notwithstanding.

Section 5 Default; Acceleration; Remedies. If (a) there is violation of any provision of this Note or any other Exit Facility Documents by Borrower or any other mortgagor, (b) there is any other default under this Note or in the payment and/or performance of any other obligation by any Borrower or any other mortgagor under any other Exit Facility Document, or (c) Borrower or any other mortgagor under any other Exit Facility Document fails to timely observe or perform any of such party's covenants or duties contained in the Exit Facility Documents (any such event described in the foregoing clause (a) through clause (c), an "Event of Default"), then, at the Lender's option, Lender may exercise all rights and remedies available at law or in equity, including foreclosure of the Mortgages; provided, however that so long as a Special Event of Default has not occurred, Lender's remedies shall be limited to taking action pursuant to the cure provisions of the Exit Facility Documents on behalf of Borrower and commencing actions to compel specific performance, with all monetary awards added to the Obligations and fully secured by the Exit Facility Documents, but with such awards to be repaid only as otherwise provided in the Exit Facility Documents as part of the Exit Facility. In this regard, except upon the occurrence of a Special Event of Default, Lender shall not be entitled to (i) pursue foreclosure of any Mortgage or any other judicially supervised sale of any Property, (ii) undertake non-judicial disposition of any portion of the Property pursuant to the Exit Facility Documents, whether under any power of sale or provision of state law, including the UCC, or otherwise; or (iii) acquire title to or take possession of any portion of the Property in satisfaction or partial satisfaction of the obligations secured by the Exit Facility Documents; and Lender's remedies shall be limited to those enumerated in the proviso above. Upon the occurrence of any Special Event of Default, Lender may upon written notice to Borrower demand payment in full of the unpaid principal, accrued interest and other sums due on this Note and payment of all other amounts due under the Exit Facility Documents, and all such sums may be collected in a suit at law against Mortgagor or by foreclosure, or both, and by the exercise of any other remedy available at law or equity. "Special Event of Default" means (i) any termination of that certain Master Lease between Borrower and IT-SPE, LLC, a Delaware limited liability company ("SPE") of even date herewith (the "Master

Lease”) to be entered into upon conveyance of the Property from Borrower to SPE, or any action taken pursuant to the Master Lease by SPE to evict Borrower as a tenant under the Master Lease or any subtenant of Borrower; (ii) any acceleration of the indebtedness which is the subject of the Assumption Agreement (the “Junior Indebtedness”); or (iii) commencement of any proceedings or the taking of any other action to pursue foreclosure of any security instruments securing the Junior Indebtedness or any other judicially supervised sale of the Property or any portion thereof; to undertake non-judicial disposition of any portion of the Property, whether under power of sale or provision of state law, including a Uniform Commercial Code sale, or otherwise; or to otherwise acquire title or take possession of any portion of the Property in satisfaction or partial satisfaction of the Junior Indebtedness.

Section 6 Remedies Cumulative. All of the rights and remedies of Lender under this Note and the other Exit Facility Documents are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, nor delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

Section 7 Costs and Expenses of Enforcement. Borrower agrees to pay to Lender on demand all costs and expenses incurred by Lender in seeking to collect this Note or to enforce any of Lender’s rights and remedies under the Exit Facility Documents, including court costs and reasonable attorneys’ fees and expenses, whether or not suit is filed hereon, or whether in connection with bankruptcy, insolvency or appeal.

Section 8 Heirs, Successors and Assigns. The terms of this Note and of the other Exit Facility Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The

foregoing sentence shall not be construed to permit Borrower to assign the Exit Facility except as otherwise permitted under the Exit Facility Documents.

Section 9 General Provisions. Time is of the essence with respect to Borrower's obligations under this Note.

If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Borrower and each party executing this Note as Borrower hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Exit Facility Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court located in the jurisdiction in which any of the Property is located for the enforcement of any and all obligations under this Note and the other Exit Facility Documents; (f) waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate to the amounts due under this Note and the Exit Facility Documents any and all rights against Borrower and any security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom

enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the State of South Carolina (without regard to any principles of conflicts of laws) and applicable United States federal law. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The words "include" and "including" shall be interpreted as if followed by the words "without limitation."

Section 10 Notices; Time. All notices, requests, consents, approvals or demands (collectively, "Notice") required or permitted by this Note to be given by any party to any other party hereunder shall, unless specified otherwise, be in writing (including facsimile (fax) transmission) and shall be given to such party at its address or fax number set forth below, or at such other address or fax number as such party may hereafter specify for the purpose by Notice to the other party. Each Notice shall be effective when actually received by the addressee or when the attempted initial delivery is refused or when it cannot be made because of a change of address of which the sending party has not been notified.

IN WITNESS WHEREOF, Borrower has duly executed this Note under seal as of the date first above written.

Borrower:

CLIFFS CLUB PARTNERS, LLC,
a Delaware limited liability company [SEAL]

By: _____
Name: _____
Title: _____

Notice Address:

CLIFFS CLUB PARTNERS, LLC, as Mortgagor

to

THE CLIFFS CLUB HOLDINGS, LLC, as Mortgagee

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY
AGREEMENT AND FIXTURE FILING**

Dated: As of [____], 2012

Location: _____, South Carolina

County: _____

PREPARED BY AND UPON RECORDATION RETURN TO:

Edward G. Menzie
Nexsen Pruet, LLC
1230 Main Street
Suite 700
Columbia, SC 29201
803-253-8219
emenzie@nexsenpruet.com

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Mortgage"), dated as of _____, 2012, is entered into by CLIFFS CLUB PARTNERS, LLC, a Delaware limited liability company ("Mortgagor"), 4200 Marsh Landing Boulevard, Suite 100, Jacksonville, Florida 32250, in favor of THE CLIFFS CLUB HOLDINGS, LLC, 4200 Marsh Landing Boulevard, Suite 100, Jacksonville, Florida 32250, ("Mortgagee").

BACKGROUND

On the date hereof, Mortgagor acquired certain recreational facilities (the "Club Facilities") constituting substantially all the assets of various entities that owned and operated eight private recreational clubs associated with various residential communities known as the "Cliffs Communities," all in accordance with the Joint Chapter 11 Plan dated May 22, 2012, filed by The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors as the "debtors" and Mortgagor as the "plan sponsor" pursuant to Chapter 11 of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), as altered, amended, supplemented or modified from time to time, approved by confirmation order entered by the Bankruptcy Court pursuant to section 1129 of the Bankruptcy Code. The assets acquired by Mortgagor are subject to various mortgages (or deeds of trust), assignments of leases and rents and security agreements (the "Indenture Security Instruments") granted to Wells Fargo Bank, National Association, as Indenture Trustee (the "Trustee") to secure \$64,050,000.00 pursuant to that certain Indenture dated April 30, 2010, as amended (the "Indenture"), among the Trustee, The Cliffs Club & Hospitality Group, Inc., and various other parties. In conjunction with the acquisition of the Club Facilities by Mortgagor, Mortgagee has made a loan to Mortgagor in the principal amount of \$ _____ (the "Exit Facility") evidenced by a promissory note of even date herewith (the "Exit Facility Note"), conditioned upon Mortgagor securing the Exit Facility with this Mortgage and first mortgages (or deeds of trust), assignments of lease and rents and security agreements from all entities affiliated with Mortgagor who may sublease the Club Facilities (collectively, the "Exit Facility Security Instruments"). The Exit Facility Security Instruments cover all assets of each entity, whether now owned or hereafter acquired. In order to make the Exit Facility Security Instruments senior to all other mortgage liens and security interests, Mortgagor has entered into that certain Subordination and Intercreditor Agreement of even date herewith with the Trustee and Mortgagee (the "Subordination Agreement") that subordinates all liens, security interests and other rights existing under the Indenture Security Instruments in all respects to the Exit Facility Security Instruments, as well as the Mountain Park Security Instruments (hereafter defined). The Subordination Agreement or a memorandum thereof shall be recorded in each county in which an Exit Facility Security Instrument is recorded. The Exit Facility is evidenced by that certain \$ _____ Promissory Note of even date herewith, the Exit Facility Security Instruments and such other and further documents and instruments evidencing, securing, guarantying or otherwise dealing with, in whole or in part, the Exit Facility or matters related thereto (collectively, the "Exit Facility Documents.")

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Mortgage. For and in consideration for the aforesaid Exit Facility and in order to secure the payment thereof together with any and all renewals, extensions, modifications and replacements thereof, and also to secure in accordance with § 29-3-50, of the Code of Laws of South Carolina (1976), as amended, or any such successor statute as may apply, all future advances that may subsequently be made to Mortgagor evidenced by any of the Exit Facility Documents, all renewals, extensions, modifications and replacement thereof, and all other indebtedness and obligations of Mortgagor and all other parties to Mortgagee under the Exit Facility Documents now or hereafter existing; provided, however, that the maximum amount of the Obligations at any one time secured hereby shall not exceed twice the stated principal amount of the Exit Facility Note plus interest thereon, all charges and expenses of collection incurred by Mortgagee, including court costs and reasonable attorneys' fees actually incurred (all of the foregoing collectively, the "Obligations"), Mortgagor does by these presents grant, bargain, sell, assign, release, mortgage (and grant a security interest therein) unto Mortgagee, its successors and assigns, all assets of Mortgagor, including but not limited to the following real and personal property now owned or hereafter acquired (collectively, the "Property");

(a) all right, title and interest of Mortgagor in and to the land described on Exhibit A hereto (the "Land"), including without limitation all leasehold interest;

(b) all improvements, buildings, structures, and other improvements now or hereafter located, constructed, erected, installed, affixed, placed and/or maintained in or upon the Land (the "Improvements");

(c) all rights of way or use, easements, tenements, hereditaments and appurtenances now or hereafter belonging or pertaining to the Land or the Improvements;

(d) all right, title, estate and interest, including the right of use or occupancy, which Mortgagor may now have or hereafter acquire, in, to and under (i) the Land, (ii) the land or real estate of others adjoining or adjacent to the Land, and (iii) the streets or public places, and the land occupied thereby, adjoining or adjacent to the Land;

(e) all right, title and interest of Mortgagor in and to all present and future leases of all or a portion of the Property (the "Leases"), any and all rents, income, issues, profits, revenues, royalties and benefits (collectively, the "Rent") which are now due or owing or may hereafter become due or owing by reason of any Lease or otherwise; including all guarantees and security deposits received in respect of any Lease (which shall be included in the term "Rent");

(f) all equipment, machinery, fixtures, apparatus, installations and other items of property, including all components thereof, now or hereafter located in, on or used in connection with, the Improvements or necessary to the operation or maintenance thereof, which are now or hereafter owned by Mortgagor, including, without limitation, all furnaces, boilers, heaters,

electrical equipment and systems, heating, plumbing, refrigerating, ventilating, air-cooling and air-conditioning apparatus, elevators, escalators, sprinkler systems and fire and theft protection equipment, together with all replacements, modifications, alterations and additions thereto (collectively, the "Equipment and Fixtures");

(g) all other tangible personal property now existing or hereafter acquired used in connection with the Land and Improvements, including but not limited to inventory, goods (included imbedded software), draperies, carpeting, appliances, furniture, supplies, electronic information systems, televisions, telephone systems, office equipment, cash registers, computers, monitors, electronic devices and all hardware and software supporting any of the foregoing;

(h) all cash, cash equivalents, accounts, deposit accounts, documents, investment property, contract rights, chattel paper, instruments, general intangibles, files, records, drawings, plans and specifications, accounts receivable and accounts payable ledgers, leases of personal property, warranties and guaranties related to the renting, letting or operations of the Property, supporting obligations, letters-of-credit rights, tax refunds, trademarks, trade names, service marks, logos, copyrights, good will and other intangible personal property, in each case now existing or hereafter acquired;

(i) all of Mortgagor's rights, title and interest in and to (i) all insurance proceeds paid or payable for damage done to the Property and (ii) all awards or damages heretofore or hereafter made to or for the account of Mortgagor for the permanent or temporary taking by eminent domain or similar proceedings of, or injury to, all or any part of the Property or any interest therein, including, without limitation, any right of access thereto existing on the date hereof or hereafter acquired, as the result of or in lieu of or in anticipation of the exercise of the right of condemnation or a change in grade affecting the Property or any part thereof;

(j) all additions and accessions to, all spare and repair parts, special tools, equipment and replacement for, and all proceeds and products of the foregoing, now existing or hereafter acquired; and

(k) all other assets of any nature of Mortgagor, tangible or intangible, now existing or hereafter acquired.

(All terms which are not specifically defined utilized above to describe portions of the Property shall have the respective meanings set forth in the South Carolina Uniform Commercial Code (the "UCC") to the extent defined or described therein.)

2. Title. Mortgagor warrants that it is the owner of fee simple marketable title to the Land, excepting only the easements and other encumbrances described on Exhibit B hereto ("Permitted Exceptions") and that it otherwise owns the Property free and clear of all liens, claims, encumbrances, restrictions, encroachments and interests whatsoever in favor of any third party except as described in Exhibit B.

3. Lien Priority. Other than the Permitted Exceptions, the liens and security interests created by this Mortgage on the Property are good and valid first liens and security interests superior to all other liens, security interests, encumbrances and exceptions.

4. Mortgage As Security. This Mortgage secures prompt payment to Mortgagee of the Obligations. This Mortgage also secures the performance of all covenants, conditions and agreements contained in the Exit Facility Documents.

5. Satisfaction. Mortgagee will satisfy this Mortgage upon request by Mortgagor if (a) the Obligations have been paid in full, (b) any commitment to make future advances secured by this Mortgage has been terminated, and (c) all other payments required under this Mortgage and the Obligations and all other terms, conditions, covenants, and agreements contained in this Mortgage and the documents evidencing the Obligations have been paid and performed.

6. Security Agreement; Fixture Filing. This Mortgage shall create a security interest in, and Mortgagor hereby grants to Mortgagee a security interest in, the Property in favor of Mortgagee and shall constitute a security agreement under the UCC with respect to all of the Property, and Mortgagee shall be entitled to all of the rights of a secured party. This Mortgage is a financing statement covering fixtures, and it is intended that as to fixtures and the proceeds thereof, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records for the County in which the Land is located. It is expressly agreed that if upon any Special Event of Default (defined below) Mortgagee shall proceed to dispose of any portion of the Property in accordance with the provisions of the UCC, thirty (30) days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the UCC requiring such notice; provided, however, that Mortgagee may, at its option, dispose of the Property in accordance with Mortgagee's rights and remedies in respect to the real estate pursuant to the provisions of this Mortgage in lieu of proceeding under the UCC. Mortgagor will, from time to time and as often as requested by Mortgagee, execute and deliver to Mortgagee such financing statements, renewal affidavits, continuation statements, inventories or other similar documents as Mortgagee may reasonably request to perfect the security interest created by the Mortgage in all the Property, and Mortgagor authorizes Mortgagee to make any and all such filings. No failure or omission of Mortgagee to request any financing statement, renewal affidavit, continuation statement, inventory, or the like, and no failure or omission of Mortgagor to execute or deliver any thereof, will impair the effectiveness of or priority of the security interest created by this Mortgage. Mortgagor will pay all costs of filing and/or recording of this Mortgage and any financing statements, continuation or termination statements with respect thereto, and any affidavits or other instruments executed, or to be executed, to perfect, renew, continue or maintain the lien and security interest created hereby. Mortgagor hereby appoints Mortgagee, or any officer of Mortgagee, as the agent and attorney-in-fact of Mortgagor to do, at Mortgagee's option and Mortgagor's expense, all acts and things reasonably necessary to perfect, and continue perfected, the lien and security interest created hereby. In the event of a foreclosure sale of personal property in which Mortgagee holds a security interest granted herein, whether such sale be held by Mortgagee or otherwise, such sale may be of the whole of such property or any portion thereof and may be held together with

or separately from any foreclosure sale of the real property securing the Obligations. Such personal property need not be present at the place of sale.

7. Taxes. Mortgagor shall pay before they become delinquent all taxes, assessments and other charges which may be levied or assessed against the Property, or against Mortgagee related to this Mortgage or the Obligations, or upon Mortgagee's interest in the Property, and deliver to Mortgagee receipts showing timely payment.

8. Insurance. Mortgagor shall obtain and maintain while any Obligations are outstanding:

(a) Extended coverage casualty insurance in the amount of the replacement cost of the Property without coinsurance.

(b) Machinery insurance, which coverage shall include air conditioning, all without coinsurance, equal to the full replacement value thereof.

(c) Liability coverage against claims for death or injury to person or damage to property in such amount as is required by Mortgagee based upon normal liability coverage required by secured lenders for facilities comparable to the Property.

(d) Flood hazard coverage if the Land is located in a federally identified flood hazard area in an amount acceptable to Mortgagee.

Mortgagor shall pay all insurance premiums when due. The policies shall be with companies and in a form acceptable to Mortgagee and shall contain the standard mortgage clause and lender's loss payable clause in favor of Mortgagee and any special endorsements as may be required by Mortgagee. Unless Mortgagee otherwise agrees in writing, the original, or a "true and certified" copy, of all hazard insurance policies covering the Property shall be deposited with Mortgagee. Mortgagor shall deliver to Mortgagee certificates evidencing liability insurance. Mortgagor shall promptly give notice of any loss in excess of \$10,000 to insurance companies and Mortgagee. All proceeds from such insurance shall be applied first to the restoration of the Improvements on the Property, on such terms and conditions as approved by Mortgagee, with such approval not to be unreasonably withheld, with any remainder applied to the Obligations as deemed appropriate by Mortgagee. In the event of foreclosure of this Mortgage or other transfer of title to the Property, in extinguishment of Mortgagor's liability with respect to the Obligations, all right, title, and interest of Mortgagor in and to any insurance then in force shall pass to the purchaser or grantee.

9. Mortgagor's Covenants. Mortgagor covenants:

(a) Condition and Repair. To keep the Property in good and tenantable condition and repair, and to restore or replace damaged or destroyed Improvements and Equipment and Fixtures;

(b) Liens. To keep the Property free from liens and encumbrances not constituting Permitted Exceptions, the Mountain Park Security Instruments (defined below) and the Indenture Security Instruments;

(c) Leases and Other Mortgages. To perform all of Mortgagor's obligations and duties under any leases, mortgages or security agreements applicable to the Property and any obligation to pay or to perform required by any such lease, mortgage or security agreement;

(d) Waste. Not to commit waste or permit waste to be committed upon the Property;

(e) Conveyance. Not to sell, assign, lease, convey or otherwise transfer any legal or equitable interest in all or part of the Property, or permit the same to occur, in each case without the prior written consent of Mortgagee, which consent shall not be unreasonable conditional, delayed or withheld so long as the disposition does not involve a material portion of the Property and such action will not materially and adversely affect the ongoing operation of the Property in the ordinary course and all funds received by Mortgagor, net of reasonable transactional costs, are utilized for replacement Property or remitted to Mortgagee for application to the Obligations, all as accomplished under terms and conditions reasonably acceptable to Mortgagee and the Trustee;

(f) Alteration or Removal. Not to remove, demolish or materially alter any part of the Property, without Mortgagee's prior written consent, except Mortgagor may remove a Fixture, provided the Fixture is promptly replaced with another Fixture of at least equal value and utility;

(g) Condemnation. To pay to Mortgagee all compensation received for the taking of the Property, or any part, by condemnation proceedings (including payments in compromise of condemnation proceedings), and all compensation received as damages for injury to the Property, or any part. Subject to the terms of the Loan Documents, all proceeds from such condemnation shall be applied, first, to the restoration of the Improvements on the Property on such terms and conditions approved by Mortgagee, with such approval not to be unreasonably withheld, with any remainder applied to the Obligations as deemed appropriate by Mortgagee;

(h) Ordinances; Inspection. To comply with all laws, ordinances and regulations affecting the Property. Mortgagee and its authorized representatives may enter the Property at reasonable times to inspect it and, at Mortgagee's option, repair or restore it at Mortgagor's expense; and

(i) Defense of Title. To defend title to the Property against all claims and demands whatsoever (other than of Mortgagee).

10. Environmental Laws. Mortgagor represents, warrants and covenants to Mortgagee, except as previously disclosed to Mortgagee in writing: (a) that during the period of Mortgagor's ownership or use of the Property no hazardous waste or hazardous substance

(collectively, "Hazardous Substance"), as defined under any federal, state or local laws, regulations, ordinances, codes or rules governing health, safety or the environment applicable to the Property (collectively, "Environmental Laws") has been, is or will be present, used, stored, deposited, treated, recycled or disposed of on, under, in or about the Property in a form, quantity or manner which, if known to be present on, under, in or about the Property would require cleanup, removal or some other remedial action under Environmental Laws; (b) that Mortgagor has no knowledge, after due inquiry, of any prior use or existence of any Hazardous Substance on the Property by any prior owner of or person using the Property; (c) that, without limiting the generality of the foregoing, Mortgagor has no knowledge, after due inquiry, that the Property contains asbestos, polychlorinated biphenyl components (PCBs) or underground storage tanks; (d) that there are no conditions existing currently or likely to exist during the term of this Mortgage which would subject Mortgagor to any damages, penalties, injunctive relief or clean-up costs in any governmental or regulatory action or third-party claim relating to any Hazardous Substance; (e) that Mortgagor is not subject to any court or administrative proceeding, judgment, decree, notice or finding of violation, order or citation relating to any Hazardous Substance; and (f) that Mortgagor in the past has been, at the present is, and in the future will remain in compliance with all Environmental Laws in all material respects. Mortgagor shall indemnify and hold harmless Mortgagee, their directors, officers, employees and agents from all loss, cost (including reasonable attorneys fees and expenses), liability and damages whatsoever directly or indirectly resulting from, arising out of, or based upon (i) the presence, use, generation, storage, deposit, treatment, recycling or disposal, at any time, of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or from the Property, (ii) the violation or alleged violation of any Environmental Law, permit, judgment or license relating to the presence, use, generation, storage, deposit, treatment, recycling or disposal of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or from the Property, or (iii) the imposition of any governmental lien for the recovery of environmental clean-up costs expended under any Environmental Law. Mortgagor shall immediately notify Mortgagee in writing of any governmental or regulatory action or third-party claim instituted or threatened in connection with any Hazardous Substance on, in, under or about the Property.

11. Authority of Mortgagee to Perform for Mortgagor. If Mortgagor fails to perform any of Mortgagor's duties set forth in this Mortgage and such failure continues for thirty (30) days after written notice thereof from Mortgagee to Mortgagor, or such shorter period as may be elected by Mortgagee in case of an emergency, Mortgagee may but shall not be obligated to perform the duties or cause them to be performed, including without limitation signing Mortgagor's name or paying any amount so required, and the cost shall be due on demand and secured by this Mortgage, bearing at the highest rate of interest applicable to past due principal under the Exit Facility Documents, but not in excess of the maximum rate permitted by law, from the date of expenditure by Mortgagee to the date of payment by Mortgagor.

12. Default; Acceleration; Remedies. If (a) there is violation of any provision of the Exit Facility Documents by Mortgagor or any other mortgagor, (b) there is any other default under this Mortgage or any other Exit Facility Documents in the payment and/or performance of any other Obligation by Mortgagor or any other mortgagor, or (c) Mortgagor or any other

mortgagor fails to timely observe or perform any of such party's covenants or duties contained in the Exit Facility Documents, then, at the option of Mortgagee, Mortgagee may exercise all rights and remedies available at law or in equity, including foreclosure of this Mortgage; provided, however that so long as a Special Event of Default (as defined in the Exit Facility Note) has not occurred, Mortgagee's remedies shall be limited to taking action pursuant to the cure provisions of this Mortgage on behalf of Mortgagee and commencing actions to compel specific performance, with all monetary awards added to the Obligations and fully secured by this Mortgage, but with such awards to be repaid only as otherwise provided in the Exit Facility Documents as part of the Exit Facility. In this regard, except upon the occurrence of a Special Events of Default, Mortgagee shall not be entitled to (i) pursue foreclosure of this Mortgage or and other judicially supervised sale of any Property, (ii) undertake non-judicial disposition of any portion of the Property, whether under any power of sale or provision of state law, including the UCC, or otherwise; or (iii) acquire title to or take possession of or take any other action related thereto against the Borrower or any portion of the Property in satisfaction or partial satisfaction of the Obligations; and Mortgagee's remedies shall be limited to those enumerated in the proviso above. If Mortgagee exercises its option to demand payment in full of all Obligations upon the occurrence and continuation of any Special Event of Default as provided in the Exit Facility Note, the unpaid principal, interest owed and other sums on all Obligations, may be collected in a suit at law against Mortgagor or by foreclosure of this Mortgage, or both, or by the exercise of any other remedy available at law or equity.

13. Waiver. Mortgagee may waive any default without waiving any other subsequent or prior default by Mortgagor.

14. Assignment of Rents and Leases.

(a) Mortgagor assigns and transfers to Mortgagee, as additional security for the Obligations, all Rents of the Property. Upon the occurrence of any Special Event of Default under this Mortgage, Mortgagee shall be entitled to the Rents and may notify any or all tenants or others owing Rents to pay all such Rents directly to Mortgagee. All such payments shall be applied in such manner as Mortgagee determines to payments required under this Mortgage and the Obligations. This assignment shall be enforceable and Mortgagee shall be entitled to take any such action to enforce the assignment (including notice to tenants to pay directly to Mortgagee or the commencement of a foreclosure action) without seeking or obtaining the appointment of a receiver or possession of the Property.

(b) Upon the occurrence of any Special Event of Default, Mortgagor consents to and irrevocably authorizes and directs the tenants under the Leases, and any successors to the interests of said tenants, upon notice from Mortgagee to pay to Mortgagee the Rents due or to become due under the Leases. The tenants shall have the right to rely upon such notice from Mortgagee and shall pay the Rents to Mortgagee without any obligation or right to determine the actual existence of the right of Mortgagee to receive the Rents, notwithstanding any notice from or claim of Mortgagor to the contrary. Mortgagor shall have no right or claim against said tenants for any Rents so paid by said tenants to Mortgagee.

(c) Upon the occurrence of any Special Event of Default, Mortgagor also hereby authorizes Mortgagee, at Mortgagee's sole option after default hereunder, to take over and assume the management, operation and maintenance of the Property and to perform all acts necessary and proper and to expend such sums out of the income of the Property as may be needful in connection therewith, in the same manner and to the same extent as Mortgagor theretofore might have done, including the right to effect new Leases, to cancel or surrender existing Leases, to alter or amend the terms of existing Leases, to renew existing Leases or to make concessions to tenants, and the undersigned hereby releases all claims against Mortgagee arising out of such management, operation and maintenance, excepting the liability of Mortgagee to account as hereinafter set forth.

(d) After (i) payment of all proper charges and expenses, including reasonable compensation to such managing agent as Mortgagee shall select and employ, and including, at Mortgagee's sole option, payment of any prior mortgage or other lien on the Property, and (ii) the accumulation of a reserve to meet taxes, assessments, sewer and water and fire and liability insurance, Mortgagee shall credit the net amount of income received by it from the Property by virtue of this assignment to any amounts due and owing to it by Mortgagor on any of the Obligations, but the manner of the application of such net income and what items shall be credited shall be determined in the sole discretion of Mortgagee. Mortgagee shall not be accountable for more moneys than it actually receives from the Property; nor shall it be liable for failure to collect Rents.

(e) Mortgagor covenants and warrants to Mortgagee that neither Mortgagor nor any previous owner of an interest in the Property has executed any prior assignment or pledge of the Rents or any of the Leases which remain in effect that are superior to this Mortgage

(f) Mortgagor shall fulfill or perform every condition and covenant to be fulfilled or performed by the lessor under any Lease.

(g) Mortgagor agrees that an entry upon the Property by Mortgagee or its agents under the terms of this instrument after a Special Event of Default shall not constitute Mortgagee as a "mortgagee in possession."

(h) Mortgagee shall not be obligated to discharge or perform the duties of a landlord to a tenant or to impose any liability as a result of the exercise of the option to collect Rents under this assignment, and it is agreed that the collection or participation therein shall be as agent only for Mortgagor. Mortgagee assumes no obligations of Mortgagor under the Leases.

15. Receiver. Upon the commencement or during the pendency of an action to foreclose this Mortgage, to the fullest extent permitted by applicable law, without regard to the adequacy or inadequacy of the Property as security for the Obligations, Mortgagor agrees that the court may appoint a receiver of the Property (including homestead interest) without bond, and may empower the receiver to take possession of the Property and collect the rents, issues and profits of the Property and exercise such other powers as the court may grant until the

confirmation of sale, and may order the rents, issues and profits, when so collected, to be held and applied as the court may direct.

16. Indemnification. Mortgagor hereby agrees to indemnify Mortgagee, its parent, subsidiaries, other affiliated entities, successors and assigns, together with all of their managers, directors, officers, employees, agents, shareholders, partners, members, lenders, attorneys and agents (the "Indemnified Parties") against and hold the Indemnified Parties' harmless from any and all liability, loss or damage which any of them may or might incur related directly or indirectly to the Exit Facility, the Exit Facility Documents or the Indemnified Parties' activities authorized pursuant to Exit Facility Documents, including without limitation obligations related to any Leases. Should the Indemnified Parties incur any such liability, loss or damage, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured by this Mortgage, and Mortgagor shall reimburse the Indemnified Parties therefor immediately upon demand (with any amounts not paid within thirty (30) days after demand to bear interest at the highest rate of interest applicable to past due principal under the Exit Facility Documents).

17. Expenses. Mortgagor shall pay all reasonable costs and expenses before and after judgment, including without limitation, attorneys' fees and expenses of obtaining title evidence, incurred by Mortgagee in protecting or enforcing its rights under this Mortgage.

18. Severability. Invalidity or unenforceability of any provision of this Mortgage shall not affect the validity or enforceability of any other provision.

19. Successors and Assigns. This Mortgage benefits Mortgagee, its successors and assigns and any holder or holders, from time to time, of the Exit Facility Documents, and binds Mortgagor and its successors and assigns.

20. Notice. All notices and communications provided for herein shall be sent by first-class mail, Federal Express or Airborne Express, and addressed as follows:

If to Mortgagee:

If to Mortgagor:

or to such other address with respect to either of the parties as such party shall designate to the other in writing.

21. Governing Law. This Mortgage shall be governed by, and construed in accordance with, the laws of the State of South Carolina. All rights, powers and remedies provided in this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

22. Entire Agreement. This Mortgage is intended by Mortgagor and Mortgagee as a final expression of this Mortgage and as a complete and exclusive statement of its terms, there being no conditions to the full effectiveness of this Mortgage. No parol evidence of any nature shall be used to supplement or modify any terms. This Mortgage and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of the Borrowers or Mortgagee but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

23. Further Assurances. Mortgagor agrees that at any time and from time to time, at the expense of Mortgagor, Mortgagor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Mortgagee may request, in order to perfect and protect any lien, assignment or security interest granted or purported to be granted hereby or to enable Mortgagee to exercise and enforce their rights and remedies hereunder with respect to all or part of the Property.

24. Maturity Date. The maturity date of the Exit Facility Note (and all other Obligations not otherwise due and payable prior to the maturity of the Exit Facility Note) is twenty (20) years from the date of the Exit Facility Note, but all Obligations may become due and payable on demand by the Mortgagee as specified in the Exit Facility Note upon the occurrence of a Special Event of Default.

25. Mountain Park Facility; Additional Mortgagors. This Exit Facility is being provided to Mortgagor simultaneously with a \$7,500,000 loan (the "Mountain Park Facility") evidenced and secured by a \$7,500,000 promissory note (the "Mountain Park Facility Note") and additional loan documents (collectively, the "Mountain Park Facility Documents") in substantially the same form as the Exit Facility Loan Documents except that (i) both the Exit Facility Note and Mountain Park Facility Note provide that the Obligations shall be paid in full on a first priority basis before any payments are made on the Mountain Park Facility Loan Documents, (ii) the Mountain Park Facility Documents are junior and subordinate in all respects to the Exit Facility Documents, and (iii) the holder of the Mountain Park Facility Documents shall hold any funds received from Mortgagor or otherwise received connected to the Mountain Park Facility in trust for the benefit of the holder of the Exit Facility Documents and promptly remit the same to such holder to be applied to the Obligations until the Obligations are paid in full.

Upon request of Mortgagee, Mortgagor shall cause any subsidiary entity that acquires any interest in the Property to promptly execute and record a security instrument substantially equivalent to this Mortgage as additional security for repayment of the Obligations, but with such changes in the form of this Mortgage as reasonably required by Mortgagee to reflect the ownership of such entity by Mortgagor and the entity's ownership of any Property related directly or indirectly to the operation of the Club Facilities.

26. WAIVER OF JURY TRIAL. MORTGAGOR AND MORTGAGEE
HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND
UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN
RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR
OTHERWISE) BETWEEN OR AMONG TWO OR MORE OF MORTGAGOR,
BORROWERS AND MORTGAGEE ARISING OUT OF OR IN ANY WAY RELATED
TO THIS MORTGAGE, THE LOAN DOCUMENTS OR ANY OTHER RELATED
DOCUMENT, OR ARISING OUT OF OR IN ANY WAY RELATED TO THE
RELATIONSHIP AMONG THE PARTIES AS MORTGAGOR, BORROWER AND
MORTGAGEE OR OTHERWISE. THIS PROVISION IS A MATERIAL INDUCEMENT
TO MORTGAGEE TO PROVIDE THE FINANCING SECURED HEREBY.

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27. **WAIVER OF APPRAISAL RIGHTS.** The laws of the State of South Carolina provide that in any real estate foreclosure proceeding, a defendant against whom a personal judgment is taken or asked may within thirty (30) days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE PROPERTY.

IN WITNESS WHEREOF, this Mortgage has been executed by Mortgagor as of the day and year first above written.

WITNESSES:

Witness #1

Witness #2

MORTGAGOR:

CLIFFS CLUB PARTNERS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

STATE OF _____)
COUNTY OF _____)

ACKNOWLEDGMENT

I, _____, a notary public for _____, do hereby certify that _____, the _____ of CLIFFS CLUB PARTNERS, LLC, a Delaware limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal (where an official seal is required by law) official seal this ____ day of _____, 2012.

(SEAL)
Signature of Notary Public
My Commission Expires: _____

EXHIBIT A

LEGAL DESCRIPTION

Derivation:

Tax Parcel Identification:

EXHIBIT B

PERMITTED EXCEPTIONS