

Attachment 4

Subordination and Intercreditor Agreement

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "**Agreement**"), dated as of _____, 2012, made by, between and among **THE CLIFFS CLUB HOLDINGS, LLC**, a Delaware limited liability company ("**Senior Lender**"), **CLIFFS CLUB PARTNERS, LLC**, a Delaware limited liability company ("**Borrower**"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Indenture Trustee pursuant to that certain Indenture dated April 30, 2010, as amended, more fully described below ("**Junior Lender**").

RECITALS

A. Senior Lender has agreed to make a \$_____ loan (the "**Exit Facility**") and a loan with a maximum principal amount of \$7,500,000 (the "**Mountain Park Facility**") (the Exit Facility and Mountain Park Facility, collectively, the "**Senior Loans**") to the Borrower. The Senior Loans are evidenced by a promissory note of even date herewith in the original principal amount of \$_____ (the "**Exit Facility Note**") and promissory note of even date herewith in the original principal amount of \$7,500,000 (the "**Mountain Park Facility Note**") (the Exit Facility Note and the Mountain Park Facility Note collectively, the "**Senior Notes**").

B. Borrower's obligations under the Exit Facility Note will be secured by, among other things, security instruments entitled Mortgages (or Deeds of Trust), Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date (the "**Exit Facility Mortgages**") for the Exit Facility Note encumbering all the assets of the Borrower, including property legally described on Exhibit A attached hereto (the "**Mortgaged Property**"). Borrower's obligations under the Mountain Park Facility Note will be secured by, among other things, security instruments entitled Mortgages (or Deeds of Trust), Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date (the "**Mountain Park Facility Mortgages**") also encumbering all the assets of Borrower, including the Mortgaged Property. (The Exit Facility Mortgage and Mountain Park Facility Mortgages are collectively, the "**Senior Mortgages**"). The Mountain Park Facility Mortgages, by their terms, are junior and subordinate in all respects to the Exit Facility Mortgages and no payments may be made on the Mountain Park Facility Note until the Exit Facility Note is paid in full. This Agreement, the Senior Notes, the Senior Mortgages, and any other documents evidencing or securing the Senior Loans or executed in connection therewith, and any modifications, renewals and extensions thereof, are referred to herein collectively as the "**Senior Loan Documents**".

C. Borrower is now indebted to Junior Lender pursuant to that certain Assumption Agreement of even date herewith (the "**Assumption Agreement**") between Borrower and Junior Lender to evidence Borrower's assumption of \$64,050,000 in indebtedness (the "**Junior Loan**") evidenced by certain promissory notes issued pursuant to that certain Trust Indenture dated April 30, 2010, as amended by and among the Junior Lender, as indenture trustee, The Cliffs Club & Hospitality Group, Inc. and various other parties (the "**Indenture**"), as such promissory notes have been amended and restructured pursuant to that certain Note Restructuring Agreement of even date herewith by and among the Junior Lender and The Cliffs Club & Hospitality Group, Inc. and related parties. The obligations under the Junior Loan are secured by, among other things, Mortgages (or Deeds of Trust), Assignments of Leases and Rents, Security Agreements

and Fixture Filings (the “**Junior Mortgages**”) listed on Exhibit B attached hereto. The Junior Loan, Junior Mortgages and any other documents evidencing or securing the Junior Loan and any modifications, renewals and extensions thereof, are referred to herein collectively as the “**Junior Loan Documents**.”

D. It is a condition precedent to the making of the Senior Loans that Senior Lender, Junior Lender and Borrower shall have executed and delivered this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce Senior Lender to make the Senior Loans which are secured by the Senior Mortgage, Senior Lender, Junior Lender and Borrower, intending to be legally bound, hereby agree as follows:

I. Subordination and Related Agreements

A. **Agreement to Subordinate.** Junior Lender and Borrower each agrees that the Junior Mortgages are and shall be subordinate in all respects to the Senior Mortgages to the full extent of the encumbrances on the Mortgaged Property and any other assets of Borrower, (collectively, the “**Property**”) (including any modification, extension, renewal or restatement thereof) and except for the Minimum Payments (defined below), the Junior Loan shall be subordinate, to the extent and in the manner set forth herein, in right of payment to the prior payment in full of all indebtedness of Borrower now or hereafter existing under the Senior Loan Documents (including modifications, extension or restatement of or further advances (whether obligatory or optional, for the protection of the Property, completion of improvements, compliance with law or other purposes related to the Mortgaged Property; provided, however, that as to the Exit Facility Note and the Mountain Park Note any such further advances shall not exceed the original principal amounts set forth in each of the Senior Notes, respectively) authorized under the Senior Notes, Senior Mortgages and/or other Senior Loan Documents) or any indebtedness resulting from or continuing on account of any refinancing, renewal, forbearance, assignment or extension of the indebtedness evidenced by the Senior Note, whether for principal, interest (including, without limitation, interest, as provided in the Senior Notes, accruing after the filing of a petition initiating any bankruptcy, insolvency or similar proceeding (an “**Insolvency Proceeding**”)), fees, out-of-pocket expenses, late charges, default interest, costs of collection or otherwise (all of which indebtedness shall be included in the Senior Loans). For all purposes of this Agreement, the Senior Loans shall not be deemed to have been paid in full until Senior Lender shall have received all payments on the Senior Notes and all other amounts due and owing on the Senior Loans. This subordination provision shall be applicable to all additional Property acquired after the date hereof and any revenue, income or rights associated with all additional Property. Irrespective of the foregoing, Borrower shall be required to make the Minimum Payment (as defined in the Assumption Agreement) to Junior Lender on or before each Payment Date (as defined in the Assumption Agreement), which Minimum Payment may be made irrespective of the foregoing subordination of the Junior Loan to the Senior Loans.

B. **No Commencement of Any Insolvency Proceeding.** Senior Lender and Junior Lender agrees that, so long as any of the Senior Loans shall remain unpaid, they will not commence or join with any creditor in commencing any Insolvency Proceeding.

C. **Standstill.** Unless a Special Event of Default has occurred, Senior Lender shall not be entitled to (i) pursue foreclosure of any Senior Loan Documents or and other judicially supervised sale of any Property, (ii) undertake non-judicial disposition of any portion of the Property pursuant to any Senior Loan 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 or take any other action against the Borrower or any portion of the Property in satisfaction or partial satisfaction of the obligations secured by the Senior Loan Documents. “**Special Event of Default**” means (i) any termination of the Master Lease (defined below) 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 secured by the Junior Loan Documents; or (iii) commencement of any proceedings or the taking of any other action to pursue foreclosure of any Junior Loan Documents 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 obligations secured by the Junior Loan Documents.

D. **No Change in Senior Loans.** Senior Lender will not permit the terms of any of the Senior Loan Documents to be changed in such a manner as to have any material adverse effect upon the rights or interests of Junior Lender hereunder or under the Junior Loan Documents.

E. **Obligations Hereunder Not Affected.** All rights and interests of Senior Lender under this Agreement, and all agreements and obligations of Junior Lender and Borrower under this Agreement, shall remain in full force and effect irrespective of:

1. any lack of validity or enforceability of any of the Senior Loan Documents or any other agreement or instrument relating thereto;
2. any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Loans, or any waiver of any default by Borrower or any affiliated entity granting any Senior Mortgage to Senior Lender under any of the Senior Loan Documents; or
3. any other circumstance which might otherwise constitute a defense available to, or a discharge of, Borrower from its obligations under the Senior Loan Documents.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment on the Senior Loans is rescinded or must otherwise be returned by Senior Lender upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, all as though such payment had not been made.

F. **Cure.** Junior Lender shall be entitled to cure any default that has been declared under the Senior Loan Documents (to the extent of Junior Lender’s ability to cure).

G. **Satisfaction of Senior Loan Documents.** Promptly upon the payment in full of all amounts due and owing under the Senior Loan Documents, Senior Lender shall execute and cause to be appropriately recorded satisfactions and terminations of the Senior Loan Documents.

H. **Purchase of Senior Loans.** In the event of any Special Event of Default, then at any time thereafter so long as the Senior Loans remain in default, Junior Lender or its designee shall have the right to purchase the Senior Loan Documents without recourse for the total amount then due and owing Senior Lender thereunder, or such lesser amount as may be agreed upon by Senior Lender and Junior Lender. Borrower shall have no right to participate in any manner in such transaction.

II. Miscellaneous

A. **Amendments, Etc.** No amendment or waiver of any provision of this Agreement nor consent to any departure by Junior Lender or Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by Senior Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of Senior Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

B. **Formalities.** Junior Lender and Borrower each hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Loans and this Agreement and any requirement that the Senior Lender protect, secure, perfect or insure any security interest or lien or any Property subject thereto or exhaust any right or take any action against Borrower or any other person or entity or any collateral.

C. **Expenses.** Borrower agrees to pay, upon demand, to Senior Lender the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel, which Senior Lender may incur in connection with the exercise or enforcement of any of its rights or interests hereunder.

D. **Notices.** Any notice required or permitted to be given under this Agreement shall be in writing and either shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered to a representative of the receiving party, or sent by telecopy (provided an identical notice is also sent simultaneously by mail, overnight courier, or personal delivery as otherwise provided in this Section II. D). All such communications shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth below.

If to Borrower: _____

With copy to: _____

If to Senior
Lender: _____

With copy to: _____

If to Junior
Lender: _____

With Copy
to: _____

E. **Continuing Agreement; Transfer.** This Agreement is a continuing agreement and shall (a) remain in full force and effect until the Senior Loans shall have been indefeasibly paid in full, (b) be binding upon the parties hereto and their respective successors and assigns, and (c) inure to the benefit of and be enforceable by the parties hereto and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), Senior Lender may assign or otherwise transfer the Senior Loan Documents to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect thereof granted to Senior Lender herein or otherwise.

F. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of South Carolina.

G. **Memorandum.** A memorandum of this Agreement shall be executed by all parties hereto and recorded in each jurisdiction that any Junior Mortgage is recorded reflecting the subordination contained herein and incorporating all other terms of this Agreement by reference.

IN WITNESS WHEREOF, Senior Lender, Junior Lender and Borrower each has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

BORROWER:

CLIFFS CLUB PARTNERS, LLC

By: _____
Name: _____
Title: _____

SENIOR LENDER:

THE CLIFFS CLUB HOLDINGS, LLC

By: _____
Name: _____
Title: _____

JUNIOR LENDER:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, AS INDENTURE
TRUSTEE

By: _____
Name: _____
Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE MORTGAGED PROPERTY

EXHIBIT B

LEGAL DESCRIPTION OF THE JUNIOR MORTGAGES