

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

|                              |                    |
|------------------------------|--------------------|
| <b>SUBMISSION TYPE:</b>      | NEW ASSIGNMENT     |
| <b>NATURE OF CONVEYANCE:</b> | Security Agreement |

**CONVEYING PARTY DATA**

| Name                                                   | Formerly | Execution Date | Entity Type                 |
|--------------------------------------------------------|----------|----------------|-----------------------------|
| Pinehurst, Inc., d/b/a Pinehurst Resort & Country Club |          | 06/02/2003     | CORPORATION: NORTH CAROLINA |

**RECEIVING PARTY DATA**

|                        |                                |
|------------------------|--------------------------------|
| <b>Name:</b>           | Pacific Life Insurance Company |
| <b>Street Address:</b> | 700 Newport Center Drive       |
| <b>City:</b>           | Newport Beach                  |
| <b>State/Country:</b>  | CALIFORNIA                     |
| <b>Postal Code:</b>    | 92660                          |
| <b>Entity Type:</b>    | CORPORATION: CALIFORNIA        |

**PROPERTY NUMBERS Total: 32**

| Property Type        | Number  | Word Mark                    |
|----------------------|---------|------------------------------|
| Registration Number: | 2426291 |                              |
| Registration Number: | 1279252 | NORTH AND SOUTH              |
| Registration Number: | 1276538 | THE PINEHURST GOLF ADVANTAGE |
| Registration Number: | 1593012 | PINEHURST                    |
| Registration Number: | 2367370 | PINEHURST                    |
| Registration Number: | 0506136 | PINEHURST                    |
| Registration Number: | 1517264 | PINEHURST                    |
| Registration Number: | 1809249 | PINEHURST                    |
| Registration Number: | 1679510 | PINEHURST                    |
| Registration Number: | 1594515 | PINEHURST                    |
| Registration Number: | 2365592 | PINEHURST                    |
| Registration Number: | 1601470 | PINEHURST                    |
| Registration Number: | 2567450 | PINEHURST                    |

**CH \$815.00 2426291**

|                      |         |                                 |
|----------------------|---------|---------------------------------|
| Registration Number: | 2567452 | PINEHURST                       |
| Registration Number: | 2571441 | PINEHURST                       |
| Registration Number: | 2588380 | PINEHURST                       |
| Registration Number: | 2591464 | PINEHURST                       |
| Registration Number: | 2609638 | PINEHURST                       |
| Registration Number: | 2609641 | PINEHURST                       |
| Registration Number: | 2612518 | PINEHURST                       |
| Registration Number: | 2634838 | PINEHURST                       |
| Registration Number: | 2649018 | PINEHURST                       |
| Registration Number: | 2674339 | PINEHURST                       |
| Registration Number: | 2685670 | PINEHURST                       |
| Registration Number: | 2693750 | PINEHURST                       |
| Registration Number: | 2641646 | THE PINEHURST COMPANY           |
| Registration Number: | 1663739 | PINEHURST RESORT & COUNTRY CLUB |
| Registration Number: | 1663828 | PINEHURST RESORT & COUNTRY CLUB |
| Registration Number: | 1603710 | PINEHURST                       |
| Registration Number: | 1810673 | PINEHURST                       |
| Registration Number: | 1811520 | PINEHURST MAGAZINE              |
| Registration Number: | 1129533 |                                 |

**CORRESPONDENCE DATA**

Fax Number: (310)203-7199  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 3102771010  
Email: mcohen@irell.com  
Correspondent Name: Jane Shay Wald, Esq.  
Address Line 1: 1800 Avenue of the Stars  
Address Line 2: Suite 900  
Address Line 4: Los Angeles, CALIFORNIA 90067

|                         |                  |
|-------------------------|------------------|
| ATTORNEY DOCKET NUMBER: | 153461-0031-KEND |
| NAME OF SUBMITTER:      | Jane Shay Wald   |
| Signature:              | /janeshaywald/   |
| Date:                   | 12/01/2005       |

Total Attachments: 16  
source=pine2#page1.tif  
source=pine2#page2.tif

source=pine2#page3.tif  
source=pine2#page4.tif  
source=pine2#page5.tif  
source=pine2#page6.tif  
source=pine2#page7.tif  
source=pine2#page8.tif  
source=pine2#page9.tif  
source=pine2#page10.tif  
source=pine2#page11.tif  
source=pine2#page12.tif  
source=pine2#page13.tif  
source=pine2#page14.tif  
source=pine2#page15.tif  
source=pine2#page16.tif

## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (this "Security Agreement") is entered into as of June 2, 2003 between **PINEHURST, INC.**, d/b/a Pinehurst Resort & Country Club, a North Carolina corporation ("Obligor") and **PACIFIC LIFE INSURANCE COMPANY**, a California corporation ("Lender").

### RECITALS

**WHEREAS**, concurrently with this Security Agreement, Obligor, Barton Creek Resort & Clubs, Inc., a Texas corporation ("Barton Creek"), and THE HOMESTEAD, L.C., a Virginia limited liability company ("Homestead"), on the one hand, and Lender, on the other hand have entered into that certain Loan Agreement (Resort Loans) (the "Loan Agreement") under which Lender has agreed to make the Resort Loans to Obligor, Pinehurst and Homestead (each a "Resort Loan Party" and collectively the "Resort Loan Parties"); and

**WHEREAS**, the Resort Loan Parties, jointly and severally, have executed and delivered to Lender that certain Secured Promissory Note of even date herewith payable to Lender in the principal amount of REDACTED REDACTED REDACTED REDACTED REDACTED and any and all extensions, substitutions, replacements, rearrangements, modifications, and/or renewals thereof (collectively, the "Note"); and

**WHEREAS**, as security for, among other things, the payment of the Note: (i) Obligor has executed and delivered a Deed of Trust regarding the Pinehurst Property to Lender (the "Pinehurst Mortgage"), (ii) Barton Creek has executed and delivered a Deed of Trust regarding the Barton Creek Property (the "Barton Creek Mortgage"), and (iii) Homestead has executed and delivered a Deed of Trust regarding the Homestead Property (the "Homestead Mortgage") (the Barton Creek Mortgage, the Pinehurst Mortgage, and the Homestead Mortgage, collectively are the "Mortgages"); and

**WHEREAS**, Obligor shall execute and deliver this Security Agreement to Lender as security for payment of the Note and the other Indebtedness (as defined in the Pinehurst Mortgage) and performance of the Obligations (as defined in the Pinehurst Mortgage).

**NOW, THEREFORE**, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Loan Agreement. The following terms have the meanings ascribed to them in the UCC (as defined in the Pinehurst Mortgage) (if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9): Accounts, Chattel Paper, Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Instruments, Inventory, Investment Property and Proceeds. For purposes of this

Security Agreement, the term "Lender" includes Affiliate of any Lender that has entered into a Cap Agreement with Obligor.

(b) In addition, the following terms shall have the following meanings:

"Copyright Licenses": any written agreement, naming Obligor as licensor, granting any right under any Copyright.

"Copyrights": (a) all copyrights in all Works, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyright office, and (b) all renewals thereof.

"Impound Accounts": has the meaning assigned to it in the Pinehurst Mortgage.

"Patent License": all agreements, whether written or oral, providing for the grant by or to Obligor of any right to manufacture, use or sell any invention covered by a Patent.

"Patents": (a) all patents of the United States or any other country and all reissues and extensions thereof, and (b) all applications for patents of the United States or any other country and all divisions, continuations and continuations-in-part thereof.

"Secured Obligations": the Resort Loan Parties' payment of the Indebtedness (as defined in the Mortgages) and performance of the Obligations (as defined in the Mortgages).

"Trademark License": means any agreement, written or oral, providing for the grant by or to Obligor of any right to use any Trademark.

"Trademarks": (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, all elements of package or trade dress of goods or services and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and (b) all renewals thereof.

"Work": any work which is subject to copyright protection pursuant to Title 17 of the United States Code.

2. Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations, Obligor hereby grants to Lender, a continuing security interest in, and a right to set off against, any and all right, title and interest of Obligor in and to the following, whether now owned or existing or owned, acquired, or arising hereafter and all proceeds and products thereof (collectively, the "Collateral"):

- (a) all Accounts;
- (b) all cash and Cash Equivalents maintained on deposit with or in the name of Lender;
- (c) all Chattel Paper;
- (d) all Copyrights;
- (e) all Copyright Licenses;
- (f) all Deposit Accounts;
- (g) all Documents;
- (h) all Equipment;
- (i) all Farm Products;
- (j) all Fixtures;
- (k) all General Intangibles (including software and payment intangibles);
- (l) all Goods;
- (m) all Impound Accounts;
- (n) all Instruments;
- (o) all Inventory;
- (p) all Investment Property;
- (q) all Patent Licenses;
- (r) all Patents;
- (s) all Personal Property Collateral (as defined in the Pinehurst Mortgage);
- (t) all Trademark Licenses;
- (u) all Trademarks;
- (v) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks, and related data processing software (owned by Obligor or in which it has an interest) that at any time evidence or contain information relating to any Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

realization thereupon; and

(w) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

Obligor and Lender hereby acknowledge and agree that the security interest created hereby in the Collateral (i) constitutes continuing collateral security for all of the Secured Obligations, whether now existing or hereafter arising and (ii) is not to be construed as an assignment of any Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks or Trademark Licenses.

3. Provisions Relating to Accounts. Anything herein to the contrary notwithstanding, Obligor shall remain liable under each of the Accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account. Lender shall have no obligation or liability under any Account (or any agreement giving rise thereto) by reason of or arising out of this Security Agreement or the receipt by Lender of any payment relating to such Account pursuant hereto, nor shall Lender be obligated in any manner to perform any of the obligations of Obligor under or pursuant to any Account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

4. Representations and Warranties. Obligor hereby represents and warrants to Lender, that:

(a) Location of Collateral. All of the Collateral is located in North Carolina.

(b) Ownership. Obligor is the owner of, and has good and marketable title to, all of its Collateral and has the right to pledge, sell, assign or transfer the same. On the Closing Date, Obligor's legal name is as shown in this Security Agreement, and Obligor has not in the past four months changed its name, been party to a merger, consolidation or other change in structure or used any tradename.

(c) Security Interest/Priority. This Security Agreement creates, as security for the Secured Obligations, a valid security interest in favor of Lender, in the Collateral of Obligor and, when properly perfected by filing, shall constitute a valid perfected security interest in such Collateral, to the extent such security can be perfected by filing under the UCC, free and clear of all Liens except for Permitted Encumbrances.

(d) Farm Products. The aggregate fair market value of all Collateral, if any, constituting, or which is the Proceeds of, Farm Products does not exceed \$5,000.

(e) Copyrights, Patents and Trademarks.

(i) Exhibit A to this Security Agreement lists all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses owned by Obligor in its own name as of the date hereof.

(ii) Obligor has not made any assignment or agreement in conflict with the security interest in the Copyrights, Patents or Trademarks of Obligor hereunder. Notwithstanding anything contained herein to the contrary, this Security Agreement shall not impair or prohibit Obligor's right and ability to license to third parties any rights Obligor has in any Copyrights, Patents or Trademarks so long as any such license (a) complies with applicable Copyright, Patent or Trademark laws to protect Obligor's rights in the intellectual property so licensed, (b) is to persons and businesses that will not cause the licensed material to be viewed in a less than favorable light, (c) is consistent with past and prudent business and marketing practices, and (d) is sufficient to maintain the value of the Patent, Copyright, or Trademark pledged.

5. Covenants. Obligor covenants that, until the security interests created hereunder are terminated in accordance with Section 11(a), or all of the Collateral in pledge hereunder is released, Obligor:

(a) Instruments/Chattel Paper. Shall, if any amount in excess of \$25,000.00 payable under or in connection with any of the Collateral is or becomes evidenced or secured by any Instrument or Chattel Paper, promptly deliver such Instrument or Chattel Paper to Lender, duly endorsed in a manner reasonably satisfactory to Lender, to be held as Collateral pursuant to this Security Agreement.

(b) Electronic Chattel Paper and Transferable Records. Shall, if the Obligor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record" (as defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction), promptly notify the Lender thereof and, at the request and option of the Lender, shall take such action as the Lender may reasonably request to vest in the Lender control, under Section 9-105 of the UCC, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(c) Changes. Shall not; (a) without providing at least 30 days prior written notice to Lender, change its name, the location of its chief executive office and chief place of business (as well as its books and records), (b) change the location of any of its Collateral, or (c) change its type of organization, or jurisdiction of organization, or be party to a merger, consolidation or other change in legal structure.



(d) Inspection. Shall, upon reasonable notice, and during reasonable hours, at all times allow Lender or its representatives to visit and inspect the Collateral.

(e) Authorization to File Financing Statements. Irrevocably authorizes the Lender at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Obligor or words of similar effect, regardless of whether any particular asset that is Collateral falls within the scope of Article 9 of the UCC, or the commercial code of another jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, (b) provide any other information required by part 5 of Article 9 of the UCC, or the commercial code of another jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Obligor is an organization, the type of organization and any organizational identification number issued to the Obligor, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Obligor agrees to furnish any such information to the Lender promptly upon the Lender's request, and

(f) Existing Patents, Copyrights and Trademarks. Shall execute and deliver to Lender (A) with regard to Copyrights existing on the date hereof, a Copyright Document Cover Sheet in the form of Schedule 5(d)(i), (B) with regard to Patents existing on the date hereof, a Recordation Form Cover Sheet Patents Only for filing in the United States Patent and Trademark Office in the form of Schedule 5(d)(ii) and (C) with regard to Trademarks existing on the date hereof, a Recordation Form Cover Sheet Trademarks Only for filing in the United States Patent and Trademark Office in the form of Schedule 5(d)(iii).

(g) New Patents, Copyrights and Trademarks. Shall promptly provide Lender with following the acquisition thereof (i) a listing of all applications, if any, for new Copyrights, Patents or Trademarks (together with a listing of the issuance of registrations or letters on present applications), which new applications and issued registrations or letters shall be subject to the terms and conditions hereunder, and (ii) (A) with respect to Copyrights, a duly executed Copyrights Document Cover Sheet, (B) with respect to Patents, a duly executed Recordation Form Cover Sheet Patents Only, (C) with respect to Trademarks, a duly executed Recordation Form Cover Sheet Trademarks Only or (D) such other duly executed documents as Lender may request in a form acceptable to counsel for Lender and suitable for recording to evidence the security interest in the Copyright, Patent or Trademark which is the subject of such new application.

(h) Other Actions as to Any and All Collateral. Shall, at the request and option of the Lender, take any and all other actions the Lender may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Lender to enforce, the Lender's security interest in any and all of the Collateral, including, without limitation, (a) executing, delivering and, where

appropriate, filing financing statements and amendments relating thereto under the UCC, to the extent, if any, that the Obligor's signature thereon is required therefor, (b) causing the Lender's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Lender, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Lender and (f) taking all actions under any other law, as reasonably determined by the Lender to be applicable to all or any Collateral or the creation, perfection, enforcement of the security interest of Lender therein, in any relevant uniform commercial code or other jurisdiction, including any foreign jurisdiction.

If any Collateral is in the possession or control of Obligor's agents and Lender so requests after the occurrence of an Event of Default, Obligor agrees to notify such agents in writing of Lender's security interest therein and, upon Lender's request, instruct them to hold all such Collateral for the Lender's account and subject to Lender's instructions. Obligor agrees to mark its books and records to reflect the security interest of Lender in the Collateral.

6. Advances. On failure of Obligor to perform any of the covenants and agreements contained herein, Lender may, at its sole option and in its sole discretion, perform the same and in so doing may expend such sums as Lender may deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures which Lender may make for the protection of the security hereof, or which Lender may be compelled to make by operation of law. All such sums and amounts so expended shall be repayable by Obligor promptly upon timely written notice thereof and demand therefor, shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the Default Rate. No such performance of any covenant or agreement by Lender on behalf of Obligor, and no such advance or expenditure therefor, shall relieve Obligor of any default or Event of Default. Lender may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim.

7. Events of Default.

(a) The occurrence of any event under the Loan Agreement that constitutes an Event of Default shall be an Event of Default hereunder (an "Event of Default").

8. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default, Lender shall have, in addition to the rights and remedies provided herein, in the Loan Documents, in the Cap Agreements between Obligor and Lender, or by law (including, but not limited to, the rights and remedies set forth in the Uniform Commercial Code of the jurisdiction applicable to the affected Collateral), the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further, Lender may, with or without judicial process or the aid and assistance of others, (i) enter on any premises on which any of the Collateral may be located and, without resistance or interference by Obligor, take possession of the Collateral, (ii) dispose of any Collateral on any such premises, (iii) require Obligor to assemble and make available to Lender at the expense of Obligor any Collateral at any place and time designated by Lender, (iv) remove any Collateral from any such premises for the purpose of effecting sale or other disposition thereof, and/or (v) without demand and without advertisement, notice (except as specified below), hearing or process of law, all of which Obligor hereby waives to the fullest extent permitted by law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale, by one or more contracts, in one or more parcels, for cash, upon credit or otherwise, at such prices and upon such terms as Lender deems advisable, in its sole discretion (subject to any and all mandatory legal requirements including those relating to the commercial reasonableness of such sale). To the extent the rights of notice cannot be legally waived hereunder, Obligor agrees that any requirement of reasonable notice shall be met if such notice is in accordance with the notice provisions of the Loan Agreement at least fifteen (15) calendar days before the time of sale or other event giving rise to the requirement of such notice. Lender shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by law, Lender may be a purchaser at any such sale. To the extent permitted by applicable law, Obligor hereby waives all of its rights of redemption with respect to any such sale. Subject to the provisions of applicable law, Lender may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by law, be made at the time and place to which the sale was postponed, or Lender may further postpone such sale by announcement made at such time and place.

(b) Remedies relating to Accounts. Upon the occurrence of an Event of Default, whether or not Lender has exercised any or all of its rights and remedies hereunder, Obligor will promptly upon request of Lender instruct all account debtors to remit all payments in respect of Accounts to a mailing location selected by Lender. In addition, Lender or its designee may notify Obligor's customers and account debtors that the Accounts of Obligor have been assigned to Lender or of Lender's security interest therein, and may (either in its own name or in the name of Obligor or both) demand, collect (including without limitation by way of a lockbox arrangement), receive, take receipt for, sell, sue for, compound, settle, compromise and give acquittance for any and all amounts due or to become due on any Account,

and, in Lender's discretion, file any claim or take any other action or proceeding to protect and realize upon the security interest of Lender in the Accounts. Obligor acknowledges and agrees that the Proceeds of its Accounts remitted to or on behalf of Lender in accordance with the provisions hereof shall be solely for Lender's own convenience and that Obligor shall not have any right, title or interest in such Accounts or in any such other amounts except as expressly provided herein. Lender shall have no liability or responsibility to Obligor for acceptance of a check, draft or other order for payment of money bearing the legend "payment in full" or words of similar import or any other restrictive legend or endorsement or be responsible for determining the correctness of any remittance. Obligor hereby agrees to indemnify Lender from and against all liabilities, damages, losses, actions, claims, judgments, costs, expenses, charges and attorneys' fees and costs suffered or incurred by Lender because of the maintenance of the foregoing arrangements. In the case of any investigation, litigation or other proceeding, the foregoing indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by Obligor, its directors, shareholders or creditors or Lender, or any other Person is otherwise a party thereto.

(c) Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default, Lender shall have the right to enter and remain upon the various premises of Obligor without cost or charge to Lender, and use the same, together with materials, supplies, books and records of Obligor for the purpose of collecting and liquidating the Collateral, or for preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise. In addition, Lender may remove Collateral, or any part thereof, from such premises and/or any records with respect thereto, in order to effectively collect or liquidate such Collateral.

(d) Nonexclusive Nature of Remedies. Failure by Lender to exercise any right, remedy or option under this Security Agreement, any other Loan Document, any Cap Agreement between Obligor and Lender, or as provided by law, or any delay by Lender in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated, which in the case of Lender shall only be granted as provided herein. To the extent permitted by law, neither Lender, nor any party acting as attorney for Lender, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law. The rights and remedies of Lender under this Security Agreement shall be cumulative and not exclusive of any other right or remedy which Lender may have.

(e) Retention of Collateral. Upon the occurrence and during the continuation of an Event of Default, Lender may, after providing the notices required by Section 9-621 of the UCC and/or otherwise complying with the requirements of applicable law of the relevant jurisdiction, to the extent Lender is in possession of any of the Collateral, retain the Collateral in satisfaction of the Secured Obligations. Unless and until Lender shall have provided such notices, however, Lender shall not

be deemed to have retained any Collateral in satisfaction of any Secured Obligations for any reason.

9. Rights of Lender.

(a) Power of Attorney. In addition to other powers of attorney contained herein, Obligor hereby designates and appoints Lender, and each of its designees or agents, as attorney-in-fact of Obligor, irrevocably and with power of substitution, with authority to take any or all of the following actions upon the occurrence of an Event of Default:

(i) to demand, collect, settle, compromise, adjust, and give discharges and releases with respect to the Collateral;

(ii) to commence and prosecute any actions at any court for the purposes of collecting any Collateral and enforcing any other right in respect thereof;

(iii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as Lender may deem appropriate;

(iv) receive, open and dispose of mail addressed to Obligor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to the Collateral of Obligor on behalf of and in the name of Obligor, or securing, or relating to such Collateral;

(v) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services which have given rise thereto, as fully and completely as though Lender were the absolute owner thereof for all purposes;

(vi) adjust and settle claims under any insurance policy relating to any of the Collateral;

(vii) execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that Lender may determine necessary or desirable in order to perfect and maintain the security interests and liens granted in this Security Agreement and in order to fully consummate all of the transactions contemplated therein;

(viii) institute any foreclosure proceedings that Lender may deem appropriate; and

(ix) do and perform all such other acts and things as Lender may deem to be necessary, proper or convenient in connection with the Collateral.

This power of attorney is a power coupled with an interest and shall be irrevocable until the security interests created hereunder are terminated in accordance with Section 11(a) or all of the Collateral in pledge hereunder is released. Lender shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to Lender in this Security Agreement, and shall not be liable for any failure to do so or any delay in doing so. Lender shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Lender solely to protect, preserve and realize upon its security interest in the Collateral.

(b) Performance by Lender of Obligations. If Obligor fails to perform any agreement or obligation contained herein, Lender itself may perform, or cause performance of, such agreement or obligation, and the expenses of Lender incurred in connection therewith shall be payable by Obligor.

(c) No Duty on Lender. Lender shall be accountable only for the amounts that it actually receives as a result of the exercise of its powers hereunder, and neither it nor any of its officers, directors, employees or agents shall be responsible to Obligor for any act or failure to act.

10. Application of Proceeds. Upon the occurrence and during the continuance of an Event of Default, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by Lender in cash or its equivalent, will be applied in reduction of the Secured Obligations in the manner set forth in the Loan Agreement, and Obligor irrevocably waives the right to direct the application of such payments and proceeds.

11. Continuing Agreement.

(a) This Security Agreement shall be a continuing agreement in every respect and shall remain in full force until such time as all obligations secured hereby are paid in full, at which time this Security Agreement and the security interests granted hereunder in the Collateral shall automatically terminate. Upon such payment and termination, this Security Agreement shall be automatically terminated and Lender shall, upon the request and at the expense of Obligor, forthwith release all of its liens and security interests hereunder, shall deliver all UCC termination statements and/or other documents reasonably requested by Obligor evidencing such termination and shall deliver the Collateral held in the possession of Lender, if any, in a manner directed by Obligor. Notwithstanding the foregoing, all releases and indemnities provided hereunder shall survive termination of this Security Agreement.

(b) This Security Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Secured Obligations is rescinded or must otherwise be restored or returned by Lender as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar law, all as though such payment had not been made; provided that

in the event payment of all or any part of the Secured Obligations is rescinded or must be restored or returned, all reasonable costs and expenses (including without limitation any reasonable legal fees and disbursements) incurred by Lender in defending and enforcing such reinstatement shall be deemed to be included as a part of the Secured Obligations.

12. Amendments; Waivers; Modifications. This Security Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in the Loan Agreement.

13. Successors in Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall be binding upon Obligor, its successors and assigns and shall inure, together with the rights and remedies of Lender hereunder, to the benefit of Lender and their successors and permitted assigns; provided, however, that Obligor may not assign its rights or delegate its duties hereunder without the prior written consent of Lender. To the fullest extent permitted by law, Obligor hereby releases Lender, and its successors and assigns, from any liability for any act or omission relating to this Security Agreement or the Collateral.

14. Notices. All notices required or permitted to be given under this Security Agreement shall be in conformance with the Loan Agreement.

15. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart.

16. Headings. The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

17. Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial. The provisions pertaining to governing law, submission to jurisdiction, venue and waiver of rights to jury trial set forth in the Loan Agreement are hereby incorporated by reference; provided, however, the law governing perfection, the effect of perfection or nonperfection and the priority of security interests created hereby shall be that specified in Sections 9301 through 9307 of the UCC if such law is different from that agreed to in the provisions referred to above, and then only to the extent the provisions of those Sections of the UCC may not be altered by contrary agreement.

18. Severability. If any provision of any of the Security Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable, and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

19. Entirety. This Security Agreement, the other Loan Documents and the Cap Agreements between Obligor and Lender, represent the entire agreement of the parties hereto and thereto relating to the transaction contemplated herein or therein, and supersede all prior agreements and understandings, oral or written, if any, including any commitment

letters or correspondence relating to the Loan Documents, the Cap Agreements between Obligor and Lender, or the transactions contemplated herein and therein.

20. Survival. All representations and warranties of Obligor hereunder shall survive the execution and delivery of this Security Agreement, the other Loan Documents and the Cap Agreements between Obligor and any Lender, the delivery of the Note and the making of the Resort Loans.

21. Other Security. To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real property and securities owned by Obligor), or by a guarantee, endorsement or property of any other Person, then Lender shall have the right to the extent provided for in any other Loan Document or Cap Agreement to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuance of any Event of Default, and Lender have the right, in their sole discretion, to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of Lender's and the Lenders' rights or the Secured Obligations under this Security Agreement, under any other of the Loan Documents or under any Cap Agreement between Obligor and Lender.

22. Waiver/Usury. IN ADDITION TO THE FOREGOING, OBLIGOR HEREBY RATIFIES, CONFIRMS AND ADOPTS THE PROVISIONS OF SECTIONS 8.5, 8.6, AND 9.2 OF THE LOAN AGREEMENT AND INCORPORATES SAID SECTIONS INTO THIS SECURITY AGREEMENT FOR ALL PURPOSES.

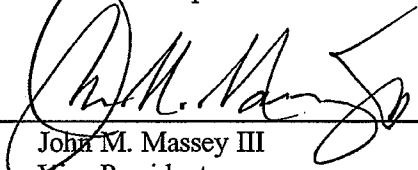
[remainder of page intentionally left blank]



Each of the parties hereto has caused a counterpart of this Security Agreement to be duly executed and delivered as of the date first above written.

**OBLIGOR:**

**PINEHURST, INC.,**  
d/b/a Pinehurst Resort & Country Club,  
a North Carolina corporation

By:   
John M. Massey III  
Its: Vice President

**LENDER:**

**PACIFIC LIFE INSURANCE COMPANY,**  
a California corporation

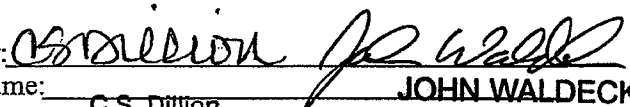
By:   
Name: C.S. Dillon JOHN WALDECK  
Title: Vice President Assistant Secretary

Exhibit A

Copyrights, Etc.

**PINEHURST**

May 12, 2003

| <u>Mark</u>                  | <u>Reg. No.</u> | <u>Reg. Date</u> |
|------------------------------|-----------------|------------------|
| Golf Lad (Pinehurst)         | 2,426,291       | 02-06-01         |
| North & South                | 1,279,252       | 05-22-84         |
| The Pinehurst Golf Advantage | 1,276,538       | 05-01-84         |
| Pinehurst                    | 1,593,012       | 04-24-90         |
| Pinehurst                    | 2,367,370       | 07-18-00         |
| Pinehurst                    | 506,136         | 02-01-49         |
| Pinehurst                    | 1,517,264       | 12-20-88         |
| Pinehurst                    | 1,809,249       | 12-07-93         |
| Pinehurst                    | 1,679,510       | 03-17-92         |
| Pinehurst                    | 1,594,515       | 05-01-90         |
| Pinehurst                    | 2,365,592       | 07-11-00         |
| Pinehurst                    | 1,601,470       | 06-12-90         |
| Pinehurst                    | 2,567,450       | 05-07-02         |
| Pinehurst                    | 2,567,452       | 05-07-02         |

664975

| <u>Mark</u>                     | <u>Reg. No.</u> | <u>Reg. Date</u> |
|---------------------------------|-----------------|------------------|
| Pinehurst                       | 2,571,441       | 05-21-02         |
| Pinehurst                       | 2,588,380       | 07-02-02         |
| Pinehurst                       | 2,591,464       | 07-09-02         |
| Pinehurst                       | 2,609,638       | 08-20-02         |
| Pinehurst                       | 2,609,641       | 08-20-02         |
| Pinehurst                       | 2,612,518       | 08-27-02         |
| Pinehurst                       | 2,634,838       | 10-15-02         |
| Pinehurst                       | 2,649,018       | 11-12-02         |
| Pinehurst                       | 2,674,339       | 01-04-03         |
| Pinehurst                       | 2,685,670       | 02-11-03         |
| Pinehurst                       | 2,693,750       | 03-04-03         |
| (The) Pinehurst Company         | 2,641,646       | 10-29-02         |
| Pinehurst (European Community)  | 157,941         | 03-03-99         |
| Pinehurst Resort & Country Club | 1,663,739       | 11-05-91         |
| Pinehurst Resort & Country Club | 1,663,828       | 11-05-91         |
| Pinehurst & Design              | 1,603,710       | 06-26-90         |
| Pinehurst & Design              | 1,810,673       | 12-14-93         |
| Pinehurst Magazine              | 1,811,520       | 12-14-93         |
| Putterboy Design                | 1,129,533       | 01-22-80         |

664975