



VERDE RIVER

GOLF & SOCIAL CLUB

CLUB MEMBERSHIP PLAN

LAST UPDATED: MAY 2020

INTRODUCTION TO THE THE OPPORTUNITY TO ACQUIRE MEMBERSHIP IN VERDE RIVER GOLF & SOCIAL CLUB

MEMBERSHIP OPPORTUNITY

This Club Membership Plan offers persons an opportunity to acquire a non-equity Membership in Verde River Golf & Social Club (the “**Club**”). The Club is located among the residential communities developed or to be developed within the boundaries of the Trilogy® at Verde River Community (the “**Community**”).

CLUB FACILITIES

The “**Club Facilities**” are intended to include the following:

- An eighteen (18) hole Golf Course;
- a clubhouse facility, including grounds, a fitness center, one or more swimming pools, meeting rooms, dining room and cafe, function rooms, spa facility, parking areas and sports shop; and
- tennis/activity center

CATEGORIES OF MEMBERSHIP

The following categories of Membership are currently intended to be offered by the Club:

- Proprietary Membership
- Seasonal Membership
- Social Membership
- Invitational Membership
- Associate Membership
- Community Membership
- Honorary Membership
- Designate Membership
- Any and all current, discontinued and future Membership categories collectively and individually referred to as “**Memberships**”

Each category of Membership will entitle the Member to use the Club Facilities in accordance with the terms and conditions of this Club Membership Plan. Ancillary memberships may also be made available from time to time as provided in this Club Membership Plan. The Club may add or discontinue categories of Membership from time to time.

FOLLOW THESE PROCEDURES TO APPLY FOR MEMBERSHIP PRIVILEGES

Persons who desire to obtain a Membership should mail or deliver to the Club a completed and signed Membership Application (“**Membership Application**”).

MEMBERSHIP OFFICE AVAILABLE TO ANSWER INQUIRIES

Should you have any questions concerning this Club Membership Plan or the Membership opportunities available in the Club, please contact the Membership Office.

RELY ONLY ON INFORMATION IN THE MEMBERSHIP PACKAGE

THIS MEMBERSHIP PACKAGE INCLUDES THIS CLUB MEMBERSHIP PLAN, THE CLUB MASTER FEE SCHEDULE, THE CLUB MEMBERSHIP MADE SIMPLE, THE CLUB MEMBERSHIP APPLICATION, THE CLUB RULES & REGULATIONS, AND THE CLUB FREQUENTLY ASKED QUESTIONS.

NO PERSON HAS BEEN AUTHORIZED BY THE CLUB TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMBERSHIP PACKAGE AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT AMONG THE DOCUMENTS CONTAINED IN THE MEMBERSHIP PACKAGE, AND OTHER PRINTED MATERIALS OR ORAL REPRESENTATIONS, THE CLUB MEMBERSHIP PLAN SHALL GOVERN AND CONTROL, AND IN PARTICULAR, THE GENERAL DESCRIPTION OF CLUB MEMBERSHIP PLAN SHALL GOVERN AND CONTROL.

MEMBERSHIPS IN THE CLUB ARE PROVIDED ONLY FOR RECREATIONAL PURPOSES

MEMBERSHIPS AT THE CLUB ARE BEING PROVIDED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING PERSONS RECEIVING A MEMBERSHIP TO OBTAIN ACCESS TO LIMITED RECREATIONAL AND SOCIAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED OR ACQUIRED AS AN INVESTMENT AND NO PERSON PURCHASING A MEMBERSHIP SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS, FINANCIAL BENEFITS, BUSINESS OR SOCIAL NETWORKING BENEFITS, OR OTHER TANGIBLE OR INTANGIBLE BENEFIT FROM MEMBERSHIP IN THE CLUB. THE CLUB IS OWNED AND OPERATED PRIVATELY. MEMBERSHIP IN THE CLUB DOES NOT CONVEY ANY INTEREST, OWNERSHIP, EQUITY OR PROPERTY RIGHTS. MEMBERSHIP DOES NOT CONVEY ANY VOTING RIGHTS, ANY MANAGEMENT RIGHTS, OR ANY VESTED INTEREST OR RIGHTS IN THE CLUB, THE CLUB OWNER, THE CLUB MANAGER, THE CLUB MEMBERSHIP PLAN OR THE CLUB FACILITIES.

MAKE YOUR OWN EVALUATION OF THE MERITS OF ACQUIRING A MEMBERSHIP

NO FEDERAL, STATE OR GOVERNMENTAL AUTHORITY AND NO INDEPENDENT CLUB INDUSTRY REVIEWER HAS PASSED UPON OR ENDORSED THE MERITS OF THIS CLUB MEMBERSHIP PLAN.

TABLE OF CONTENTS

	<u>PAGE</u>
GENERAL DESCRIPTION OF CLUB MEMBERSHIP PLAN	1
The Club Will Implement This Club Membership Plan	1
Description of the Club Facilities.....	1
Ownership of the Club Facilities	1
DESCRIPTION OF MEMBERSHIP	1
Categories of Membership Offered In the Club.....	1
Description of Membership Privileges	2
Proprietary Membership	2
Seasonal Membership	2
Social Membership	2
Invitational Membership	2
Associate Membership.....	2
Community Membership.....	2
Honorary Membership	3
Designate Membership	3
The Club May Establish Rules and Regulations Regarding Use of the Club Facilities	3
Limit on the Number of Memberships	3
FAMILY PRIVILEGES.....	3
Use of the Club Facilities by Family Members.....	3
GUEST PRIVILEGES	4
Use of the Club Facilities by A Guest of A Member.....	4
CLUB INITIATION FEE	4
Club Initiation Fee Required To Acquire A Membership	4
Tax Consequences of Acquiring A Membership in the Club.....	4
ISSUANCE OF MEMBERSHIPS.....	5
Issuance of Memberships	5
Reserved Memberships.....	5
Use of Membership Privileges Prior To Closing on Property Purchase	5
Resignation and Re-Issuance of Memberships	5
Reclassification of Membership Category.....	7
Upgrades/Conversions	7
Transfer of Membership upon the Member's Death.....	8
Separation, Divorce and Remarriage.....	8
Membership May Not Be Pledged Except For Purchase Money Obligations	9
ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS.....	9
Acknowledgment of Membership Rights	9
Discipline	10
MEMBERSHIP.....	10
A Membership Application Must Be Mailed or Delivered To the Club.....	10
Review of Membership Application and Agreement	10

Multiple Owners, Trust or Entities Holding Title to Residences.....	11
Memberships in Multiple Names	12
DUES, FEES AND CHARGES	12
The Membership Year of the Club Is January 1 to December 31	12
Club Membership Fee Schedules	12
Annual Dues Will Be Payable on an Annual Basis.....	13
The Club Requires All Memberships to Maintain a Valid Account on File.....	13
Taxes	13
Membership Cards May Be Issued For Use of the Club Facilities and Services.....	14
CLUB OPERATIONS.....	14
Management and Control of the Club	14
Board of Governors	14
Committees.....	14
OPERATING AND CAPITAL ASSESSMENTS.....	15
No Operating or Capital Assessments	15
TRANSFER OF CLUB OR CLUB FACILITIES.....	15
Sale to Third Party.....	15
Sale to Affiliates of Club	15
Sale of the Club to the Members	15
TERMINATION RIGHTS OF CLUB OWNER; INTERRUPTION OF SERVICE.....	16
OTHER MEMBERSHIPS AND PRIVILEGES IN THE CLUB.....	17
Resort Guest Memberships May Be Issued on an Annual, Seasonal or Recallable Basis	17
Corporate Memberships, Founders Memberships, Sports Memberships	17
Reciprocal Club Privileges	17
Non-Member Play	17
The Club Owner May Use the Club Facilities for Marketing and Promotional Purposes.....	17
The Club Owner May Use the Club Facilities for Commercial Business Purposes.....	18
All or Portions of the Club Facilities May Be Submitted to Planned Community, Condominium or Timeshare Ownership.....	18
Interpretations/Questions.....	18
Mandatory Dispute Resolution.....	19
Assumption of Risk and Indemnification.....	21
DEFINITIONS	22
EXHIBIT “A”	SPECIAL PROVISIONS PERTAINING TO PROPRIETARY MEMBERSHIPS
EXHIBIT “B”	SPECIAL PROVISIONS PERTAINING TO SEASONAL MEMBERSHIPS
EXHIBIT “C”	SPECIAL PROVISIONS PERTAINING TO SOCIAL MEMBERSHIPS
EXHIBIT “D”	SPECIAL PROVISIONS PERTAINING TO INVITATIONAL MEMBERSHIPS
EXHIBIT “E”	SPECIAL PROVISIONS PERTAINING TO ASSOCIATE MEMBERSHIPS
EXHIBIT “F”	SPECIAL PROVISIONS PERTAINING TO COMMUNITY MEMBERSHIPS
EXHIBIT “G”	SPECIAL PROVISIONS PERTAINING TO HONORARY MEMBERSHIPS
EXHIBIT “H”	SPECIAL PROVISIONS PERTAINING TO DESIGNATE MEMBERSHIPS
EXHIBIT “I”	CLUB MEMBERSHIP FEE SCHEDULE

GENERAL DESCRIPTION OF CLUB MEMBERSHIP PLAN

THE CLUB WILL IMPLEMENT THIS CLUB MEMBERSHIP PLAN

The Club Owner proposes to implement this Club Membership Plan for the issuance of non-equity Memberships, pursuant to which Members, Sub-Members, and their respective families and guests, and non-Members will be permitted to use the Club Facilities as described below.

DESCRIPTION OF THE CLUB FACILITIES

The Club Facilities are intended to include the following:

- (i) An eighteen (18) hole Golf Course;
- (ii) A clubhouse facility, including grounds, a fitness center, one or more swimming pools, meeting rooms, dining room and cafe, function rooms, spa facility, parking areas and golf shop; and
- (iii) Tennis/activity center

All of the Club Facilities will be subject to the Club obtaining and maintaining the necessary governmental approvals and permits. THE CLUB FACILITIES ARE SUBJECT TO CHANGE AT ANY TIME AT THE CLUB OWNER'S SOLE AND ABSOLUTE DISCRETION.

OWNERSHIP OF THE CLUB FACILITIES

THE CLUB FACILITIES ARE PRIVATELY OWNED BY THE CLUB OWNER. MEMBERSHIP IN THE CLUB DOES NOT CONVEY ANY INTEREST, OWNERSHIP, EQUITY OR PROPERTY RIGHTS IN THE CLUB OR CLUB FACILITIES. MEMBERSHIP DOES NOT CONVEY ANY VOTING RIGHTS, ANY MANAGEMENT RIGHTS, OR ANY VESTED INTEREST OR RIGHTS IN THE CLUB, THE CLUB OWNER, THE CLUB MANAGER, THE PROVISIONS OF THE CLUB MEMBERSHIP PLAN OR THE CLUB FACILITIES.

DESCRIPTION OF MEMBERSHIP

CATEGORIES OF MEMBERSHIP OFFERED IN THE CLUB

The following categories of Membership are currently intended to be offered by the Club:

- Proprietary Membership
- Seasonal Membership
- Social Membership
- Invitational Membership
- Associate Membership
- Community Membership
- Honorary Membership
- Designate Membership
- Any and all current, discontinued and future Membership categories collectively and individually referred to as "**Memberships**"

Each Membership in the Club will be a non-equity Membership and will not entitle the Member to any equity or ownership interest in the Club or the Club Facilities, will not entitle any Member the right to vote on any Club matters, and will not grant any Member vested rights in the Club or Club Facilities. The Memberships offered by the Club are limited non-exclusive licenses providing limited use of the Club Facilities pursuant to the terms of the Club Membership Plan. Ancillary memberships may also be made available from time to time as provided in this Club Membership Plan. The Club may add or discontinue Membership categories from time to time.

DESCRIPTION OF MEMBERSHIP PRIVILEGES

Each person who acquires a Membership or Sub-Membership in the Club will be entitled, during the duration of the Membership, to use the Club Facilities in accordance with his or her category of Membership, the terms and conditions of this Club Membership Plan and the then applicable Club Membership Fee Schedules. The Club reserves the right in its sole and absolute discretion and without prior notice to modify the Club Membership Fee Schedules at any time and from time to time. The Club may issue Memberships in the following categories, each having special privileges and benefits, which may be modified by the Club Owner in its sole and absolute discretion at any time and from time to time. The Membership privileges currently associated with each category of Membership in the Club will be as follows:

PROPRIETARY MEMBERSHIP

Each person who acquires a Proprietary Membership in the Club ("**Proprietary Member**") will be entitled to the Special Provisions as outlined in Exhibit "A," as amended from time to time.

SEASONAL MEMBERSHIP

Each person who acquires a Seasonal Membership in the Club ("**Seasonal Member**") will be entitled to the Special Provisions as outlined in Exhibit "B," as amended from time to time.

SOCIAL MEMBERSHIP

Each person who acquires a Social Membership in the Club ("**Social Member**") shall be entitled to the Special Provisions as outlined in Exhibit "C," as amended from time to time.

INVITATIONAL MEMBERSHIP

Each person who acquires an Invitational Membership in the Club ("**Invitational Member**") shall be entitled to the Special Provisions as outlined in Exhibit "D," as amended from time to time.

ASSOCIATE MEMBERSHIP

Each person who acquires an Associate Membership in the Club ("**Associate Member**") will be entitled to the Special Provisions as outlined in Exhibit "E," as amended from time to time.

COMMUNITY MEMBERSHIP

Each entity which acquires a Community Membership in the Club (“**Community Member**”) and its Sub-Members under the Community Membership will be entitled to the Special Provisions as outlined in Exhibit “F,” as amended from time to time.

HONORARY MEMBERSHIP

Each person who acquires an Honorary Membership in the Club (“**Honorary Member**”) will be entitled to the Special Provisions as outlined in Exhibit “G,” as amended from time to time.

DESIGNATE MEMBERSHIP

Each person who acquires a Designate Membership in the Club (“**Designate Member**”) will be entitled to the Special Provisions as outlined in Exhibit “H,” as amended from time to time.

THE CLUB MAY ESTABLISH RULES AND REGULATIONS REGARDING USE OF THE CLUB FACILITIES

In order to match the changing needs and desires of the Club, the Club Owner reserves the right, in its sole and absolute discretion, at any time and from time to time, to modify or change the existing categories of Membership, add additional Membership categories, modify Membership privileges, modify advance sign-up privileges, the right to use the Club Facilities and the guest privileges and adopt and amend from time to time rules, regulations, policies, guidelines, or systems governing use of, access to or reservation of the Club Facilities and Member relations (“**Rules and Regulations**”). The Club Owner reserves the right to make exceptions to or grant waivers from any provisions of the Rules and Regulations based on hardship or other reason as the Club Owner determines in its discretion, provided such exceptions or waivers shall not act as precedent for other Member’s requests or provide any vested rights to a Member to the same exception or waiver.

LIMIT ON THE NUMBER OF MEMBERSHIPS

The Club Owner intends to limit the total number of Memberships permitted to be issued in the Club and to limit the total number of Memberships permitted to be issued in each category. The initial limits for each category of Membership are set forth on Exhibits A-H. These limits shall be determined and may be increased or decreased by the Club from time to time, and at any time, in its sole and absolute discretion. **No Member has a vested interest or expectation that the initial limits will be maintained for any time period.**

FAMILY PRIVILEGES

USE OF THE CLUB FACILITIES BY FAMILY MEMBERS

Except as provided below, a Member’s or Sub-Member’s Immediate Family Members will be entitled to use the Club Facilities in accordance with the Member’s or Sub-Member’s category of Membership without the payment of additional initiation fees or dues. A Member’s or Sub-Member’s Extended Family Members may use the Club Facilities in accordance with the Member’s or Sub-Member’s category of Membership upon payment of preferred fees.

Use of the golf course by Immediate Family Members and Extended Family Members of Members with Golf Memberships shall be limited as set forth on Exhibits “A”, “B”, “D”, “E” and “H”.

GUEST PRIVILEGES

USE OF THE CLUB FACILITIES BY A GUEST OF A MEMBER

Members and Sub-Members will be entitled to have accompanied and unaccompanied guests use the Club Facilities in accordance with the Member’s or Sub-Member’s category of Membership and the Rules and Regulations of the Club. The Club may limit the number of guests and the number of times a particular guest may use the Club Facilities during each Membership year. The Member or Sub-Member will be responsible for the payment of charges incurred but not paid by his or her guests within the customary billing and collection procedures of the Club, including any applicable daily guest fees established by the Club from time to time. Members and Sub-Members will be responsible for the conduct and deportment of their Immediate Family members, Extended Family members, and guests, and any losses, damages and liabilities caused or resulting from the conduct and deportment of their Immediate Family members, Extended Family members, and guests.

CLUB INITIATION FEE

CLUB INITIATION FEE REQUIRED TO ACQUIRE A MEMBERSHIP

Each person/entity that acquires a Membership or Sub-Membership in the Club must pay a Club Initiation Fee to the Club in the amount in effect at the time of issuance of the Membership. The Club will determine the amount of the required Club Initiation Fee from time to time. The Club may from time to time in its discretion provide certain Membership applicants options for payment of Club Initiation Fees, which options may be revised or discontinued without notice. Not all Membership applicants may be eligible for such payment options. The Club may determine from time to time to waive the payment of Club Initiation Fees for certain Members, which waiver shall not set a precedent for other Members of apply to any other Members except as determined by the Club.

TAX CONSEQUENCES OF ACQUIRING A MEMBERSHIP IN THE CLUB

The Club makes no representations and expresses no opinions regarding the federal, state or local income tax consequences of acquiring a Membership or Sub-Membership or with respect to any Club Initiation Fees and refunds, dues and charges paid to the Club. All persons acquire their Membership or Sub-Membership subject to all applicable tax laws, as the same may be amended from time to time. Accordingly, Members and Sub-Members should consult with their own tax advisors with respect to the tax consequences of any Club Initiation Fees and refunds, dues and charges paid to the Club.

ISSUANCE OF MEMBERSHIPS

ISSUANCE OF MEMBERSHIPS

MEMBERSHIPS WILL BE MADE AVAILABLE FOR ACQUISITION TO SUCH PERSONS/ENTITIES AS THE CLUB DETERMINES APPROPRIATE FROM TIME TO TIME. THE CLUB MAY, IN ITS SOLE AND ABSOLUTE DISCRETION, LIMIT THE NUMBER OF MEMBERSHIPS AVAILABLE IN THE CLUB OR IN ANY CATEGORY OF MEMBERSHIP AS THE CLUB DETERMINES APPROPRIATE FROM TIME TO TIME. ACCORDINGLY, A PERSON'S ABILITY TO ACQUIRE A MEMBERSHIP SHALL BE SUBJECT TO THE CLUB'S SOLE AND ABSOLUTE DISCRETION AND AVAILABILITY FROM TIME TO TIME.

RESERVED MEMBERSHIPS

ALL OF THE UN-ISSUED MEMBERSHIPS WILL BE RESERVED BY THE CLUB AND WILL NOT BE CONSIDERED TO BE AVAILABLE MEMBERSHIPS IN THE CLUB. THE CLUB MAY NOT BE COMPELLED TO ISSUE A RESERVED MEMBERSHIP. THE CLUB MAY ISSUE A RESERVED MEMBERSHIP TO ANY PERSON/ENTITY WHOM THE CLUB, IN ITS SOLE AND ABSOLUTE DISCRETION, DETERMINES APPROPRIATE FROM TIME TO TIME.

USE OF MEMBERSHIP PRIVILEGES PRIOR TO CLOSING ON PROPERTY PURCHASE

The Club Owner may, in its sole and absolute discretion, allow a contract purchaser of a residential unit or lot in a Community with a Community Membership to temporarily enjoy membership privileges prior to the closing on his or her residential unit or lot, provided such contract purchaser has made application to the Club for a membership and has been approved for membership by the Club. Prior to such use, the person will be required to pay such temporary Membership dues, fees and other charges established by the Club Owner from time to time for contract purchasers. In the event the contract purchaser does not close on the residential unit or lot, the Club Owner will terminate the temporary membership privileges and may, but shall not be obligated to, return to the person any unused portion of any dues and charges paid by the person in advance. In the event the contract purchaser closes on the residential unit or lot, the contract purchaser shall complete all membership application requirements within ninety (90) days of closing on the residential unit or lot.

RESIGNATION AND RE-ISSUANCE OF MEMBERSHIPS

Memberships are not transferable or saleable, other than through the Club. Unless otherwise provided for in a specific agreement, a Member may only resign his Membership to the Club upon the re-issuance of the Membership to a new Member. As provided in the Club Provisions, Sub-Members may not resign their Sub-Memberships. A resignation by a Sub-Member of a Proprietary, Seasonal, or Designate Membership shall not result in a resignation of the Sub-Membership. Issuance and re-issuance of Sub-Memberships upon a Sub-Member's sale of a residential unit or lot in the Community shall be in accordance with the Club Provisions.

Members who desire to resign their Memberships have the following three options:

- (i) the Member may resign their Membership immediately by executing a Walk-Away Waiver and Release and paying the Club all outstanding dues, fees and other charges

associated with the Membership as of the date of execution of the waiver and release. As of the execution date, all Membership privileges terminate, all obligations to continue paying dues, fees and other charges associated with the Membership terminate, and the Member waives and release all rights to receive the Member's Re-issuance payment and any other monies from the Club upon re-issuance of the resigned Membership to a new Member;

(ii) the Member may resign their Membership immediately by executing a Waiver and Release and paying all outstanding dues, fees and other charges associated with the Membership as of the date of execution of the waiver and release. As of the execution date, all Membership privileges terminate and all obligations to continue paying all Member Charges associated with the Membership terminate; provided that all dues shall continue to accrue together with interest at the rate of 1.5% per month, not to exceed the maximum interest rate allowable by law as non-usurious, until the resigned Membership is re-issued by the Club to a new Member. The resigned Membership shall be placed on the pending resignation waiting list, on a first in/first out basis (except for a re-issuance to a purchaser of the Member's residence) for each Membership category. At the time the resigned Membership is re-issued to a new Member, the resigned Membership is deemed terminated, and the amount of accrued Member Charges and interest shall be deducted from the Member's Re-issuance Payment due the Member from the Club upon re-issuance of the Membership. If the accrued Member Charges and interest exceed the Member's Re-issuance Payment, the Member will receive no Member's Re-issuance Payment, and the Club shall waive payment of such excess.

(iii) the Member may resign their Membership by executing a Waiver and Release and paying all outstanding Member Charges associated with the Membership as of the date of execution of the waiver and release. The Member shall continue to pay all Member Charges and shall continue to enjoy all Membership privileges until the resigned Membership is re-issued to a new Member. The resigned Membership shall be placed on the pending resignation waiting list, on a first in/first out basis (except for a re-issuance to a purchaser of the Member's residence) for each Membership category. The Membership resignation shall be effective upon re-issuance of the resigned Membership to a new Member. A Member may withdraw the resignation notice at any time prior to re-issuance by the Club by providing written notice to the Club at which time the Membership will be withdrawn from the resigned Membership waiting list. A Member may convert the termination option to either option (i) or option (ii) by providing written notice to the Club, paying all Member Charges then outstanding, and complying with the requirements of the selected option.

If a Member who has selected option (iii) and whose resigned Membership has not been re-issued to a new Member fails to pay required Member Charges, such amounts, together with interest at the rate of 1.5% per month, not to exceed the maximum interest rate allowable by law as non-usurious, will accrue and be deducted from any repayment due the Member, the resigned Member's privileges will be suspended and the resigned Member's Membership shall be removed from the pending resignation waiting list described below until such time as such dues, fees and charges are paid in full. Upon payment of the delinquent Member Charges at

which time, the resigned Membership will be placed on the pending resignation waiting list as of the date of receipt of such payment and privileges will be reinstated.

Except as provided above, with respect to each re-issuance of a resigned Membership, the Club shall collect a Club Initiation Fee from the new Member receiving the re-issued Membership, and the Club shall transfer to the resigning Member an amount equal to (a) 75% of the Club Initiation Fee paid by the new Member receiving the re-issued Membership, less applicable taxes and government transfer fees and charges, or (b) the amount of the Initiation Fee paid by the resigning Member, less applicable taxes and government transfer fees and charges, whichever is less (the "Member's Re-Issuance Payment"). If a Member acquired a Membership subject to an installment payment plan, any outstanding installment payments will be deducted from the Member's Re-Issuance Payment, and the Club shall waive the payment of any installment payments remaining after deduction from the Member's Re-Issuance Payment.

Each Member acknowledges that the Member has no right to a refund of the Club Initiation Fee paid by the Member, that the Club makes no representation or guarantee as to the amount, if any, that a Member may receive in the event of the re-issuance of its Membership to a new Member, and that the Club makes no representation or guarantee that the amount of Club Initiation Fee established by the Club and paid by a new Member receiving the re-issued Membership will be greater than or equal to the Club Initiation Fee originally paid by the Member for the Membership. **As stated above, each Member agrees and acknowledges that it is not acquiring a Membership for investment purposes and that it has no expectation that it will ever receive any consideration from the Club as a result of resignation of its Membership.** The Club has the right to retain the balance of any Club Initiation Fees not transferred to the Member. Each Member acknowledges that Initiation Fees are not deposits.

Until the issuance by the Club of all Memberships available in a category of Membership from time to time, every third Membership issued to a new Member in such category of Membership will be a pending resignation Membership in that category, and the first two Memberships will be issued from the Club's un-issued Memberships in that category. This rotating issuance program shall only be utilized when there are pending resigned Memberships in the categories waiting to be reissued. If there are none of the Club's Memberships in a category at a given time, each Membership reissued in that category will be a pending resigned Membership. As applicable, the Club will maintain waiting lists for pending resigned Memberships and for pending acquisition of Memberships. The Club Owner reserves the right to make exceptions to or grant waivers from any provisions of the rotating issuance program based on hardship or other reason as the Club Owner determines in its discretion, provided such exceptions or waivers shall not act as precedent for other Member requests or provide any vested rights to another Member to the same exception or waiver.

As an exception to the re-issuance of a Membership in accordance with the pending resignation waiting list described above, a Member who is selling a residential unit or lot in a Community with a Community Membership may arrange for the purchaser of his home to acquire a Membership in the selling Member's category of Membership instead of acquiring a pending resignation Membership waiting to be reissued. The procedure for such a transfer shall be as follows: (a) the selling Member must be an active dues-paying Member on the date of resignation, (b) the selling Member must submit a request for resignation prior to the

closing of the sale of the residential unit or lot (c) the purchaser must apply and be accepted for Membership prior to closing on the residential unit or lot and pay the then current Club Initiation Fee, dues and charges, and (d) the re-issuance of the Membership shall be processed to occur within one week of the date of closing on the sale of the residential unit or lot. The issuance of a Membership pursuant to the exception set forth above, shall not count as an issuance of a Membership for purposes of the rotating issuance program.

Re-issuance of a Membership to a new Member does not waive or release any outstanding and accrued debts or obligations of the resigned Member to the Club. A Member acquires a Membership with full understanding that resignation from the Club may not be later available.

RECLASSIFICATION OF MEMBERSHIP CATEGORY

In the event a Proprietary, Seasonal, or Designate Member ceases residency in a Community with a Community Membership and desires to retain his/her Membership, the Member's Membership shall automatically be re-classified as either an Invitational Membership or an Associate Membership, at the election of the Member. In the event the Member opts to be re-classified as an Invitational Member, the Member shall pay the Club the difference between the amount the Member paid the Club for its then current Membership Initiation Fee and the amount of the Invitational Membership Club Initiation Fee at the time of re-classification, if any. In the event the Member opts to be re-classified as an Associate Member, then no further payment of Initiation Fees shall be required from the Member. In the event no election is made by the Member within thirty (30) days of ceasing residency in the Community, the Member shall be deemed to have elected to be re-classified as an Associate Member. Upon re-classification, the Member shall have the rights and obligations attendant to the re-classified Membership category.

UPGRADES/CONVERSIONS OF NON-RESIDENT MEMBERSHIPS

A Social Member desiring to upgrade to a different Membership may do so only if the other Membership is available as determined by the Club. The Social Member will pay the Club difference between a) the then current Initiation Fee, Dues, Fees, Assessments and Charges for the upgraded Membership, and b) the Initiation Fee, Dues, Fees, Assessments and Charges paid by the Member for the Social Membership.

An Invitational Member may convert its Membership to a Proprietary or Seasonal Membership upon acquiring a home or lot in a Community with a Community Membership (based on availability). The Invitational Member shall not be required to pay any additional Initiation Fee, Dues, Fees, Assessments or Charges for the Proprietary or Seasonal Membership. Any difference between the Initiation Fee paid by the Member for the Invitational Membership and the then current Initiation Fee for the Membership shall be reimbursed upon the reissuance of the Membership pursuant to the Resignation and Re-issuance of Memberships section of the Membership Plan.

An Associate Member may convert its Membership to a Proprietary or Seasonal Membership upon acquiring a home or lot in a Community with a Community Membership (based on availability). The Associate Member will pay the Club the difference between a) the then current Initiation Fee, Dues, Fees, Assessments and Charges for the Proprietary or Seasonal

Membership, and b) the Initiation Fee, Dues, Fees, Assessments and Charges paid by the Member for the Associate Membership.

TRANSFER OF MEMBERSHIP UPON THE MEMBER'S DEATH

Upon the death of a Member without a spouse or legal partner having Membership privileges, the Member, and the Member's Estate, the Trustee of a Member's Trust, or other legal successor or representative authorized to act on behalf of the deceased Member, as applicable (collectively, the "Member's Representative") shall be deemed to have submitted a written request for resignation as of the date of death with the Member's Representative having elected option (ii) under "Resignation and Re-Issuance of Memberships" above.

Upon the death of a Member with a spouse or legal partner having Membership privileges, the spouse or legal partner having Membership privileges may elect, by giving written notice to the Club within sixty (60) days after the date of death to transfer the Membership to the spouse or legal partner without having to pay any additional Club Initiation Fee, and the Member's Representative shall be deemed to have consented to such election and transfer of Membership without the requirement of payment by the Club to Member's Representative under "Resignation And Re-Issuance of Memberships" above. If no written election is received by the Club within sixty (60) days, the Member and the Member's Representative shall be deemed to have submitted a written request for resignation as of the date of death with the Member's Representative having elected option (ii) under "Resignation and Re-Issuance of Memberships" above.

Upon the simultaneous death of a Member and a spouse or legal partner having Membership privileges, the Member and the Member's Representative shall be deemed to have submitted a written request for resignation as of the date of death, in which event the Club will place the Membership on the pending resignation waiting list and process the request as provided under "Resignation And Re-Issuance of Memberships" above.

Except as expressly set forth above, a Membership and Membership privileges shall not transfer nor be assigned by automatic operation of law, inheritance, devise or otherwise to any third party, including a Member's children, upon death of a Member.

Notwithstanding the date of death of a Member, Annual Dues for the Membership shall be due and owing for the Club year in which the Member's death occurs without proration or refund.

The Club Provisions shall apply to Sub-Members to the extent Sub-Membership Rights are affected upon the death of a Sub-Member.

SEPARATION, DIVORCE AND REMARRIAGE

In the event that spouses or legal partners having Membership privileges are separated or divorced by order of a court or legally enforceable separation agreement, retention of the Membership will be held by the spouse or legal partner who is awarded the Membership in the court order or separation agreement, and said spouse or legal partner shall then be deemed the Member in connection with that Membership, with the other spouse or legal partner then not having any Membership privileges or any other rights with respect to the Membership. In

the event the court order or separation agreement does not award Membership to one or the other spouse or legal partner, then the Membership shall be terminated, and neither spouse or legal partner shall have any rights with respect to the Membership, nor shall either spouse or legal partner be entitled to refund of the Club Initiation Fee, Member Charges or Special Use Fees.

The above notwithstanding, the Club Owner reserves the right, in its sole and absolute discretion, not to transfer the Membership if the Club Owner, in its sole and absolute discretion, is uncertain as to which spouse or legal partner is lawfully entitled to the Membership, in which event the Club Owner may determine that the Membership is terminated as provided above, or may determine to maintain the status quo until legal entitlement can be resolved to the satisfaction of the Club Owner. Until a determination is made by the Club Owner, each spouse or legal partner will be responsible, jointly and severally, for the payment of all Member Charges and Special Use Fees in connection with the Membership, and both will be eligible to use and enjoy the Club Facilities in accordance with their Membership privileges so long as all Member Charges and Special Use Fees are paid and current for the Membership. The Club Owner retains the right, in its sole and absolute discretion, to grant temporary exceptions to the above Membership privilege provisions during the pendency of legal entitlement determination.

If the Club Owner, in its sole and absolute discretion, is still uncertain as to which spouse or legal partner is legally entitled to the Membership after six (6) months from the date of written notice to the Club Owner of the separation or divorce, the Club Owner may deem and determine that the Member has voluntarily submitted a request for resignation.

If a Member remarries or obtains a new legal partner, the Member must notify the Club of such change within ninety (90) days of taking up residence. No guest privileges are available to such spouse or legal partner until notification is made. If the new spouse is already a member of the Club, then one Membership may be submitted for resignation.

The above provisions may apply to Sub-Members to the extent Sub-Membership Rights are affected.

MEMBERSHIP MAY NOT BE PLEDGED EXCEPT FOR PURCHASE MONEY OBLIGATIONS

A Member and Sub-Member may not pledge or hypothecate the Membership except to the extent the lien or security interest is incurred as a result of obtaining the Membership privileges, which shall require the prior written consent of the Club.

ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS

ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS

MEMBERSHIP IN THE CLUB PERMITS THE MEMBER AND SUB-MEMBER THE LIMITED RIGHT TO USE THE CLUB FACILITIES IN ACCORDANCE WITH THIS CLUB MEMBERSHIP PLAN. MEMBERSHIP IN THE CLUB IS NOT AN INVESTMENT IN THE CLUB OR ITS FACILITIES, AND DOES NOT PROVIDE THE MEMBER OR SUB-MEMBER WITH EQUITY OR OWNERSHIP INTEREST OR ANY VESTED OR PRESCRIPTIVE RIGHT OR EASEMENT IN OR TO USE THE CLUB OR ITS FACILITIES. MEMBERS AND SUB-MEMBERS WILL NOT BE ENTITLED TO VOTE OR

PARTICIPATE IN THE MANAGEMENT OF THE CLUB. EACH MEMBER APPROVED FOR MEMBERSHIP IN THE CLUB, AND EACH SUB-MEMBER, AGREE TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS CLUB MEMBERSHIP PLAN AND IRREVOCABLY AGREES TO FULLY SUBSTITUTE THE MEMBERSHIP PRIVILEGES ACQUIRED PURSUANT TO THIS CLUB MEMBERSHIP PLAN, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, FOR ANY PRESENT OR PRIOR RIGHTS IN OR TO USE THE CLUB FACILITIES. THE CLUB RESERVES THE RIGHT, IN ITS SOLE AND ABSOLUTE DISCRETION, TO RESERVE MEMBERSHIPS, TO TERMINATE OR MODIFY THIS CLUB MEMBERSHIP PLAN, TO DISCONTINUE OPERATION OF ANY OR ALL OF THE CLUB FACILITIES, TO ADD OR DELETE CLUB PROPERTIES, TO ISSUE OR TERMINATE ANY CATEGORY OF MEMBERSHIP, TO INCREASE OR DECREASE THE NUMBER OF MEMBERSHIPS IN THE CLUB, TO CONVERT THE CLUB INTO A MEMBER-OWNED CLUB, AND TO MAKE ANY OTHER CHANGES IN THE TERMS AND CONDITIONS OF THE MEMBERSHIP OR THE CLUB FACILITIES AVAILABLE FOR USE BY MEMBERS AND SUB-MEMBERS.

DISCIPLINE

Members and Sub-Members are responsible for their own conduct and for the conduct of their Immediate Family Members, Extended Family members and guests. Any Member or Sub-Member whose conduct or whose family's or guest's conduct shall be deemed by the Club to be likely to endanger the welfare, safety, harmony or good reputation of the Club or its Members or otherwise improper, may be reprimanded, fined, suspended or have its Membership or Sub-Membership terminated. The Club shall be the sole judge of what constitutes improper conduct, but will include without limitation: (i) failure to meet eligibility for Membership, (ii) submitting false information on the Membership Application, (iii) allowing his or her Membership card to be used by a non-Member, (iv) failure to pay the required Member Charges or Special Use Fees or any outstanding balance on the Member's Club account in a proper and timely manner, (v) failure to abide by the Rules and Regulations as set forth herein and as established by the Club from time to time, (vi) harassing or abusing other Members, Immediate Family Members, Extended Family Members, guests, Club personnel, employees or vendors, or (vii) acting in a manner incompatible with the standard of conduct of the existing Membership or in a manner which would likely injure the reputation of the Members or the Club.

Any Member accused of improper conduct shall be notified of such proposed action and shall be given an opportunity to be heard by the Club to show cause why he or she should not be disciplined. If such Member desires to be heard, the Club shall set a time and date (not less than ten days thereafter) for such hearing. While such complaint is being considered by the Club, the Member may be allowed to enjoy the privileges of his or her Membership in the Club, unless determined otherwise by the Club in its sole and absolute discretion.

Notwithstanding the foregoing, the Club may, without notice and without a hearing, immediately suspend a Member's use privileges and terminate a Member for failure to pay in a proper and timely manner Member Charges, Special Use Fees or any other amounts owed to the Club.

The Club may restrict or suspend a Member, Sub-Member and/or Immediate Family Member, and/or Extended Family Member and/or guests from some or all of the privileges of the Club for such time period as the Club deems appropriate. Dues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement of full privileges. No

Member or Sub-Member may on account of any restriction, suspension or termination for disciplinary reasons be entitled to any refund of any Club Initiation Fee, Member Charges, Special Use Fees or any other fees or charges.

MEMBERSHIP

A MEMBERSHIP APPLICATION MUST BE MAILED OR DELIVERED TO THE CLUB

Each person who desires a Membership in the Club must mail or deliver to the Club a fully completed and signed Membership Application.

REVIEW OF MEMBERSHIP APPLICATION

The Club shall determine from time to time in its sole discretion the Club Memberships that may be available for application by a prospective member. Each person or entity who applies for a Membership in the Club will be subject to the approval of the Club. After receiving the Membership Application, the Club will determine whether the applicant has satisfied the relevant conditions of Membership as determined by the Club in its sole and absolute discretion. The Club shall determine, in its sole and absolute discretion, all questions concerning admission and eligibility. Specific decisions shall not be taken as precedent that direct or limit future decisions.

The Club shall not discriminate in any manner against any Member, Immediate Family Member, Extended Family member or guest of a Member, or prospective Member on account of any bias prohibited by law. However, the Club may decide on an individual basis what Membership categories may be made available for application by a particular prospective member. The Club reserves the right to make exceptions to or grant waivers from any provisions of the Membership Application process based on hardship or other reason as the Club deems reasonable, provided such exceptions or waivers shall not act as precedent for other Member's applications or provide any vested rights to a Member or prospective member to the same exception or waiver.

Upon acceptance to Membership, the Club will complete a Membership Orientation with the accepted Members including the signing of all Membership Documents applicable to the Membership category. In the event the Membership Application is not acted upon favorably, the applicant will receive a refund, without interest, of one hundred percent of any Club Initiation Fee paid by the applicant to the Club less a Membership processing fee, and all of the applicant's rights and privileges to use the Club Facilities will cease immediately.

Each Member acquiring a Membership under the Club Membership Plan and each Sub-Member acquiring Sub-Membership Rights under a Community Membership agrees to be bound by the terms and conditions of the Club Membership Plan, as amended from time to time by the Club in its sole and absolute discretion without the requirement of previous notice by the Club. No Member or Sub-Member has any vested contract or property rights under the Club Membership Plan or any other representation, whether oral or written.

MULTIPLE OWNERS, TRUST OR ENTITIES HOLDING TITLE TO RESIDENCES

For the purposes of an applicant for Club Membership meeting the resident only availability requirements for a Club Membership:

(a) if a residence is titled in the name of multiple owners, any of the multiple owners that actually reside in the residence may be deemed to own a residence in the Community for purposes of applying for Membership, provided however, that no more than such four multiple owners may apply for individual resident only Memberships; if, for any reason, one of the multiple owners ceases to meet the above residency requirements, that person shall no longer be deemed to own a residence for purposes of availability of a resident only Membership.

(b) if a residence is titled in the name of a corporation, partnership or limited liability company and all of the outstanding stock, partnership interests, or membership interests of such entity is owned by a single person and that person actually resides in the residence, that person may be deemed to own a residence for purposes of applying for a resident only Membership; if, for any reason, that person ceases to meet the above entity ownership or actual residency requirements, that person shall no longer be deemed to own a residence for purposes of availability of a resident only Membership.

(c) if a residence is held in a trust, the terms of which provide that the person applying for the resident only Membership has the right of exclusive possession and use of such residence and that person actually resides in the residence, that person may be deemed to own a residence for purposes of applying for a resident only Membership. If, for any reason, that person ceases to have the right of exclusive possession and use of that residence, that person shall no longer be deemed to own a residence. If a trust terminates during the lifetime of a person whose residence is in the trust, and if that person, pursuant to a written lease or other agreement with the beneficiaries or trustee of the trust, continue to have the right of exclusive possession and use of the residence after the termination of the trust, that person shall be deemed to qualify as owning a residence for purposes of availability of a resident only Membership.

Any person who desires to utilize the deemed resident provisions above, shall submit to the Club (i) a copy of the deed to the residence, (ii) a copy of the relevant provisions of the entity governing documents meeting the above requirements in sufficient detail to enable the Club to determine whether the requirements and conditions of this section have been met or an attorney's written statement, satisfactory to the Club, that the requirements and conditions of this section have been fulfilled, and (iii) such other documents, information and attorney's statements or opinions as the Club, in its discretion, may request. If the Club, in its discretion, obtains any advice or assistance in reviewing such submissions, the expense thereof shall be reimbursed to the Club by the applicant.

MEMBERSHIPS IN MULTIPLE NAMES

The Club, in its discretion, may permit a membership to be held jointly or in multiple names. If a Membership is jointly owned or held, the joint owners shall, upon acceptance for Membership, designate one of the joint owners who shall have the exclusive power to exercise, or direct the exercise of, all privileges attendant to the membership and shall be

deemed the Member for purposes of this Membership Plan. The identity of the Primary Designated Member may not be changed during the term of Membership, unless otherwise contemplated herein. The Club may rely upon the direction of the Primary Designated Member on all matters related to the membership and may disregard any other or contrary directions related to the membership. Unless the non-designated joint owner is also an Immediate Family Member or an Extended Family Member, the non-designated joint owner shall not have any Membership privileges. Upon death of the designated joint owner Member, the non-designated joint owners shall not succeed to the rights of the deceased Member or have any rights to or ownership in the Membership, except to the extent of a spouse or legal partner with Membership privileges as provided under “Transfer of Membership upon the Member’s Death” above.

If a Membership in Multiple Names desires Club access for designees beyond the Primary Designated Member, an additional three designees may be offered the right to use the Club and its amenities. To be considered as an additional designee, the individual must meet the requirements set forth in the “Multiple Owners” section of the Membership Plan. Additional dues requirements per designee will be no less than three months of each calendar year and will be based on reasonable usage as defined at the sole and absolute discretion of the Club. Dues, fee, and charges may be arranged to be paid directly by the individual designees; however, any non-payment responsibility will be held joint and severally with the Primary Designated Member. All agreements regarding Memberships in Multiple Names will be reviewed by the Club on an annual basis and may be adjusted as the Club sees fit.

DUES, FEES AND CHARGES

THE MEMBERSHIP YEAR OF THE CLUB IS JANUARY 1 TO DECEMBER 31

The Club’s Membership year will constitute the twelve-month period commencing January 1 and ending on December 31, unless otherwise established by the Club from time to time.

CLUB MEMBERSHIP FEE SCHEDULES

The Club will determine, from time to time, the amount of Annual Dues and other fees and charges, including food and beverage minimums, tipping charges, valet charges, and other charges applicable to all Members in a Membership category (collectively, “**Member Charges**”) to be paid by Members each year. The Club may also determine, from time to time, Member discounts and benefits (collectively, “**Benefits**”) available to any Membership category. The Club reserves the right to establish different Member Charges and Benefits for each Membership category based on different methodologies in the Club’s sole and absolute discretion, provided that the Member Charges and Benefits for a Membership category shall not act as precedent for other Members in other Membership categories or provide any vested rights to a Member or prospective Member to the same Member Charges or Benefits amounts or methodologies. Member Charges and Benefits shall be set forth in the Club Membership Fee Schedules published by the Club, which are subject to change by the Club from time to time without prior notice.

If a Member, Sub-Member, or their respective Immediate Family Members, Extended Family Member or guests do anything which increases the cost of maintaining or operating the Club,

or cause damage to any part of the Club Property, Club Owner may levy additional Member Charges against the Member or Sub-Member in the amount necessary to pay such increased cost or repair such damage.

Club Owner will determine, from time to time, specific service and/or use fees and charges (“**Special Use Fees**”), for which one or more Members or Sub-Member (but less than all Members or Sub-Members) are subject, including greens fees, cart fees, trail fees, food and beverage charges, equipment and merchandise charges, spa service charges, locker rentals, tennis court fees, cabana fees, lodging fees, use of special services, rental of facilities, catering, and tickets for shows, special events, or performances held in the Club Facilities, and the use of vending machines, video arcade machines and entertainment devices. Special Use Fees shall be payable at such time or time(s) as determined by Club Owner. For those programs or events, if any, for which tickets are sold, Club Owner shall adopt such Rules and Regulations as to entitlement of the tickets as Club Owner deems necessary. All Special Use Fees are subject to payment of applicable sales tax. The Special Use Fees shall be set forth in the Club Membership Fee Schedules published by the Club, which are subject to change by the Club from time to time without prior notice.

ANNUAL DUES WILL BE PAYABLE ON AN ANNUAL BASIS

Annual Dues shall be due and payable by each Member on or before the beginning of the Membership year. Monthly, quarterly or other installment payment options may be made available at the sole and absolute discretion of the Club, with all such payments due prior to the first day of the applicable month and subject to an administrative fee. The Club reserves the right to establish different Annual Dues for each Membership category based on different methodologies in the Club’s sole and absolute discretion, provided that the Annual Dues for a Membership category shall not act as precedent for other Members in other Membership categories or provide any vested rights to a Member or prospective member to the same Annual Dues amount or methodology. The failure of any Member to pay Annual Dues or any other Member Charges or Special Use Fees within the prescribed time period shall constitute grounds for disciplinary action and exercise of available legal remedies by the Club.

TAXES

Members shall pay all applicable sales, use or similar taxes and transfer fees and charges now or hereafter imposed on the Club Initiation Fees, Member Charges, Annual Dues, Special Use Fees, and other applicable fees and charges to Club Owner. All such applicable sales, use or similar taxes and transfer fees and charges shall be included in the charges billed to the Members by Club Owner.

THE CLUB REQUIRES ALL MEMBERS TO MAINTAIN A VALID CREDIT OR DEBIT CARD ON FILE

In order to efficiently execute the payment of dues, fees, and charges, the Club requires that all Members maintain a valid credit or debit card on file with the Club. Furthermore, the Club reserves the right to determine that the credit or debit card on file is the sole acceptable payment method for any or all Members.

MEMBERSHIP CARDS MAY BE ISSUED FOR USE OF THE CLUB FACILITIES AND SERVICES

In order to preserve a proper Club atmosphere for the Members and to protect the integrity of Members' rights, the Club may determine to issue Membership cards to the Members and Sub-Members, as well as other eligible Immediate Family Members. At such time, access to the Club Facilities will require use of a Membership card. All Membership card charges will be invoiced to and payable by the Members and Sub-Members on a monthly basis. Membership cards do not confer any contract rights on a Member and are solely an indication of Membership.

CLUB OPERATIONS

MANAGEMENT AND CONTROL OF THE CLUB

The Club shall be under the complete supervision and control of Club Owner unless the Club Owner appoints a third party as Club Manager, in which event Club Manager shall have such supervision and control rights as granted by Club Owner to Club Manager. The Club Owner may terminate any or all Club Memberships in its sole and absolute discretion without cause at any time and from time to time. Upon termination of a Membership by the Club, and subject to the Club Provisions with respect to the Community Membership of the Association, the Club shall refund, without interest, the Club Initiation Fee paid by the Member to the Club and a pro rata portion of any pre-paid Member Charges; except in the event of a disciplinary termination or termination for failure to pay outstanding obligations to the Club, in which event no refund of any kind will be paid to the Member.

BOARD OF GOVERNORS

The Club may, but is not obligated to, establish an advisory Board of Governors whose purpose includes fostering good relations between the Members and the Club, providing the Members with input on programs, plans and activities of the Club, and advising on the Club's policies and Rules and Regulations. The Board of Governors shall have no duty or power to negotiate or otherwise act on behalf of the Club, its management or the Members of the Club, **and shall serve only in an advisory capacity to the Club Owner.** The Club will have the final authority on all matters concerning the Club Facilities and the Members of the Club. The Club may select and remove any or all of the members of the Board of Governors in its discretion.

COMMITTEES

The Club may, but is not obligated to, establish Men's and Women's Golf, Tennis and Activities Committees. Each of these committees will consist of Members of the Club who will be appointed by the Club and who may be removed by the Club in its discretion. These committees may meet on a regular basis to provide Member input into activities, events and programs related to their particular areas of interest. No other committees or associations may be established unless designated by the Club. Committees will have no duty or power to act on behalf of the Club, its management or the Members and Sub-Members of the Club, **and shall serve only in an advisory capacity to the Club Owner.** The Club will have the final authority on all matters concerning the Club Facilities and the Members and Sub-Members of the Club.

PRIVATE CLUB

Each Member acknowledges that the Club is an exempt “private club” for purposes of 42 U.S.C. 2000-a(e) of the Civil Rights Act of 1964, 42 U.S.C. 12187 of the Americans with Disabilities Act, and other applicable laws, as amended from time to time. Notwithstanding that the Club Owner, the Declarant, and Builders may be the same party, Affiliates or related parties from time to time, each Member acknowledges that the Club Owner, Declarant and Builders shall not be considered one and the same party, shall be considered separate and viewed only in their separate capacity, and shall not be considered the agent or partner of the other. Each Member acknowledges that the Club Owner does not engage in residential real estate-related transaction and is not subject to the Fair Housing Act.

OPERATING AND CAPITAL ASSESSMENTS

NO OPERATING OR CAPITAL ASSESSMENTS

Members will not be subject to any operating or capital assessments. With the exception of Club Initiation Fees, Annual Dues, Member Charges, Special Use Fees, late fees, taxes, interest and penalties, and other fees and charges identified in this Club Membership Plan which each Member acknowledges are not operating or capital assessments, Members will not be subject to assessment for the costs of operating the Club Facilities. In addition, Members will not be subject to any capital assessment for the costs of constructing the Club Facilities. The Company will be responsible for all operations of the Club and will be entitled to retain all surplus revenues and profits from the operation of the Club.

Club Owner shall have no duty to account to the Members for any Club Initiation Fees, Member Charges or Special Use Fees, which shall be the sole property of Club Owner.

TRANSFER OF CLUB OR CLUB FACILITIES

SALE TO THIRD PARTY

The Club Owner may sell, encumber, transfer or convey the Club or any or all of the Club Facilities to any person or entity in its sole and absolute discretion at any time, and from time to time (the “**Third Party Transfer**”). A Third Party Transfer shall not require the consent or approval of any Club Member.

SALE TO AFFILIATES OF CLUB

The Club Owner may sell or otherwise transfer the Club or any of the Club Facilities to any one or more of its affiliates at its sole and absolute discretion at any time (an “**Affiliate Transfer**”). An Affiliate Transfer shall not require the consent or approval of any Club Member. The affiliates of the Club shall include any of Club’s owners, and their successors, assigns, partners, directors, officers, employees and shareholders.

SALE OF THE CLUB TO THE MEMBERS

The Club Owner shall have the option, but not the obligation, to convert the Club to an “equity” club or similar arrangement whereby the Members, or an entity owned or controlled

by the Members, become the owner or operator, or both, of the Club's facilities (the "**Equity Conversion**"). The Club Owner shall provide Members written notice of its intent to exercise an Equity Conversion. Equity memberships will be offered in accordance with an Equity Membership Plan and related documents. The Equity Membership Plan and related documents ("**Equity Membership Documents**") will be prepared by the Club Owner and provided to the Members. Upon closing of an Equity Conversion, the terms of the Equity Membership Documents shall supersede and replace the terms of this Club Membership Plan. The Members may elect to participate in the Equity Conversion in accordance with the Equity Membership Documents. Subject to the Club Provisions with respect to a Community Membership, if a Member elects not to pay the required equity conversion payment in accordance with the Equity Membership Documents, and Club Owner closes on the Equity Conversion, then the equity members of the Club may elect to terminate the Member's Membership without refund of Club Initiation Fees, Member Charges or Special Use Fees. Equity membership may constitute an ownership interest in a nonprofit corporation to which the Club Property will be conveyed prior to the Equity Conversion. The Equity Membership Documents may provide for a turnover date different from the closing date of the Equity Conversion, such that the Club Owner retains the right to appoint Club Board Members until the turnover date.

Notwithstanding the foregoing, if a sufficient number of non-equity Members do not pay the required equity conversion payment within ninety (90) days of the date on which equity memberships are first offered, as determined by Club Owner, Club Owner may rescind the Equity Conversion and terminate the Equity Membership Plan and continue to operate the Club in accordance with the Club Provisions and the Club Membership Plan.

The Club Owner shall under no circumstances be obligated to offer to sell any or all of the Club Facilities to the Members, or a group thereof, or convert the Club to an "equity" club or similar arrangement whereby the Members, or an entity owned or controlled by the Members, become the owner or operator, or both, of the Club's facilities. The purchase price of the Club Facilities, if any is established, or the purchase price of a membership in any such equity club will be established by the Club Owner in its sole and absolute discretion.

TERMINATION RIGHTS OF CLUB OWNER; INTERRUPTION OF SERVICE

The Club Owner, and its successors and assigns, may terminate the Club Membership Plan and/or may terminate or recall any or all Club Memberships in its sole and absolute discretion at any time and from time to time. Upon termination of the Club Membership Plan, and subject to the Club Provisions with respect to the Community Membership of the Association, the Club Owner shall refund to the then existing Club Members the Club Initiation Fees paid by the Club Members to the Club, without interest, together with a pro rata portion of any pre-paid Member Charges and Special Use Fees paid to the Club. Except as provided above with respect to termination for disciplinary reasons or failure to pay outstanding debts to the Club, upon termination or recall of a Club Membership, and subject to the Club Provisions with respect to the Community Membership of the Association, the Club Owner shall refund to the then existing Club Member the Club Initiation Fee paid by the Club Member to the Club, without interest, together with a pro rata portion of any pre-paid Member Charges and Special Use Fees paid to the Club.

If the Club Owner elects to undertake an equity conversion of the Club, and a Club Member elects not to pay the required equity conversion payment in accordance with the Equity Membership Documents, and Club Owner closes on the Equity Conversion, then subject to the Club Provisions with respect to the Community Membership, the equity members of the Club may elect to terminate such Club Member's Membership without refund of any Club Initiation Fees.

The Club Owner shall not be liable for, from and against, and the Members and Sub-Members assume all risks that may occur by reason of, any condition or occurrence, including damage to the Club Facilities on account of casualty, water or the bursting or leaking of any pipes or waste water about the Club Property, or from any act of negligence of any other person or entity, or fire, or tornado, or other act of God, or from any cause whatsoever. No Member shall be entitled to terminate the Club Membership Plan and there shall be no abatement in payment of Member Charges during casualty or reconstruction unless substantially all portions of the Club Facilities (excluding the Golf Course) are not available for use during casualty or reconstruction. In that event, Member Charges with respect to use of the unavailable Club Facilities will be abated for any time such Club Facilities are not available for use after the initial sixty (60) days of closure.

OTHER MEMBERSHIPS AND PRIVILEGES IN THE CLUB

RESORT GUEST MEMBERSHIPS MAY BE ISSUED ON AN ANNUAL, SEASONAL OR RECALLABLE BASIS

The Club may, in its sole and absolute discretion, issue memberships to Resort Guests on an annual, seasonal, resort stay or recallable basis as determined by the Club from time to time, with such privileges as determined by the Club from time to time.

CORPORATE MEMBERSHIPS, FOUNDERS MEMBERSHIPS, SPORTS MEMBERSHIPS

The Club Owner may issue Corporation Memberships, Founders Memberships and Sports Memberships in the Club to such persons and entities as the Club Owner determines appropriate from time to time. All such Memberships will be in addition to all other Memberships and will be available on such individualized terms and conditions as may be determined by the Club Owner from time to time.

RECIPROCAL CLUB PRIVILEGES

The Club Owner may determine from time to time to provide reciprocal Club use rights to members of other clubs and organizations, including to affiliated Trilogy club and community members ("**Reciprocal Guests**"). Such reciprocal use rights shall be on such terms and conditions as may be determined by the Club from time to time, and may be withdrawn at any time without notice to the Club Members.

NON-MEMBER USE

The Club Owner will permit the general public, Resort Guests, Reciprocal Guests and corporate groups ("**Non-Members**") to use the Club Facilities on such terms and conditions as the Club Owner determines appropriate. The Club Owner may allocate some tee times for reservation by Non-Members only. The Club Owner may permit tournaments, charitable events, social

events and corporate outings on the Club Facilities from time to time. The Club Owner reserves the right to eliminate or restrict use of the Club Facilities by Non-Members in its sole and absolute discretion.

THE CLUB OWNER MAY USE THE CLUB FACILITIES FOR MARKETING AND PROMOTIONAL PURPOSES

The Club Owner will have the right to designate other persons, including officers, directors, partners, employees, vendors and designees of the Club and its affiliates and their guests to use the Club Facilities upon such terms and conditions as may be determined from time to time by the Club Owner. The Club Owner will also have the right to permit developers or prospective purchasers of residential units or lots in the Community to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club Owner. The Club Owner reserves the right, in its sole and absolute discretion, to restrict or otherwise reserve in advance the Club Facilities for maintenance, Non-Member use, tournament, charitable events, social events, corporate outings and other special events from time to time.

THE CLUB OWNER MAY USE THE CLUB FACILITIES FOR COMMERCIAL BUSINESS PURPOSES

It is anticipated that portions of the Club Property may include retail and commercial space (“**Commercial Space**”) as Club Owner may deem appropriate in Club Owner’s sole and absolute discretion. Club Owner may permit Members to access any Commercial Space located within the Club Property at Club Owner’s sole and absolute discretion. Club Owner may grant leases, franchises, licenses or concessions to commercial concerns on all or part of the Club Property including the Commercial Space (“**Commercial User**”). Club Owner shall have no duty to account to the Members or Sub-Members for any rents, fees or payments from Commercial User(s) or other third parties for the right to occupy and/or lease such Commercial Space; all of such rents, fees and payments, if any, shall be the sole property of Club Owner and shall not offset or reduce the Member Charges or Special Use Fees payable by Members except as may be provided in the Club Provisions.

ALL OR PORTIONS OF THE CLUB FACILITIES MAY BE SUBMITTED TO PLANNED COMMUNITY, CONDOMINIUM OR TIMESHARE OWNERSHIP

It is anticipated that portions of the Club Property may be developed as a planned community (“**Planned Community Space**”) or submitted to condominium, fractional share or vacation and timeshare ownership (“**Condominium/Timeshare Space**”). Club Owner may permit Members to access the Planned Community Space or Condominium/Timeshare Space from time to time at Club Owner’s sole and absolute discretion, which access privileges shall be set forth in the Rules and Regulations. The creation of Planned Community Space or Condominium/Timeshare Space by Club Owner shall not require an amendment to the Club Membership Plan. Club Owner shall have the right in its sole and absolute discretion to prepare, file and amend from time to time planned community, condominium, fractional share or vacation and timeshare formation documentation for the Planned Community Space and/or Condominium/Timeshare Space. Club Owner may permit Planned Community Space and/or Condominium/Timeshare Space owners, guests, lessees, renters and invitees (collectively “**Resort Guests**”) access to the Club Property at Club Owner’s sole and absolute discretion.

INTERPRETATIONS/QUESTIONS

In the event that there is any ambiguity or question (collectively, a “**Query**”) regarding, resulting from, arising out of or in way related to the Club, Membership in the Club, use of Club Facilities, Club operations, the provisions of the Club Membership Plan, the Club Provisions, Rules and Regulations, or any portion of the Membership Package, such Query shall first be submitted to the Club Owner for resolution. If the Club Owner, in its sole and absolute discretion, obtains legal, tax or accounting advice or assistance in (i) replying to a Query or (ii) in reviewing any documentation, legal opinion or other information submitted to the Club Owner by or on behalf of a Member or Sub-Member, the Member or Sub-Member shall reimburse the Club for its expense in obtaining such advice or assistance. Before obtaining any such advice or assistance, the Club Owner shall notify the Member of its intention to do so, and the Member and Sub-Member shall not be obligated to reimburse the Club Owner for its expense thereof if the Member or Sub-Member, within fifteen days after the Club’s notification, withdraws his/her request for an interpretation or exception or withdraws any documentation, legal opinion or other information submitted to the Club Owner. Club Owner’s interpretation of the Club Membership Plan, Club Provisions, Rules and Regulations, and any portion of the Membership Package and its resolution of any Query shall be conclusive and binding on the Members and Sub-Members. Therefore, and in order to ensure that the Members and Sub-Members abide by Club Owner’s determination, in the event that any Member or Sub-Member disputes the Club Owner’s interpretation and resolution and thereafter initiates a dispute resolution proceeding as provided below, such Member or Sub-Member shall bear all legal expenses of both the Member or Sub-Member and the Club Owner, including all attorney’s fees, paraprofessional fees and costs at trial and upon appeal, regardless of the outcome of such proceedings or which party prevails. In the event that Arizona law would determine that this provision is unenforceable or would require a reciprocal application for a prevailing party, then, in that event, each party to a dispute will bear its own attorney’s fees, paraprofessional fees and costs. To maintain the harmony of the Club and enjoyment of the Club by all Members and Sub-Members not submitting a Claim, the Club Owner and each Member and Sub-Member agree that neither will bring a class action against the other or any other action on behalf of or against any other Member or Sub-Member not submitting a Claim.

MANDATORY DISPUTE RESOLUTION

1. **AGREEMENT TO AVOID LITIGATION; EXCEPTIONS.**

(A) SUBJECT TO THE PROVISIONS OF SECTIONS 1.1(B) AND 1.1(C) BELOW, ANY CLAIM, DISPUTE OR CONTROVERSY (A “DISPUTE”) THAT MAY ARISE (I) BY ANY MEMBER, INCLUDING AN ASSOCIATION THAT IS A COMMUNITY MEMBER, AGAINST ANY ONE OR MORE OF DECLARANT, INCLUDING DECLARANT’S OFFICERS, AGENTS, EMPLOYEES, AND MANAGERS, COLLECTIVELY, THE “DECLARANT PARTIES”); THE CLUB OWNER, INCLUDING CLUB OWNER’S OFFICERS, AGENTS, EMPLOYEES, AND MANAGERS, COLLECTIVELY, THE “CLUB OWNER PARTIES”); AND TO THE EXTENT SUCH PERSONS AGREE TO BE BOUND BY THIS PROVISION, ANY CONTRACTORS, SUBCONTRACTORS, SUPPLIERS, ARCHITECTS, ENGINEERS, BROKERS AND ANY OTHER PERSON PROVIDING MATERIALS OR SERVICES IN CONNECTION WITH THE CONSTRUCTION OF ANY IMPROVEMENT UPON OR BENEFITING THE CLUB PROPERTY, WHICH COLLECTIVELY SHALL BE REFERRED TO HEREIN AS “CONTRACTOR

PARTIES”, OR (II) BY ANY SUB-MEMBER (INCLUDING FOUNDER SUB-MEMBERS), AND THEIR HEIRS, SUCCESSORS AND ASSIGNS, COLLECTIVELY THE “SUB-MEMBER PARTIES” AGAINST ANY ONE OR MORE OF THE COMMUNITY MEMBER TO WHICH THE SUB-MEMBER’S SUB-MEMBERSHIP IS DERIVED, THE DECLARANT PARTIES, THE CLUB PARTIES, AND/OR THE CONTRACTOR PARTIES, OR (III) BY BOTH A COMMUNITY MEMBER AND ANY ONE OR MORE OF ITS SUB-MEMBER PARTIES AGAINST ANY ONE OR MORE OF THE DECLARANT PARTIES, CLUB OWNER PARTIES AND/OR CONTRACTOR PARTIES, OR (IV) BY ONE OR MORE OF THE CONTRACTOR PARTIES AGAINST ANY ONE OR MORE OF THE DECLARANT PARTIES, THE CLUB OWNER PARTIES OR ONE OR MORE OTHER CONTRACTOR PARTIES, OR (V) BY ONE OR MORE OF THE DECLARANT PARTIES AND OR ONE OR MORE OF THE CLUB OWNER PARTIES AGAINST ANY ONE OR MORE OF THE CONTRACTOR PARTIES, OR (VI) BY ONE OR MORE OF THE DECLARANT PARTIES OR ONE OR MORE OF THE CLUB OWNER PARTIES AGAINST ONE OR MORE OF THE DECLARANT PARTIES OR ONE OR MORE OF THE CLUB OWNER PARTIES, OR (VII) BY A MEMBER OR SUB-MEMBER AGAINST ANY OTHER MEMBER OR SUB-MEMBER SHALL BE RESOLVED BY BINDING ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT AND AS SET FORTH HEREIN (IT BEING THE INTENT THAT ALL POSSIBLE DISPUTES BY OR AMONG THE PARTIES BE SUBJECT TO THIS SECTION 1). FOR PURPOSES OF THIS SECTION 1, THE DECLARANT PARTIES, CLUB OWNER PARTIES, CONTRACTOR PARTIES, THE ASSOCIATION, MEMBERS AND SUB-MEMBER PARTIES ARE INDIVIDUALLY REFERRED TO AS A “DISPUTE PARTY” AND COLLECTIVELY REFERRED TO AS THE “DISPUTE PARTIES.” AS TO ALL SUCH DISPUTES, THE DISPUTE PARTIES SPECIFICALLY WAIVE THEIR RIGHT TO SEEK REMEDIES IN COURT AND SPECIFICALLY WAIVE THE RIGHT TO A JURY TRIAL. EACH OF THE DISPUTE PARTIES AGREE TO (A) WAIVE THE RIGHT TO A TRIAL BY JURY, (B) NOT PARTICIPATE IN A CLASS OR MULTI-PARTY ACTION, (C) NOT SEEK REMEDIES BEYOND THOSE CONTAINED IN THIS MEMBERSHIP PLAN, (D) ONLY SEEK “INDIVIDUALIZED RELIEF” (I.E., SEEKING ONLY TO BENEFIT THE SINGLE INDIVIDUAL OR ENTITY BRINGING THE DISPUTE AND NOT ANY THIRD PARTIES), (E) NOT ACT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED OR DE FACTO CLASS OR REPRESENTATIVE PROCEEDING, AND (F) NOT ACT AS A PRIVATE ATTORNEY GENERAL OR ON BEHALF OF THE GENERAL PUBLIC. EXCEPT FOR MATTERS RELATING TO THE ARBITRABILITY OR TO THE SCOPE OR ENFORCEABILITY OF THE ARBITRATION PROVISION OR THE LIMITATIONS ON CLASS, REPRESENTATIVE, MULTI-PARTY, PRIVATE ATTORNEY GENERAL AND OTHER NON-INDIVIDUALIZED RELIEF, ALL ISSUES ARE FOR THE ARBITRATOR TO DECIDE.

(B) THE MANDATORY MEDIATION AND ARBITRATION PROCEDURES SET FORTH IN THIS SECTION 1 SHALL NOT BE APPLICABLE TO THE FOLLOWING (I.E., ARBITRATION SHALL NOT BE REQUIRED AND THE PARTIES SHALL NOT BE DEEMED TO HAVE WAIVED THE RIGHT TO SEEK REMEDIES IN COURT OR THE RIGHT TO A JURY TRIAL):

(I) ANY PROCEEDINGS INITIATED BY THE CLUB OWNER TO COLLECT UNPAID ASSESSMENTS, FEES OR OTHER AMOUNTS;

(II) ANY PROCEEDINGS INITIATED BY THE CLUB OWNER TO ENFORCE THE CLUB RULES AND REGULATIONS OR IMPOSE AND ENFORCE CLUB DISCIPLINARY ACTION;

(III) ANY PROCEEDINGS INITIATED BY THE CLUB OWNER TO ENFORCE A CONTRACT ENTERED INTO BY THE CLUB OWNER WITH VENDORS PROVIDING SERVICES OR MATERIALS TO THE CLUB OWNER;

(IV) ANY SUIT BY THE CLUB OWNER TO OBTAIN A TEMPORARY RESTRAINING ORDER OR INJUNCTION (OR EQUIVALENT EMERGENCY EQUITABLE RELIEF) AND SUCH OTHER ANCILLARY RELIEF AS THE COURT MAY DEEM NECESSARY IN ORDER TO MAINTAIN THE STATUS QUO AND PRESERVE CLUB OWNER'S ABILITY TO ACT UNDER AND ENFORCE RULES UNDER ANY APPLICABLE COVENANTS;

(V) ANY SUIT THAT OTHERWISE WOULD BE BARRED BY ANY APPLICABLE STATUTE OF LIMITATIONS; OR

(VI) ANY DISPUTES RELATED TO OR CONCERNING PERSONAL INJURIES.

1.1 NOTICE AND OPPORTUNITY TO REMEDY.

(A) AT LEAST NINETY (90) DAYS BEFORE BRINGING OR INITIATING AN ARBITRATION ACTION, OR ACTION IN COURT, RELATING TO A DISPUTE BETWEEN DISPUTE PARTIES REQUIRED TO BE MEDIATED AND ARBITRATED UNDER SECTION 1, THE DISPUTE PARTY BRINGING THE DISPUTE (THE "CLAIMANT") MUST GIVE WRITTEN NOTICE TO EACH OTHER APPLICABLE DISPUTE PARTY (A "NOTIFIED PARTY"), SPECIFYING IN REASONABLE DETAIL THE NATURE OF THE DISPUTE AND THE BASIS OF THE ACTION UNLESS THE PARTIES AGREE OTHERWISE. "REASONABLE DETAIL" INCLUDES A DETAILED AND ITEMIZED LIST THAT DESCRIBES EACH ALLEGED CLAIM OR DEFECT. FOR CONSTRUCTION DEFECT DISPUTES, THE CLAIMANT SHALL DESCRIBE THE LOCATION THAT EACH ALLEGED DEFECT HAS BEEN OBSERVED.

(B) AFTER RECEIPT OF THE NOTICE DESCRIBED ABOVE, EACH NOTIFIED PARTY MAY INSPECT THE ANY PORTION OF THE PROPERTIES, WHERE APPLICABLE, TO DETERMINE THE NATURE OF THE DISPUTE AND THE NATURE AND EXTENT OF ANY ACTIONS NECESSARY TO REMEDY THE ALLEGED DISPUTE. THE CLAIMANT SHALL ENSURE THAT THE PORTION OF THE PROPERTIES IS MADE AVAILABLE FOR INSPECTION NO LATER THAN TEN (10) DAYS AFTER THE CLAIMANT RECEIVES THE NOTIFIED PARTY'S REQUEST FOR AN INSPECTION.

(C) WITHIN SIXTY (60) DAYS AFTER RECEIPT OF THE NOTICE DESCRIBED ABOVE, EACH NOTIFIED PARTY SHALL SEND TO THE CLAIMANT A GOOD FAITH WRITTEN RESPONSE TO THE CLAIMANT'S NOTICE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. THE RESPONSE MAY INCLUDE AN OFFER TO REMEDY THE DISPUTE OR TO PROVIDE MONETARY COMPENSATION TO THE CLAIMANT ("INITIAL OFFER"). THE INITIAL OFFER SHALL DESCRIBE IN REASONABLE DETAIL ALL REMEDIES THAT THE NOTIFIED PARTY IS OFFERING TO MAKE OR PROVIDE.

(D) IF A NOTIFIED PARTY DOES NOT PROVIDE A WRITTEN RESPONSE TO THE CLAIMANT'S NOTICE WITHIN SIXTY (60) DAYS, THE CLAIMANT MAY INITIATE MEDIATION WITHOUT WAITING FOR THE EXPIRATION OF NINETY (90) DAYS AS REQUIRED ABOVE IN THIS SECTION 1.2.

(E) WITHIN TWENTY (20) DAYS AFTER RECEIPT OF THE NOTIFIED PARTY'S INITIAL OFFER, THE CLAIMANT SHALL PROVIDE A GOOD FAITH WRITTEN RESPONSE. A CLAIMANT WHO ACCEPTS A NOTIFIED PARTY'S INITIAL OFFER SHALL DO SO IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. A CLAIMANT WHO REJECTS A NOTIFIED PARTY'S INITIAL OFFER SHALL RESPOND TO THE NOTIFIED PARTY IN WRITING BY CERTIFIED MAIL,

RETURN RECEIPT REQUESTED. THE RESPONSE SHALL INCLUDE THE SPECIFIC FACTUAL BASIS FOR THE CLAIMANT'S REJECTION OF A NOTIFIED PARTY'S OFFER AND THE CLAIMANT'S COUNTEROFFER, IF ANY. WITHIN TEN (10) DAYS AFTER RECEIPT OF THE CLAIMANT'S RESPONSE, THE NOTIFIED PARTY MAY MAKE A BEST AND FINAL OFFER TO THE CLAIMANT IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

(F) IF CLAIMANT REJECTS A NOTIFIED PARTY'S BEST AND FINAL OFFER, IT MUST DO SO IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. UPON REJECTION OF THE BEST AND FINAL OFFER, CLAIMANT MAY INITIATE ARBITRATION.

(G) CLAIMANT'S STRICT COMPLIANCE WITH THE FOREGOING SECTIONS OF THIS SECTION 1.2 TOLLS APPLICABLE STATUTES OF LIMITATION AND REPOSE, INCLUDING A.R.S. § 12-552, UNTIL THE EARLIEST OF (I) NINETY (90) DAYS AFTER A NOTIFIED PARTY RECEIVES CLAIMANT'S NOTICE, (II) A NOTIFIED PARTY FAILS TO MAKE AN INITIAL OFFER WITHIN SIXTY (60) DAYS OF CLAIMANT'S NOTICE, OR (III) WHEN A NOTIFIED PARTY MAKES ITS BEST AND FINAL OFFER.

1.2 MEDIATION. IN AN ATTEMPT TO CONSERVE COSTS AND AS A CONDITION PRECEDENT TO ARBITRATION, OR ANY OTHER ACTION IN COURT, A DISPUTE REQUIRED TO BE MEDIATED AND ARBITRATED UNDER THIS SECTION 1 SHALL FIRST BE MEDIATED IN PRIVATE MEDIATION, UNLESS THE DISPUTE PARTIES MUTUALLY AGREE OTHERWISE. THE CLAIMANT AND EACH NOTIFIED PARTIES SHALL EQUALLY SHARE THE COSTS OF MEDIATOR AND MEDIATION PROCESS. THE MEDIATION PROCEEDINGS SHALL BE HELD IN THE CLUB FACILITIES.

1.3 ARBITRATION.

(A) IF ANY DISPUTE REQUIRED TO BE MEDIATED AND ARBITRATED CANNOT BE RESOLVED BY MEDIATION AS PROVIDED FOR IN SECTION 1.3 ABOVE, OR IF THE CLAIMANT AND EACH NOTIFIED PARTY MUTUALLY AGREE THAT MEDIATION IS NOT NECESSARY, ARBITRATION MAY BE INITIATED BY THE CLAIMANT OR ANY DISPUTE PARTY SENDING A WRITTEN DEMAND FOR ARBITRATION TO EACH OTHER PARTY WITHIN A REASONABLE TIME PERIOD, SUBJECT TO THE REQUIREMENTS FOR CONSTRUCTION DISPUTES SET FORTH IN SECTION 1.2, WHERE APPLICABLE. IN NO EVENT SHALL THE DEMAND FOR ARBITRATION/MEDIATION BE MADE AFTER THE DATE WHEN INSTITUTION OF LEGAL OR EQUITABLE PROCEEDINGS BASED ON SUCH DISPUTE WOULD BE BARRED BY THE APPLICABLE STATUTE OF LIMITATION OR REPOSE. THE DEMAND FOR ARBITRATION MUST SUFFICIENTLY OUTLINE THE NATURE OF THE DISPUTE AND THE REMEDY SOUGHT. ANY ARBITRATION INSTITUTED UNDER THIS SECTION 1 SHALL BE PURSUANT TO THE FEDERAL ARBITRATION ACT (CURRENTLY TITLE 9 OF THE UNITED STATES CODE). UNLESS THE CLAIMANT AND NOTIFIED PARTY AGREE OTHERWISE, THE FOLLOWING PROCEDURES SHALL APPLY TO THE SELECTION OF ARBITRATORS: WITHIN FIFTEEN (15) DAYS FOLLOWING RECEIPT OF A WRITTEN DEMAND FOR ARBITRATION, THE PARTIES SHALL EXCHANGE A LIST OF SEVEN (7) POTENTIAL ARBITRATORS, EACH OF WHOM SHALL BE A CURRENT MEMBER IN GOOD STANDING OF THE STATE BAR OF ARIZONA. WITHIN FIFTEEN (15) DAYS FOLLOWING SUCH EXCHANGE, THE PARTIES SHALL MUTUALLY SELECT ONE (1) ARBITRATOR FROM THE LIST OF POTENTIAL ARBITRATORS, WHICH ARBITRATOR SHALL BE DEEMED APPROVED BY BOTH PARTIES UNLESS A CONFLICT IS FOUND TO EXIST. IF THE PARTIES ARE UNABLE TO AGREE ON AN ARBITRATOR AFTER ENGAGING IN A GOOD FAITH ATTEMPT TO DO SO, THE PARTIES

SHALL SUBMIT THE MATTER TO THE AMERICAN ARBITRATION ASSOCIATION, WHO WILL THEN APPOINT AN ARBITRATOR TO CONDUCT THE ARBITRATION. THE ARBITRATION PROCEEDINGS SHALL BE HELD IN THE CLUB FACILITIES.

(B) THE DISPUTE PARTIES AGREE THAT EACH MAY BRING CLAIMS AGAINST ANOTHER DISPUTE PARTY ONLY IN THEIR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. THE DISPUTE PARTIES AGREE NOT TO ACT AS A PRIVATE ATTORNEY GENERAL OR ON BEHALF OF THE GENERAL PUBLIC. FURTHER, UNLESS ALL DISPUTE PARTIES AGREE OTHERWISE, THE ARBITRATOR MAY NOT CONSOLIDATE MORE THAN ONE PERSON'S CLAIMS, AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF A REPRESENTATIVE OR CLASS PROCEEDING. IF THIS SUBSECTION (B) IS FOUND TO BE UNENFORCEABLE BY A COURT OF COMPETENT JURISDICTION, THEN THE ENTIRETY OF SECTIONS 1.4 AND 1.6 SHALL BE STRICKEN AND ALL OTHER PROVISIONS SHALL REMAIN IN EFFECT.

(C) THE ARBITRATOR SHALL APPLY THE SUBSTANTIVE LAWS OF THE STATE OF ARIZONA AND SHALL INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW IN HIS OR HER RULING. THE PARTIES AGREE THAT THE ARBITRATION, ANY AWARD AND/OR SUBSEQUENT JUDGMENT SHALL BE KEPT CONFIDENTIAL BY THE PARTIES AND THEIR COUNSEL. THE PARTIES AGREE THE RESULTS OF ARBITRATION SHALL NOT HAVE ANY PRECLUSIVE EFFECT ON ANY OTHER ARBITRATION, UNLESS THE IDENTITY OF THE PARTIES REMAINS THE SAME.

1.4 EXPENSES. EACH DISPUTE PARTY SHALL BEAR THE EXPENSE OF ITS RESPECTIVE ATTORNEYS' FEES AND COSTS INCURRED RELATED TO ANY MEDIATION, ARBITRATION OR COURT ACTION REGARDLESS OF WHICH PARTY PREVAILS IN SUCH MEDIATION, ARBITRATION OR COURT ACTION.

(a) HOWEVER, NOTWITHSTANDING THE ABOVE, ONE PARTY MAY ASK THE ARBITRATOR TO DECLARE ANOTHER PARTY A "VEXATIOUS LITIGANT". A "VEXATIOUS LITIGANT" IS DEFINED AS:

(i) REPEATED FILING OF COURT ACTIONS SOLELY OR PRIMARILY FOR THE PURPOSE OF HARASSMENT.

(ii) UNREASONABLY EXPANDING OR DELAYING COURT PROCEEDINGS.

(iii) COURT ACTIONS BROUGHT OR DEFENDED WITHOUT "SUBSTANTIAL JUSTIFICATION" AS THAT TERM IS DEFINED IN ARS §12-349.

(iv) ENGAGING IN ABUSE OF DISCOVERY OR CONDUCT IN DISCOVERY THAT HAS RESULTED IN THE IMPOSITION OF SANCTIONS.

(v) A PATTERN OF MAKING UNREASONABLE, REPETITIVE AND EXCESSIVE REQUESTS FOR INFORMATION.

(vi) REPEATED FILING OF DOCUMENTS OR REQUESTS FOR RELIEF THAT HAVE BEEN THE SUBJECT OF PREVIOUS RULINGS BY THE COURT IN THE SAME LITIGATION.

(b) IF AN ARBITRATOR DEEMS ONE OF THE PARTIES TO BE A "VEXATIOUS

LITIGANT”, THE ARBITRATOR SHALL ORDER THAT PARTY TO PAY ALL EXPENSES AND COSTS RELATED TO ANY MEDIATION AND ARBITRATION, INCLUDING BY NOT LIMITED TO THE REASONABLE ATTORNEY FEES AND WITNESS COSTS OF THE OTHER PARTY.

IF A PARTY HAS PREVIOUSLY BEEN DETERMINED TO BE A “VEXATIOUS LITIGANT” BY AN ARBITRATOR IN A PRIOR ARBITRATION BETWEEN THE SAME PARTIES, THE “VEXATIOUS LITIGANT” SHALL BE SOLELY RESPONSIBLE FOR THE COSTS OF ANY MEDIATION OR ARBITRATION, BUT SHALL NOT BE RESPONSIBLE TO PAY THE OTHER PARTIES ATTORNEY FEES UNLESS THE “VEXATIOUS LITIGANT” FAILS TO RECEIVE THE REMEDY SOUGHT IN THE ARBITRATION. IN SUCH A CASE, THE ARBITRATOR SHALL ORDER THE “VEXATIOUS LITIGANT” TO PAY THE OTHER PARTIES REASONABLE ATTORNEY FEES.

1.5 REQUIREMENTS OF ARBITRATOR. THE ARBITRATOR SHALL (I) NOT HAVE THE AUTHORITY TO MODIFY, ALTER, AMEND, OR REFORM THIS SECTION 1; (II) NOT HAVE THE AUTHORITY TO DISREGARD OR REFUSE TO APPLY APPLICABLE LAW; (III) NOT EXCEED OR INCREASE THE SCOPE OF THEIR AUTHORITY OUTLINED HEREIN; (IV) CONDUCT THE ARBITRATION IN COMPLIANCE WITH THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE; OR (V) NOT AWARD ATTORNEYS’ FEES AND COSTS TO A PREVAILING PARTY.

1.6 REQUIRED CONSENT OF SUB-MEMBERS FOR LEGAL ACTION. ANY DISPUTE INSTITUTED BY A COMMUNITY MEMBER (WHICH DISPUTE SHALL BE SUBJECT TO THE TERMS OF SECTION 1 AGAINST ANY ONE OR MORE OF THE DECLARANT PARTIES, THE CLUB OWNER PARTIES AND THE CONTRACTOR PARTIES SHALL HAVE FIRST BEEN APPROVED BY SUB-MEMBERS REPRESENTING AT LEAST 67% OF THE SUB-MEMBER VOTES AS MEMBERS OF THE COMMUNITY MEMBER ASSOCIATION.

(A) NOTICE TO SUB-MEMBERS.

(I) PRIOR TO OBTAINING THE CONSENT OF THE SUB-MEMBERS IN ACCORDANCE WITH SECTION 1.6, THE ASSOCIATION MUST PROVIDE WRITTEN NOTICE TO ALL SUB-MEMBERS, WHICH NOTICE SHALL (AT A MINIMUM) INCLUDE (A) A DESCRIPTION OF THE NATURE OF ANY ACTION OR DISPUTE, (B) A DESCRIPTION OF THE ATTEMPTS OF NOTIFIED PARTY TO CORRECT SUCH DISPUTE AND THE OPPORTUNITIES PROVIDED TO THE NOTIFIED PARTY TO REMEDY SUCH DISPUTE, (C) THE ESTIMATED COST TO REMEDY SUCH DISPUTE, (E) THE NAME AND PROFESSIONAL BACKGROUND OF THE ATTORNEY PROPOSED TO BE RETAINED BY THE ASSOCIATION TO PURSUE THE DISPUTE AGAINST THE NOTIFIED PARTY AND A DESCRIPTION OF THE RELATIONSHIP BETWEEN SUCH ATTORNEY AND MEMBER(S) OF THE BOARD (IF ANY), (F) A DESCRIPTION OF THE FEE ARRANGEMENT BETWEEN SUCH ATTORNEY AND THE ASSOCIATION, (G) THE ESTIMATED ATTORNEYS’ FEES AND EXPERT FEES AND COSTS NECESSARY TO PURSUE THE DISPUTE AGAINST THE NOTIFIED PARTY AND THE SOURCE OF THE FUNDS THAT WILL BE USED TO PAY SUCH FEES AND EXPENSES, (H) THE ESTIMATED TIME NECESSARY TO CONCLUDE THE ACTION AGAINST THE NOTIFIED PARTY, AND (I) AN AFFIRMATIVE STATEMENT FROM THE BOARD OF THE ASSOCIATION THAT THE ACTION IS IN THE BEST INTEREST OF THE ASSOCIATION AND ITS MEMBERS. THE WRITTEN NOTICE DESCRIBED ABOVE MUST BE PROVIDED PRIOR TO THE MEETING REFERENCED IN PARAGRAPH (II) OF THIS SUBSECTION (A).

(II) PRIOR TO OBTAINING THE CONSENT OF THE SUB-MEMBERS IN ACCORDANCE WITH SECTION 1.6, THE ASSOCIATION MUST HOLD A MEETING OF ITS MEMBERS AND BOARD OF DIRECTORS FOR WHICH REASONABLE AND ADEQUATE NOTICE WAS PROVIDED TO ALL MEMBERS IN THE MANNER PRESCRIBED IN THE ASSOCIATION'S DECLARATION FOR PURPOSES OF DISCUSSING THE PROPOSED LEGAL ACTION AND ANSWERING ANY QUESTIONS POSED BY THE SUB-MEMBERS

(III) IN THE EVENT THE ASSOCIATION RECOVERS ANY FUNDS FROM THE NOTIFIED PARTY (OR ANY OTHER PERSON) TO REMEDY A CLAIM, ANY EXCESS FUNDS REMAINING AFTER REMEDYING SUCH DISPUTE SHALL BE PAID INTO THE ASSOCIATION'S RESERVE ACCOUNT.

(B) NOTIFICATION TO PROSPECTIVE PURCHASERS. IN THE EVENT THAT A COMMUNITY MEMBER ASSOCIATION COMMENCES ANY DISPUTE, ALL SUB-MEMBERS MUST NOTIFY PROSPECTIVE PURCHASERS OF DISPUTE AND MUST PROVIDE SUCH PROSPECTIVE PURCHASERS WITH A COPY OF THE NOTICE RECEIVED FROM THE ASSOCIATION IN ACCORDANCE WITH SUBSECTION 1.6(A).

ASSUMPTION OF RISK AND INDEMNIFICATION

EACH MEMBER, SUB-MEMBER, PRIMARY MEMBER, SECONDARY MEMBER, IMMEDIATE FAMILY MEMBER, EXTENDED FAMILY MEMBER AND GUEST, RESORT GUEST, RECIPROCAL GUEST AND NON-MEMBER AGREES (COLLECTIVELY, "INDEMNIFYING PARTIES"), TO THE GREATEST EXTENT PROVIDED BY LAW, TO INDEMNIFY AND HOLD HARMLESS CLUB OWNER AND CLUB MANAGER, THEIR RESPECTIVE OFFICERS, PARTNERS, OWNERS, AGENTS, EMPLOYEES, AFFILIATES, DIRECTORS AND ATTORNEYS, AND CLUB COMMITTEE MEMBERS (COLLECTIVELY, "INDEMNIFIED PARTIES") FOR, FROM AND AGAINST ALL ACTIONS, INJURY, CLAIMS, LOSS, LIABILITY, DAMAGES, COSTS AND EXPENSES OF ANY KIND OR NATURE WHATSOEVER ("LOSSES") INCURRED BY OR ASSERTED AGAINST ANY OF THE INDEMNIFIED PARTIES FROM AND AFTER THE DATE HEREOF, WHETHER DIRECT, INDIRECT, OR CONSEQUENTIAL, AS A RESULT OF, ARISING OUT OF, OR IN ANY WAY RELATED TO MEMBERSHIP IN THE CLUB, THE USE OF THE CLUB AND CLUB FACILITIES BY THE INDEMNIFYING PARTIES, THE USE OF THE CLUB BY THIRD PARTIES, IMMEDIATE FAMILY MEMBERS, EXTENDED FAMILY MEMBERS AND THEIR GUESTS, OR THE INTERPRETATION OF THE CLUB PROVISIONS, THE CLUB MEMBERSHIP PLAN, THE RULES AND REGULATIONS, AND/OR FOR, FROM AND AGAINST ANY ACT OR OMISSION OF THE CLUB OR OF ANY OF THE INDEMNIFIED PARTIES, BUT EXCLUDING, AS TO ANY INDEMNIFIED PARTY, LOSSES CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. LOSSES SHALL INCLUDE THE DEDUCTIBLE PAYABLE UNDER ANY OF THE CLUB'S INSURANCE POLICIES.

IN ADDITION TO AND NOT IN LIMITATION OF THE FOREGOING, EACH OF THE INDEMNIFYING PARTIES WHO, IN ANY MANNER, MAKES USE OF OR ACCEPTS THE USE OF ANY APPARATUS, APPLIANCE, FACILITY, PRIVILEGE OR SERVICE WHATSOEVER OWNED, LEASED, LICENSED OR OPERATED BY THE CLUB, INCLUDING THE USE OF GOLF CARTS, OR WHO ENGAGES IN ANY CONTEST, GAME, FUNCTION, EXERCISE, COMPETITION, CLASS, SPA SERVICE, OR OTHER ACTIVITY OR SERVICE OPERATED, ARRANGED OR SPONSORED BY THE CLUB, EITHER ON OR OFF OF THE CLUB FACILITIES (COLLECTIVELY, "CLUB ACTIVITIES"), SHALL DO SO AT THEIR

OWN RISK. EACH OF THE INDEMNIFYING PARTIES SHALL HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES FROM ANY AND ALL LOSSES, WHETHER DIRECT, INDIRECT OR CONSEQUENTIAL, AS A RESULT OF, ARISING OUT OF, OR IN ANY WAY RELATED TO CLUB ACTIVITIES.

THE TERMS OF THIS SECTION SHALL SURVIVE TERMINATION OF THE CLUB MEMBERSHIP PLAN, THE CLUB PROVISIONS AND MEMBERSHIP IN THE CLUB.

DEFINITIONS

In addition to the terms defined elsewhere in this Club Membership Plan, the following terms shall have the meanings specified below:

“Annual Dues” shall mean the annual dues paid by a Member to Club Owner for the purpose of obtaining access to limited recreational use of the Club Facilities.

“Association” shall mean a property owners or community association that chooses to enter into a Community Membership Agreement with the Club.

“Builder” shall have the meaning set forth in the Declaration.

“Club” shall mean the Club Property.

“Club Facilities” shall mean the improvements and tangible and intangible personal property which Club Owner shall actually have constructed and/or made available to Members pursuant to the Club Plan. THE CLUB FACILITIES ARE SUBJECT TO CHANGE AT ANY TIME AT CLUB OWNER’S SOLE AND ABSOLUTE DISCRETION.

“Club Initiation Fees” shall mean the fees to be paid by the Members to the Club to enable the Members to acquire Memberships from the Club.

“Club Manager” shall mean the entity operating and managing the Club, at any time, together with its officers, owners, members, employees and agents. The Club Owner or any of its affiliates may be Club Manager. The Club Owner reserves the right to designate the Club Manager in Club Owner’s sole and absolute discretion.

“Club Membership” or **“Membership”** shall mean the non-exclusive license rights provided to a Member pursuant to the Club Membership Plan.

“Club Membership Plan” or **“Club Plan”** shall mean the Club Membership Plan, together with all amendments and modifications thereto as made by Club Owner from time to time in its discretion.

“Club Owner” shall mean the owner of the Club Property, Tegavah Construction, L.P., doing business as Vista Verde Golf & Social Club, and any of its designees, successors and assigns who receive a written assignment of all or some of the rights of Club Owner hereunder. The current Club Owner is. Such assignment need not be recorded in the Public Records in order to be effective. In the event of such a partial assignment, the assignee shall not be deemed Club Owner but may exercise such rights of Club Owner specifically assigned to it. Any such assignment may be made on a non-exclusive basis. Club Owner may change from time to time (i.e. Tegavah Construction, LP may sell the Club Property).

Notwithstanding that Club Owner and the Declarant may be the same party, affiliates or related parties from time to time, each Member acknowledges that Club Owner and Declarant shall not be considered being one and the same party, and neither of them shall be considered the agent or partner of the other. At all times, Club Owner and Declarant shall be considered separate and viewed in their separate capacities. No act or failure to act by Declarant shall at any time be considered an act of Club Owner and shall not serve as the basis for any excuse, justification, waiver or indulgence to the Members with regard to their prompt, full, complete and continuous performance of their obligations and covenants hereunder.

“Club Property” shall mean the Club Real Property and the Club Facilities owned or operated by the Club Owner as the Verde River Golf & Social Club, as added to or subtracted from by the Club Owner from time to time. The Club may be comprised of one or more parcels of land, which may or may not be connected or adjacent to one another.

“Club Provisions” shall mean that certain Declaration of Covenants, Conditions, Restrictions and Easements for Verde River Golf & Social Club, recorded in the Public Records, as it shall be amended or modified or supplemented from time to time.

“Club Real Property” shall initially mean the real property described on Exhibit 1 attached hereto and made a part hereof. THE CLUB REAL PROPERTY IS SUBJECT TO CHANGE AT ANY TIME AT CLUB OWNER’S SOLE AND ABSOLUTE DISCRETION. Club Property shall include any real property designated by Club Owner as part of the Club Property by amendment to the Club Membership Plan, which amendment shall not require the approval or consent of the Members.

“Community” shall have the meaning set forth in the Declaration.

“Condominium” shall mean a condominium(s) established within the Club Property pursuant to Chapter 9, Title 33, Arizona Revised Statutes, as amended from time to time.

“Declarant” shall have the meaning set forth in the Declaration.

“Declaration” shall mean that certain Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Verde River (formerly known as Tegavah) recorded contemporaneously herewith, together with amendments and modifications thereof from time to time.

“Extended Family Members” shall mean the parents, children who do not fall within the definition of Immediate Family Member, grandparents and grandchildren of the member and spouse and the spouses of such extended family members, and siblings of the Immediate Family Member(s).

“Founders Member” or **“Founders Sub-Member”** is a term used to refer to a Sub-Member under a Community Membership Agreement that became a member of the Association acquiring the Community Membership on or before January 1, 2015.

“Golf Memberships” shall mean the membership categories of Proprietary, Seasonal, Invitational, Associate, and Designate, as set forth on Exhibits “A”, “B”, “D”, “E” and “H”.

“Immediate Family Members” shall mean the spouse of an individual Member and all children twenty-four (24) years and younger of either the Member or the Member’s spouse. If a Member is unmarried, the Member may designate one other person who is living with such Member on a permanent basis in the residence in addition to children of the Member as an adult Immediate Family Member.

“Including” shall mean including, but not limited to.

“Member” shall mean each person or entity that Club Owner issues Club Memberships to from time to time, on such terms and conditions as determined in the sole and absolute discretion of Club Owner.

“Membership” shall reference the parameters, privileges and responsibilities conveyed to the Members to whom the Club Owner issues Club Memberships from time to time, on such terms and conditions as determined in the sole and absolute discretion of Club Owner.

“Planned Community” shall mean a development(s) established within the Club Property pursuant to Chapter 16, Title 33, Arizona Revised Statutes, as amended from time to time.

“Public Records” shall mean the Official Records of the Maricopa County Recorder, Maricopa County, Arizona.

“Sub-Member” shall mean each owner or member of an Association that holds a Community Membership.

“Sub-Membership Rights” shall mean non-exclusive license rights deriving from a property owner’s association entity Community Membership which provides for each Sub-Member to utilize the Club Facilities as provided in the Club Membership Plan. Sub-Members shall have no rights independent of the rights provided under the Community Membership.

“Timeshare” shall mean a timeshare interest(s) or timeshare property(s) established within the Club Property pursuant to Chapter 20, Title 33, Arizona Revised Statutes, as amended from time to time.

EXHIBIT 1
LEGAL DESCRIPTION
OF THE INITIAL CLUB REAL PROPERTY

EXHIBIT "A"

Special Provisions Pertaining to Proprietary Members

PRIVILEGES OF PROPRIETARY MEMBERSHIP

A Proprietary Membership shall entitle the Member to use all of the Club Facilities, with the following special privileges: (a) use of the golf course without payment of greens fees - Member will be required to pay cart fees or trail fees; (b) the right to reserve tee times ten (10) days in advance of the day of play; (c) guest privileges for use of the golf course for guests accompanied or un-accompanied by a sponsoring Member upon payment of guest greens and cart fees; (d) the opportunity to participate in Member-Only golf and social events; and (e) preferred selection of individual locker.

AVAILABILITY

Proprietary Memberships are available only to owners and residents within the Community

PAYMENT OF ANNUAL DUES

Proprietary Members shall pay dues on the first day of the month at a monthly rate equal to 1/12th of the Annual Dues.

FAMILY PRIVILEGES

A Member may elect to add use of the golf course a spouse, domestic partner, or other person who would otherwise qualify as an Immediate Family Member as defined by the Club Membership Plan (a maximum of three additional members allowed) with the payment of an additional 25% of Membership dues. Once activated, these golf course privileges are considered active for a period of a minimum of twenty-four (24) months and will be automatically renewed thereafter on an annual basis. All other Immediate Family Members or Extended Family Members may use the golf course upon payment of preferred fees.

CONVERSION

A Proprietary Member may convert to a Seasonal Membership based on eligibility with the payment of the difference between the applicable initiation fee at the time of conversion and what was paid originally for the Proprietary Membership.

RESIGNATION

Upon resignation, a Proprietary Member is eligible to receive 75% of the current sales price up to 100% of what was paid once the membership has been re-issued as defined within the Membership Plan.

LIMITS ON PROPRIETARY MEMBERSHIPS

The initial limit on Proprietary Memberships, Seasonal Memberships, Invitational Memberships, Designate Memberships, and Associate Memberships is collectively four hundred (400) Memberships.

The provisions included on this Exhibit are part of the Club Membership Plan. Proprietary Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "B"

Special Provisions Pertaining to Seasonal Members

PRIVILEGES OF SEASONAL MEMBERSHIP

A Seasonal Membership shall entitle the Member to use all of the Club Facilities, with the following special privileges from November 1 each year continuing through April 30: (a) use of the golf course without payment of greens fees - Member will be required to pay cart fees or trail fees; (b) the right to reserve tee times ten (10) days in advance of the day of play; (c) guest privileges for use of the golf course for guests accompanied or unaccompanied by a sponsoring Member upon payment of guest greens and cart fees; (d) the opportunity to participate in Member-Only golf and social events; and (e) preferred selection of locker.

AVAILABILITY

Seasonal Memberships are available only to owners and residents within the Community who reside in the Community less than one hundred eighty-three (183) days per calendar year, as attested by affidavit to the Club. In the event the residency limitations are exceeded, the Seasonal Membership shall automatically be converted to a Proprietary Membership at which time the provisions of Exhibit "A" shall apply to the converted Seasonal Membership.

PAYMENT OF ANNUAL DUES

Seasonal Members shall pay monthly dues on the first day of the month from November 1 of each year continuing through April at a monthly rate of 160% of the Proprietary Membership monthly dues (Annual Proprietary Membership Dues divided by twelve (12)). Seasonal Members shall pay no monthly dues for the months of May of each year continuing through the month of October.

FAMILY PRIVILEGES

A Member may elect to add use of the golf course a spouse, domestic partner, or other person who would otherwise qualify as an Immediate Family Member as defined by the Club Membership Plan (a maximum of three additional members allowed) with the payment of an additional 25% of Membership dues. Once activated, these golf course privileges are considered active for a period of a minimum of twenty-four (24) months and will be automatically renewed thereafter on an annual basis. All other Immediate Family Members or Extended Family Members may use the golf course upon payment of preferred fees.

CONVERSION

A Seasonal Member may convert the Seasonal Membership to a Proprietary Membership at any time, provided the Seasonal Member is in good standing with the Club at the time of conversion, with no additional Membership Initiation Fees or conversion costs. Upon conversion, the provisions of Exhibit "A" shall apply to the converted Seasonal Membership.

RESIGNATION

Upon resignation, a Seasonal Membership shall be treated as a resigned Seasonal Membership as detailed in the Resignation & Reissuance section of the Membership Plan. Seasonal Members may choose to treat the Seasonal Membership as a Proprietary Membership as it relates to the reissuance of memberships on the “two new, one existing” basis, however in doing so the seasonal Member will be refunded based on 75% of the Proprietary Membership, not the Seasonal Membership. Once resigned, the Club maintains no obligation to allow the purchase of a Seasonal Membership to the future homeowner of the lot of the resigning Seasonal Member.

LIMITS ON SEASONAL MEMBERSHIPS

The limit on Golf Memberships is expected to be collectively four hundred (400) Memberships. The limit on Seasonal Memberships is expected to be fifty (50) Memberships. These limits shall be determined and amended by the Club Owner from time to time, and at any time, in its sole and absolute discretion.

The provisions included on this Exhibit are part of the Club Membership Plan. Seasonal Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "C"

Special Provisions Pertaining to Social Members

**PRIVILEGES
OF SOCIAL
MEMBERSHIP**

A Social Membership shall entitle the Member to use all non-golf related Club Facilities with the following special privileges, subject to availability: (a) the right to reserve tee times for a total of twelve (12) rounds of golf per Member and each Immediate Family Member during the months of May through October, three (3) days in advance, with payment of guest greens fees and cart fees; and (b) the opportunity to participate in Member-Only social events.

**PAYMENT OF ANNUAL
DUES**

Social Members shall pay dues on the first day of the month at a monthly rate equal to 1/12th of the Annual Dues.

CONVERSION

A Social Member may upgrade to an Associate or Invitational Membership based on availability with the payment of the difference between the applicable initiation fee at the time of conversion and what was paid originally for the Social Membership. A Social Member who purchases a home in an Association which has a Community Membership in the Club will not be required to pay the sub-membership initiation fee and will be converted to the Community sub-membership.

RESIGNATION

Upon resignation, a Social Member is eligible to receive 75% of the current sales price up to 100% of what was paid once the membership has been re-issued as defined within the Membership Plan.

AVAILABILITY

Social Memberships are available to any person.

**LIMITS ON SOCIAL
MEMBERSHIPS**

The initial limit on Social Memberships shall be two hundred (200) members, not including social Sub-Membership Rights included in a Community Membership.

The provisions included on this Exhibit are part of the Club Membership Plan. Social Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "D"

Special Provisions Pertaining to Invitational Members

PRIVILEGES OF INVITATIONAL MEMBERSHIP

An Invitational Membership shall entitle the Member to use all of the Club Facilities, with the following special privileges: (a) use of the golf course without payment of greens fees - Member will be required to pay cart fees or trail fees; (b) the right to reserve tee times ten (10) days in advance of the day of play; (c) guest privileges for use of the golf course for guests accompanied or un-accompanied by a sponsoring Member upon payment of guest greens and cart fees; (d) the opportunity to participate in Member-Only golf and social events; and (e) preferred selection of individual locker.

AVAILABILITY

Invitational Memberships are available only to persons residing outside the Community

PAYMENT OF ANNUAL DUES

Invitational Members shall pay dues on the first day of the month at a monthly rate equal to 1/12th of the Annual Dues.

FAMILY PRIVILEGES

A Member may elect to add use of the golf course a spouse, domestic partner, or other person who would otherwise qualify as an Immediate Family Member as defined by the Club Membership Plan (a maximum of three additional members allowed) with the payment of an additional 25% of Membership dues. Once activated, these golf course privileges are considered active for a period of a minimum of twenty-four (24) months and will be automatically renewed thereafter on an annual basis. All other Immediate Family Members or Extended Family Members may use the golf course upon payment of preferred fees.

CONVERSION

An Invitational Member may convert to a Proprietary or Seasonal Membership based on eligibility with the payment of the difference between the applicable initiation fee at the time and what was paid originally for the Invitational Membership. If the fee paid for the Invitational Membership was greater than the initiation fee for the new membership in place at the time of transfer, the Invitational Member may be refunded an amount equal to 75% of the difference, not to include the amount which will be applied to the Community sub-membership fee. An Invitational Member who purchases a home in an Association which has a Community Membership in the Club will not be required to pay the sub-membership initiation fee and will be converted to the Community sub-membership, so long as the amount paid for the Invitational membership exceeds the total of the Proprietary/Seasonal membership and the Community sub-membership combined. In the case in which it does not exceed the total, the converting member will be required to pay the difference.

RESIGNATION

Upon resignation, an Invitational Member is eligible to receive 75% of the current sales price up to 100% of what was paid once the membership has been re-issued as defined within the Membership Plan.

**LIMITS ON
INVITATIONAL
MEMBERSHIPS**

The initial limit on Proprietary Memberships, Seasonal Memberships, Invitational Memberships, Designate Memberships, and Associate Memberships is collectively four hundred (400) Memberships.

The provisions included on this Exhibit are part of the Club Membership Plan. Invitational Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "E"

Special Provisions Pertaining to Associate Members

PRIVILEGES OF ASSOCIATE MEMBERSHIP

An Associate Membership shall entitle the Member to use all of the Club Facilities, with the following special privileges: (a) use of the golf course without payment of greens fees - Member will be required to pay cart fees or trail fees, (b) the right to reserve tee times ten (10) days in advance of the day of play; (c) guest privileges for use of the golf course for guests accompanied or un-accompanied by a sponsoring Member upon payment of guest greens and cart fees; (d) the opportunity to participate in Member-Only golf and social events, and (e) preferred selection of individual locker. Associate Memberships shall be subject to recall by the Club as a class prior to recall of resident-only Memberships.

AVAILABILITY

Associate Memberships are available only to persons residing outside of the Community

PAYMENT OF ANNUAL DUES

Associate Members shall pay dues on the first day of the month at a monthly rate equal to 1/12th of the Annual Dues.

FAMILY PRIVILEGES

A Member may elect to add use of the golf course a spouse, domestic partner, or other person who would otherwise qualify as an Immediate Family Member as defined by the Club Membership Plan (a maximum of three additional members allowed) with the payment of an additional 25% of Membership dues. Once activated, these golf course privileges are considered active for a period of a minimum of twenty-four (24) months and will be automatically renewed thereafter on an annual basis. All other Immediate Family Members or Extended Family Members may use the golf course upon payment of preferred fees.

CONVERSION

An Associate Member may convert to an Invitational membership based on availability with the payment of the difference between the fee paid for the Associate membership and the fee required for the Invitational membership at the time of the conversion. An Associate Member may convert to a Proprietary or Seasonal Membership based on eligibility with the payment of the difference between the applicable initiation fee at the time and what was paid originally for the Associate Membership. If the fee paid for the Associate Membership was greater than the initiation fee for the new membership in place at the time of transfer, the Associate Member may be refunded an amount equal to 75% of the difference, not to include the amount which will be applied to the Community sub-membership fee. An Associate Member who purchases a home in an Association which has a Community Membership in the Club will not be required to pay the sub-membership initiation fee and will be converted to the Community sub-membership, so long as the amount paid for the Associate membership exceeds the total of the Proprietary/Seasonal membership and the Community sub-membership combined. In the case in which it does not exceed the total, the converting member will be required to pay the difference.

RESIGNATION

Upon resignation, an Associate Member is eligible to receive 75% of the current sales price up to 100% of what was paid once the membership has been re-issued as defined within the Membership Plan.

RECALL

Associate memberships may be recalled at any time by the Club, typically on a first-in, last-out basis (though the method used is at the complete discretion of the Club). Upon recall, 100% of the initiation fee paid will be refunded.

LIMITS ON ASSOCIATE MEMBERSHIPS

The initial limit on Proprietary Memberships, Seasonal Memberships, Invitational Memberships, Designate Memberships, and Associate Memberships is collectively four hundred (400) Memberships.

The provisions included on this Exhibit are part of the Club Membership Plan. Associate Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "F"

Special Provisions Pertaining to Community Members

**PRIVILEGES
OF COMMUNITY
MEMBERS**

A Community Membership includes Sub-Membership use rights for every owner in the Community and member of the association. The Community Membership shall provide, at a minimum, non-exclusive license rights for every owner in the Community and member of the Association equivalent to the level of Social Members, together with such additional privileges as may be granted by Club Owner from time to time.

**MEMBERS CHARGES FOR
COMMUNITY MEMBERS**

The Association's Community Member Club Initiation Fees and Member Charges shall be determined as set forth in the Declaration and the Club Provisions. Additional Community Memberships, if issued by the Club Owner, shall be treated in substantially the same manner as set forth for the Association in the Declaration and the Club Provisions.

**LIMITS ON SUB-
MEMBERS**

There is no current limit on Community Memberships or the number of Sub-Members. The currently anticipated number of Sub-Members is approximately one thousand three hundred (1,300) Sub-Members.

The provisions included on this Exhibit are part of the Club Membership Plan. Community Members and Sub-Members should consult the body of the Club Membership Plan and the Club Provisions, in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "G"

Special Provisions Pertaining to Honorary Members

PRIVILEGES OF HONORARY MEMBERSHIP	The Privileges for each Honorary Membership shall be set forth by the Club in a Terms and Conditions Addendum on a member by member basis, which Privileges may be revised by the Club in its discretion from time to time. The Terms and Conditions Addendum may vary for each Honorary Membership.
INITIATION FEE	As determined by the Club
ANNUAL DUES	As determined by the Club
AVAILABILITY	Honorary Memberships may be issued to any person or position (e.g., the President of the PGA) at the Club's discretion.
CONVERSION	An Honorary Membership may not convert to any other Membership category without permission from the Club.
REVOCAION/ RESIGNATION	The Club may revoke the Honorary Membership at any time in the discretion of the Club. Upon revocation or resignation, an Honorary Membership shall not be entitled to any payment from the Club.
LIMITS ON HONORARY MEMBERSHIPS	The initial limit on Honorary Memberships is twenty (20) Memberships.

The provisions included on this Exhibit are part of the Club Membership Plan. Honorary Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "H"

Special Provisions Pertaining to Designate Members

PRIVILEGES OF DESIGNATE MEMBERSHIP

A Designate Membership shall be a Proprietary Membership where the primary Member may designate up to three secondary Members with Proprietary Membership privileges. The primary and secondary Member(s) may access all of the Club Facilities, with the following special privileges: (a) use of the golf course without payment of greens fees - Member(s) will be required to pay cart fees or trail fees; (b) the right to reserve tee times ten (10) days in advance of the day of play; (c) guest privileges for use of the golf course for guests accompanied or unaccompanied by a sponsoring Member upon payment of guest greens and cart fees; (d) the opportunity to participate in Member-Only golf and social events; and (e) preferred selection of individual lockers.

AVAILABILITY

Designate Memberships are available only to primary and secondary Members who are joint or multiple owners within the Community and who reside in the Community.

PAYMENT OF ANNUAL DUES

The Primary Member shall pay annual dues applicable to a Proprietary Membership. The Designate Member (maximum three) shall pay 100% of the annual dues applicable to a Proprietary Membership.

FAMILY PRIVILEGES

A Member may elect to add use of the golf course by a spouse or domestic partner to the Member's membership privileges with the payment of an additional 25% of Membership dues. Once activated, these spouse/domestic partner golf course privileges are considered active for a period of a minimum of twenty-four (24) months and may be renewed thereafter on an annual basis. All other Immediate Family Members or Extended Family Members may use the golf course upon payment of preferred fees.

CONVERSION

The primary Member may convert a Designate Membership to a Proprietary Membership at any time, provided upon conversion the secondary Member Membership privileges terminate. Alternatively, the primary Member may convert a Designate Membership into multiple Proprietary Memberships, one for the primary Member and one for each or any of the secondary Members, provided the secondary Members meet the availability requirement for a Proprietary Membership, upon the payment of a Proprietary Membership Initiation Fee for each secondary Member at the amount applicable at the time of acquisition of the original Designate Membership. Both the primary Member and the secondary Members must be in good standing with the Club at the time of conversion. Upon conversion, the provisions of Exhibit "A" shall apply to the converted Membership(s). A secondary Member may not convert a Designate Membership.

RESIGNATION

A primary Member may resign the Designate Membership. Upon receipt of a resignation by the primary Member of the Designate Membership, all member privileges of the primary Member and each secondary Member shall terminate. A resigned Designate Membership shall be treated as if it were a resigned Proprietary Membership, with any refund payable solely to the primary Member. A Secondary Member may not resign the Designate Membership, but may resign as a Secondary Member. Upon receipt of a resignation by a Secondary Member, the resigning Secondary Member's member privileges shall terminate and the annual dues of the primary Member shall be adjusted accordingly. No refund shall be payable to a Secondary Member upon resignation.

LIMITS ON DESIGNATE MEMBERSHIPS

The initial limit on Proprietary Memberships, Seasonal Memberships, Invitational Memberships, Designate Memberships, and Associate Memberships is collectively four hundred (400) Memberships.

The provisions included on this Exhibit are part of the Club Membership Plan. Designate Members should consult the body of the Club Membership Plan in addition to this Exhibit for the terms and conditions of Membership in the Club.

EXHIBIT "I"

CLUB MEMBERSHIP FEE SCHEDULE

Membership Fees are reviewed in detail in the accompanying "Membership Fee Schedule" document. For complete information on current fees for the Club, please consult this document.

ALL FEES, CHARGES AND DUES ARE SUBJECT TO CHANGE AT ANY TIME AND FROM TIME TO TIME IN ACCORDANCE WITH THE CLUB MEMBERSHIP PLAN.