



MEMBERSHIP PLAN

AMENDED & RESTATED

May 2013

PINE CANYON CLUB
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November 2002,
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March 2012, April 2013

MEMBERSHIP FEATURES AND FACILITIES

INTRODUCTION

This Membership Plan, the Rules and Regulations and the Membership Agreement or Membership Application and Agreement, as the case may be, set forth the rights and privileges of the memberships in Pine Canyon Club (the "Club") issued hereunder. The Club reserves the right to amend, modify or supplement the Membership Plan and the Rules and Regulations in its discretion.

MEMBERSHIP OPPORTUNITY

This Membership Plan describes the refundable membership opportunities at the Club. The Club is a private country club, within the Pine Canyon residential community in Flagstaff, Arizona (the "Community"), featuring exceptional golf, tennis, swimming, spa, health and fitness and social facilities.

CLUB FACILITIES

The "Club Facilities" that are available to members, their families and guests include the following:

- 19-hole championship golf course designed by the critically acclaimed golf course architect Jay Morrish;
- Driving range, practice chipping area and putting green;
- Clubhouse featuring a dining room, lounge, golf shop, men's and women's locker rooms, full service spa facility, and health/fitness facility, which includes cardiovascular and weight training equipment, as well as an exercise room;
- Camp Pine Canyon featuring a camp for kids, clubhouse, poolside café with full-service kitchen, synthetic turf field, recreation area and restrooms with lockers;
- Tennis courts; and
- Swimming pools - lap pool with waterslide, kids play pool with water features and shaded toddler pool.

ADDITIONAL CLUB FACILITIES

The Club may, in its discretion, expand, modify, or remove any of the Club Facilities or add additional facilities either on or off-site, as it determines appropriate from time to time, including additional golf facilities. If additional facilities are added to the Club Facilities or the Club Facilities are expanded, the number of memberships issued in the Club may be increased; provided, however, the number of memberships providing full golf privileges will not be increased by more than 200 for each regulation nine holes of private golf added.

Access to additional facilities shall be on such terms as are determined by the Club. The Club may, in its discretion, allow all members or members in one or more categories hereunder to use the additional Club Facilities, increase dues for all members or members in one or more categories of membership hereunder to pay the costs associated with the additional Club Facilities or give members or members in one or more categories hereunder the option to use the additional Club Facilities upon payment of an additional membership deposit, other charge and/or increased membership dues.

ACTIVITIES AND EVENTS

The Club is committed to sponsoring activities and events that are appealing to members, their Immediate Family Members and Extended Family Members (as said terms are defined hereinafter) and guests. The Club will sponsor enrichment, cultural and educational programs and activities for all ages. A calendar of activities and events will be made available to the membership.

INTERACTIVE WEB SITE AND NEWSLETTER

The Pine Canyon Club web site, www.pinecanyon.net, enables members to obtain up-to-date Club information and to make reservations to use Club Facilities and services. An e-newsletter containing Club news and other items of interest will be disseminated periodically to all members requesting receipt thereof. In addition, a Club newsletter will be published from time to time.

MEMBER CONCIERGE

A Member Concierge will receive be available to members to provide business services, including facsimiles, copies and overnight delivery, restaurant reservations, tickets to sporting and cultural events, tour and excursion booking, information about activities available in the local area and other types of assistance. The concierge service is included with the membership, but any cost of services procured through the Member Concierge will be charged to the member.

OWNERSHIP AND OPERATION OF CLUB FACILITIES

TLC PC Golf, LLC, an Arizona limited liability company (the "Owner"), owns the Club Facilities and the related land upon which they have been developed. The Owner has leased the Club Facilities and related land to PC Golf, LLC, an Arizona limited liability company and an affiliate of the Owner (the "Company"), pursuant to a lease agreement between the Owner and the Company (as said lease agreement may be amended, modified or supplemented from time to time, the "Lease"). The Company operates the Club Facilities. Where this Membership Plan refers to the "Club" making a decision or otherwise taking action, the reference shall be deemed to be to the Company and/or its designees doing business as the Pine Canyon Club. Other references to the "Club" herein shall mean Pine Canyon Club.

MEMBERSHIP CATEGORIES AND PRIVILEGES

CATEGORIES OF MEMBERSHIP

The Club is offering a limited number of refundable memberships in the following categories under this Membership Plan: Summit Memberships (formerly known as Golf Memberships) and Alpine Memberships (formerly known as Sports Memberships). The Club also offers non-refundable Summit Memberships, Non-Resident Summit Memberships, Alpine Memberships, Young Professional Memberships, Non-Resident Young Professional Membership and Social Memberships under the Other Plan (as said term is defined hereinafter).

The Club may offer certain other memberships and use privileges as described in the "Other Memberships and Use Privileges" section of this Membership Plan.

SUMMIT MEMBERSHIP

Each person who acquires a Summit Membership will be entitled to use all of the golf, tennis, swimming, spa, health and fitness, clubhouse and other social facilities of the Club. Summit Members will not be required to pay greens fees for use of the golf facilities, but will be required to pay applicable golf car and caddie fees. Golf practice range balls are complimentary. Summit Members are not required to pay separate access fees to use the other Club Facilities. Advance sign-up privileges for golf tee times and tennis court times will be determined by the Club from time to time.

ALPINE MEMBERSHIP

Each person who acquires an Alpine Membership will be entitled to use all of the tennis, swimming, spa, health and fitness, clubhouse and other social facilities of the Club, as well as on a limited basis, the golf facilities as further described herein. Alpine Members are permitted to reserve up to three (3) tee times per Membership Year (as said term is defined hereinafter) and must pay a greens fee equal to a percentage, determined by the Club from time to time, of the accompanied guest rate then charged by the Club, as well as applicable golf car and caddie fees when playing golf. The Club may, in its discretion, increase the number of tee times that can be reserved in a Membership Year. The Club also reserves the right to designate the days of the week that Alpine Members can reserve tee times for. Alpine Members may utilize the golf practice range on the days that tee times are reserved and golf practice range balls are complimentary. These members can also play golf as the guest of a member with full golf privileges subject to the Club's guest rules and policies, but the member and each Immediate Family Member is limited to three (3) guest rounds during a Membership Year notwithstanding anything to the contrary in the Rules and Regulations. Alpine Members are not required to pay separate access fees to use the other Club Facilities. Advance sign-up privileges for golf starting times and tennis court times shall be determined by the Club from time to time, except that advance sign-up privileges for tee times will be less than that of other Club members who have full golf privileges.

RULES AND POLICIES

In order to enhance the recreational and social pleasure of members and their guests, the Club reserves the right to establish or modify rules, regulations, policies, guidelines, or systems governing access or reservation of the Club Facilities.

EXCHANGE OF MEMBERSHIP PRIVILEGES

Members who do not desire to retain their full membership privileges may arrange through the Club to exchange their membership privileges and respective dues obligations with those of another member in a different membership category, upon obtaining the approval of the Club and upon payment of any required administrative fee. The right to exchange membership privileges shall be on a Membership Year basis, and shall not affect the exchanging member's rights to their underlying membership other than the payment of dues for the Membership Year in which the exchange occurs. There is no guarantee that members will be able to exchange their membership privileges. The Club may promulgate rules concerning the exchange of membership privileges. Only members may exchange membership privileges with other members.

UPGRADE OF MEMBERSHIP

Alpine Members may be able to upgrade to a Summit Membership hereunder if a Summit Membership is then available and not reserved. In order to upgrade, the Alpine Member shall pay to the Club the difference between the membership deposit then charged for a Summit Membership and the membership deposit previously paid by the member for the Alpine Membership. Because of the limited number of Summit Memberships and the reservation of Summit Memberships, an Alpine Member may not be able to upgrade to a Summit Membership.

NUMBER OF MEMBERSHIPS

LIMIT ON NUMBER OF MEMBERSHIPS

The maximum number of Summit Memberships that can be issued and outstanding is 425. Issued and outstanding non-refundable Summit Memberships, Non-Resident Summit Memberships, Young Professional Memberships and Non-Resident Young Professional Memberships under the Other Plan, count against the foregoing limit. The maximum number of Alpine Memberships that can be issued and outstanding shall be determined by the Club from time to time. Non-refundable Alpine Memberships which are issued and outstanding under the Other Plan count against the foregoing limit on Alpine Memberships. The Club may in its discretion further limit the number of memberships which can be issued and outstanding or reduce the maximum number permitted in a particular category or categories.

FAMILY AND GUEST PRIVILEGES

IMMEDIATE FAMILY PRIVILEGES

A member's Immediate Family Members will be entitled to use the Club Facilities on the same basis as the member. A member's "Immediate Family Members" are defined as the member's spouse or Significant Other (as said term is defined below), and children of either spouse or Significant Other who are unmarried and under the age of 23.

PRIVILEGES FOR INDIVIDUAL LIVING WITH MEMBER

A member living together with another individual ("Significant Other") in the same household may designate the other individual on a Membership Year basis to use the Club Facilities as an Immediate Family Member. The total number of adults who may have immediate family privileges is limited to the member and one other adult per membership. The designated user and member will be required to sign such forms and provide such information concerning the relationship as may be required by the Club from time to time, for the purpose of maintaining the integrity of membership in the Club. The member and the designated user shall be individually and jointly responsible for the payment of all charges and fees incurred by the designated user. The Club reserves the right to establish such fees and other rules it deems appropriate with respect to family unit designated user status. The Significant Other may be changed only one time per Membership Year with the payment of a re-designation fee as determined by the Club.

EXTENDED FAMILY PRIVILEGES

The "Extended Family Members" (herein defined as children of the member, the member's spouse or the member's Significant Other who do not qualify as Immediate Family Members, parents and grandchildren of the member and member's spouse or Significant Other, and the spouses or Significant Others of such family members) are entitled to use the Club Facilities in accordance with the member's privileges. Extended Family Members are not required to pay use fees that would otherwise be charged for guests to access designated Club Facilities provided they are accompanied by the member or an Immediate Family Member, except during certain time periods determined by the Club from time to time. If using the Club Facilities unaccompanied by the member or an Immediate Family Member, an Extended Family Member is required to pay applicable use fees, except during certain off-peak time periods determined by the Club from time to time. Use fees payable by Extended Family Members will be at a preferred rate. The Club reserves the right to require Extended Family Members to be accompanied by the member or an Immediate Family Member in order to use the Club Facilities or selected facilities. Further, the Club reserves the right to restrict access by Extended Family Members to the Club Facilities at times designated by the Club.

GUEST PRIVILEGES

Members may have guests use the Club Facilities in accordance with the member's category of membership, the Rules and Regulations of the Club and the Club's guest policies. 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 will be responsible for the payment of charges incurred but not paid by his or her guests including any applicable daily guest fees established by the Club from time to time. Members will also be responsible for the deportment of their guests.

LESSEE MEMBERSHIP PRIVILEGES

A member who leases his, her or its residence in the Community for a period of six months or longer may designate the lessee of the residence as the beneficial user of the membership, subject to the approval of the Club. The lessee must submit an Application for Lessee Privileges, must be approved by the Club, and must pay the required administrative fee established by the Club from time to time. During the period when a lessee is the designated user of the membership, the lessor member may if desired by the lessor, elect to pay additional monthly dues and continue to use the Club Facilities as a member. The lessor member will at all times be responsible to the Club for the lessee's membership dues (and the additional dues if elected), as well as all fees and charges incurred by the lessee which are not paid within the customary billing and collection procedures of the Club. The lessor member will be responsible for the actions and conduct of the lessee and his or her family members and guests.

PRIMARY PLAYING TIMES

Although each membership has family and guest privileges, the Club may establish primary playing times during which golf play by Immediate Family Members other than spouses and Significant Others, Extended Family Members and, in the Club's discretion guests, may be restricted, to best manage golf play and the overall member experience during peak play periods. The Club may designate times when only members and their spouses or Significant Others and, in the Club's discretion guests, may play golf notwithstanding any provision herein. Entry into Club tournaments may also be restricted.

CERTAIN RESPONSIBILITIES OF A MEMBER

Each member shall be responsible for the payment of all charges and fees incurred by, and the actions and conduct of, the member's Immediate Family Members, Extended Family Members and guests. When a membership is issued in the name of more than one person, each person will be jointly and severally responsible for all of the obligations associated with the membership.

OFFERING OF MEMBERSHIPS

OFFERING OF MEMBERSHIPS

Available memberships will be offered to initial purchasers of residences or home sites in the Community and such other persons as the Club determines appropriate from time to time.

RESERVED MEMBERSHIPS

All of the unissued 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 sell a reserved membership. The Club may issue a reserved membership to any person which the Club, in its sole discretion, determines appropriate from time to time, including persons who do not own a residence or home site in the Community.

INITIAL PURCHASERS OF RESIDENCES OR HOME SITES

Each initial purchaser of a residence or home site in the Community who desires a refundable membership should apply for and acquire a membership in the Club on or before the date of his or her closing on the residence or home site, provided the Club has a refundable membership for sale. Membership is contingent upon approval by the Club. The number of memberships (refundable and non-refundable) is limited and available memberships will generally be issued on a first-come, first-served basis. The Club shall have the right to reserve memberships for purchasers of selected properties within the Community. Any initial purchaser who does not acquire a membership by the aforesaid date may acquire a membership hereunder at a later date only if one is available and not otherwise reserved by the Club, and only upon payment of the membership deposit which is in effect at the time the membership is acquired. OWNERSHIP OF A RESIDENCE OR HOME SITE DOES NOT GIVE ANY VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE THE CLUB FACILITIES, OR TO ACQUIRE A MEMBERSHIP IN THE CLUB AND DOES NOT GRANT ANY OWNERSHIP OR MEMBERSHIP INTEREST IN THE CLUB OR THE CLUB FACILITIES.

OWNERSHIP OF MULTIPLE RESIDENCES OR HOME SITES

If a person acquires two or more residences or home sites in the Community, the purchaser should acquire a Summit Membership for each residence or home site for which Summit Membership privileges are desired. If the person does not acquire a Summit Membership for each residence or home site, the Club will not guarantee that a Summit Membership will be available for the residence or home site at a later date. Persons who acquire two or more contiguous lots but who construct only one residence may desire only one Summit Membership. If a Summit Membership is not acquired for the contiguous lot and the contiguous lot is subsequently sold, then the purchaser of the contiguous lot must acquire a Summit Membership if the purchaser is to be permitted to use the Club Facilities as a Summit Member. The purchaser of the contiguous lot will be

able to acquire a Summit Membership only if one is available and not reserved and the purchaser has been approved for membership.

MULTIPLE OWNERS OF PROPERTY

In the event a residence or home site in the Community is owned by more than one person other than spouses, only one owner is eligible to obtain a membership, unless otherwise determined by the Club.

WAITING LIST FOR MEMBERSHIP

If a person desires to acquire a membership in a particular category and a membership in that category is not available, the Club will establish a waiting list. Resigned memberships that become available to persons on the waiting list will be offered in accordance with the following order of priorities:

First, to members who desire to upgrade to a higher category of membership;

Second, to property owners in the Community who are not members of the Club; and

Third, to all other eligible persons who desire a membership in the Club.

Resigned memberships that are reissued to the subsequent purchaser of a resigned member's residence or home site or that are repurchased by the Club, as hereinafter provided, do not become available to persons on the waiting list. Notwithstanding the foregoing, the Club reserves the right to make exceptions to the waiting list policy and priorities in its discretion.

MEMBERSHIP HELD IN NAME OF LEGAL ENTITY

For the convenience of members, a membership may be held in the name of a corporation, partnership, trust or other form of multiple ownership (collectively, the "entity"). The entity must designate one individual who will have the right to use the membership (the "Designated User"). The entity may change the Designated User in accordance with the policies of the Club and upon payment of the redesignation fee established by the Club. The entity may change the Designated User to the Designated User's spouse or adult child upon the death of the Designated User, subject to the approval of the spouse or adult child as a Designated User. The Designated User must submit a Membership Application and will be subject to the approval of the Club. The Designated User must be a bona fide director, officer, partner, shareholder, member or employee of the entity, or a beneficiary, trustee or settlor of the entity if the membership is held in the name of a trust, and must pay the required dues and charges. No person other than the Designated User and his or her Immediate Family Members will be entitled to simultaneously use the membership. The Club may establish from time to time the rules governing the Designated User of a membership, including the limit on the number of times the Designated User may be changed. In the event that through one or more transactions and/or assignments, the majority ownership interest in the entity is directly or indirectly transferred to a different party or parties other than the

real party in interest of the entity or the spouse or adult child of such person, the entity is obligated to notify the Club in writing and shall pay to the Club a transfer fee determined by the Club. The provisions of this paragraph are subject to the provisions of the "Additional Designated Users" paragraph below.

ADDITIONAL DESIGNATED USERS

A Summit Member has the ability to add up to two additional designated users under the member's membership (each such additional designated user being referred to herein as an "Additional User"). In the case of a membership held by an individual or by spouses, the proposed Additional User(s) must have a familial relationship with the member or the member's spouse, namely, being a married or adult child over the age of 22, parent, grandparent, brother or sister. In the case of a membership held by an entity, a proposed Additional User must have a relationship with the entity, such as being a director, officer, partner, shareholder, member or employee of the entity. A Summit Member who desires to designate an Additional User under his, her or its membership must provide written notice to the Club to such effect. A proposed Additional User must apply for Additional User status by executing and delivering an Application for Additional User Status in the form provided by the Club and must be approved by the Club. An Additional User enjoys the same membership use privileges as the designating member and must pay the same dues as are paid by the members in the member's category of membership. An Additional User can elect to enjoy Alpine Membership privileges and pay the dues required for this category. The designating Member is responsible for the payment of any dues, fees or charges incurred by an Additional User which become delinquent in accordance with the provisions of the Rules and Regulations. An Additional User's Immediate Family Members and Extended Family Members are entitled to enjoy the same privileges as those of a member in the category in question as provided in this Membership Plan. An Additional User can also enjoy the same guest privileges as the designating member. The member can at any time terminate his, her or its Additional User's(s') privileges as described herein by providing written notice to the Club to such effect. Such privileges shall also terminate upon resignation of the membership in question or expulsion of the member. Upon any suspension of the member who has designated an Additional User, the privileges of the Additional User(s) under the membership in question shall also be suspended for the period of the suspension. A member shall have the right to replace an Additional User who has been terminated with another Additional User upon written request to the Club and subject to the same conditions as are set forth above with the qualification of an initial proposed Additional User. An Additional User can only be changed one time in a given Membership Year. The Club reserves the right to limit Additional User privileges for only one individual per membership and to discontinue all Additional User privileges in its discretion. Each Additional User under a membership shall count as one membership against the limit on the number of memberships in the applicable category as provided for previously. The designation of an individual or individuals to enjoy membership privileges under this paragraph shall not be considered as a membership sale for purposes of refunding resigned members based upon the resale waiting list procedure hereinafter provided for.

MEMBERSHIP DEPOSIT

MEMBERSHIP DEPOSIT REQUIRED TO ACQUIRE MEMBERSHIP

Each person who desires to acquire a membership hereunder will be required to pay a refundable membership deposit determined by the Club from time to time. Membership deposits are not transferable, except as specifically provided in this Membership Plan, and are refundable only in accordance with this Membership Plan, the Rules and Regulations of the Club and the Membership Agreement or Membership Application and Agreement, as the case may be.

SPECIAL ECONOMIC ARRANGEMENTS

The Club reserves the right to make special economic arrangements with prospective members or current members without offering the same terms and conditions to other prospective members or current members, including, but not limited to, providing special discounts or waivers, financing or other incentives to attract or retain members, all as the Club deems to be appropriate in its discretion.

REFUND OF MEMBERSHIP DEPOSIT

The membership deposit paid by a member will be refunded, without interest, within 30 days after the reissuance of the resigned membership (or issuance of a replacement membership, as hereinafter provided), by the Club to a new member, in accordance with the "Transfer of Membership" provision in this Membership Plan.

The membership deposit paid by a member will be refunded, without interest, 25 years after the date the membership is issued by the Club, if the member does not resign within 25 years.

The Club's obligation to the member shall be evidenced by the Membership Agreement or Membership Application and Agreement, as the case may be. Upon the reissuance of a resigned membership to a new member, a new 25-year period for the refund of the membership deposit begins on the date the membership is reissued. The difference, if any, between the amount paid by the new member and the amount refunded to the resigning member will be retained by the Club.

MEMBER MAY CONTINUE MEMBERSHIP AT END OF TWENTY- FIVE YEARS

A refundable member who continues to be a member for 25 years may elect to continue his or her membership at the end of the 25-year period until the member subsequently resigns from the Club by paying the applicable membership dues, fees and charges. Any member who elects to continue his or her membership at the end of the 25-year period will not be counted toward any cap or limits on the total number of members or the number of members in any category.

DEDUCTION OF AMOUNTS OWED TO CLUB

The Club will deduct from any amount to be repaid to the member any amount which the member owes the Club.

TAX CONSEQUENCES OF ACQUIRING MEMBERSHIP

The Club makes no representations and expresses no opinions regarding the federal, state or local income tax consequences of acquiring a membership or with respect to any membership deposits paid to the Club. All persons acquire their membership subject to all applicable tax laws, as the same may be amended from time to time. Accordingly, members should consult with their own tax advisors with respect to the tax consequences of any membership deposits.

TRANSFER OF MEMBERSHIP

TRANSFER OF MEMBERSHIP THROUGH CLUB

A refundable member may resign his, her or its membership and arrange for the Club to reissue the membership. Should a member desire to resign from the Club, the member shall be required to give written notice to the Club. Resignation of a member is irrevocable, unless otherwise determined by the Club. A member may not transfer or sell his or her membership to any person or entity other than the Club.

TRANSFER UPON SALE OF RESIDENCE OR HOME SITE

A member who resigns from the Club upon the sale of his, her or its residence or home site in the Community may arrange for the Club to reissue the membership to the subsequent purchaser of the residence or home site in the Community regardless of whether all of the memberships in that category have been issued and regardless of whether there are any resigned memberships on the resale waiting list. The subsequent purchaser desiring the resigned membership will be required to submit a Membership Application and Agreement, will be subject to the approval of the Club and if approved, will then be required to pay the membership deposit which is then in effect. The subsequent purchaser must acquire the membership within 30 days of the real estate closing.

In the event the subsequent purchaser of a member's residence or home site in the Community elects a category of membership which requires the payment of a membership deposit or initiation fee less than the membership deposit paid by the resigning member, then the resigning member may elect to either (i) place his or her resigned membership on the resale waiting list, or (ii) receive the amount of the membership deposit or initiation fee paid by the subsequent purchaser of his or her residence or home site in full satisfaction of the Club's refund obligation to the member hereunder and under the Membership Agreement or Membership Application and Agreement, as the case may be. The payment shall be made to the member within 30 days after the Club's receipt of the full membership deposit or initiation fee from the incoming member.

TRANSFER THROUGH RESALE WAITING LIST

A resigned refundable membership will be placed on a resale waiting list by category of membership and will be reissued on a first-resigned, first-reissued basis as follows, unless the member arranges for the subsequent purchaser of his or her residence or home site in the Community to acquire his or her membership, subject to the provisions of the "Transfer Upon Sale of Residence or Home Site" paragraph above:

- (a) Prior to the initial sale of all memberships permitted within the "Summit Class" (i.e., refundable Summit Memberships and non-refundable Summit and Non-Resident Summit Memberships), every fourth membership issued in the Summit Class (1 in 4), other than a refundable Summit membership which is reissued to the subsequent purchaser of a member's residence or home site, will be a resigned refundable Summit Membership from the resale waiting list, provided there is a resigned refundable Summit Membership on the resale waiting list. The other three memberships sold will be from the Club's unissued memberships in the Summit Class. This procedure allows the reissuance of resigned refundable Summit Memberships prior to the issuance of all memberships in the Summit Class.
- (b) After the initial sale of all memberships permitted within the Summit Class, each membership sold in that class will be a resigned Summit Membership from the resale waiting list, provided there is a resigned membership on the resale waiting list.
- (c) Prior to the initial sale of all memberships within the "Alpine Class" (i.e., refundable Alpine Memberships and non-refundable Alpine Memberships), every fourth membership issued in the Alpine Class (1 in 4), other than a refundable Alpine Membership which is reissued to the subsequent purchaser of a member's residence or home site, will be a resigned refundable Alpine Membership from the resale waiting list, provided there is a resigned refundable Alpine Membership on the resale waiting list. The other three memberships sold will be from the Club's unissued memberships in the Alpine Class. This procedure allows the reissuance of resigned refundable Alpine Memberships prior to the issuance of all memberships in the Alpine Class.
- (d) After the initial sale of all memberships permitted within the Alpine Class, each membership sold in that class will be a resigned Alpine Membership from the resale waiting list, provided there is a resigned membership on the resale waiting list.

Notwithstanding anything to the contrary contained in this Membership Plan, in the case where a resigned member whose membership is at the head of the resale waiting list is entitled to have his or her membership reissued upon the next membership sale, as provided above, and the incoming member desires a non-refundable membership in the class which corresponds to that of the member whose membership is at the head of the waiting list, the Club will issue a replacement non-refundable membership to the

incoming member and the resigned member will be nonetheless entitled to receive the refund that is payable to the member as provided in this Membership Plan and the member's Membership Agreement or Membership Application and Agreement, as the case may be. The resigned refundable membership will revert back to the Club.

TRANSFER TO NEW PROPERTY WITHIN COMMUNITY

If a member who is a property owner in the Community purchases another residence or home site from the master developer of the Community or its designee, the membership can be transferred to the new residence or home site. Additionally, the purchaser of the member's property in the Community can then acquire a reserved membership for the then prevailing membership deposit or initiation fee, as the case may be, from the Club, if one is available and the purchaser is approved for membership.

If a member who is a property owner in the Community purchases another residence or home site in the Community from a property owner who is not a member, the membership can be transferred to the new residence or home site; however, the purchaser of the member's property can acquire a membership only if one is available and not reserved.

SALE OF RESIDENCE OR HOME SITE IN COMMUNITY

If a member sells his or her residence or home site in the Community, does not resign from the Club and does not acquire another residence or home site in the Community, the Club may recall the membership at any time in its discretion. If the membership is recalled, the member will be entitled to a refund of the membership deposit paid to join the Club within 30 days after the membership is recalled, less any amount owed to the Club. The membership will be added to the Club's reserved memberships.

REPURCHASE OF MEMBERSHIPS UNDER OTHER CIRCUMSTANCES

The Club is not obligated to repurchase a membership under any circumstances, other than the circumstances specifically described in this Membership Plan. The Club may, in its sole discretion, repurchase a resigned membership which is not being transferred to the subsequent purchaser of the resigning member's residence or home site in the Community, on terms agreed to by the Club and the member. Any membership so purchased shall be added to the Club's reserved memberships.

TRANSFER DURING MEMBER'S LIFETIME

A member has the right to request the transfer of his or her membership to the member's spouse, or to an adult child who is approved for membership and who owns property in the Community. On a one-time basis, no additional membership deposit or a transfer fee need be paid for the transfer to a spouse or to an adult child. In the case of the second or any further transfer of the membership to a spouse or to an adult child, a transfer fee in the amount determined by the Club must be paid. The transfer of the membership to a spouse or an adult child shall not be subject to any waiting lists. The

Club may charge an administrative fee in connection with the transfer of the membership pursuant to this provision.

In the event of a transfer of the membership to an adult child, the deceased member's estate shall resign the membership to the Club. The Club will repay to the member the membership deposit previously paid by the member. The member's adult child will then acquire the member's membership from the Club upon payment of the membership deposit previously paid by the member, together with a transfer fee, if applicable. The payments described above shall occur simultaneously. The adult child's membership shall be considered to be a resale acquisition of the membership, and a new 25-year period for repayment of the adult child's membership deposit shall commence.

TRANSFER OF MEMBERSHIP UPON THE DEATH OF A MEMBER

Upon the death of a member, the surviving spouse, if any, may elect: (i) to continue the membership privileges without having to pay any additional membership deposit; (ii) to resign the membership; or (iii) to designate one adult child to acquire the membership without payment of any membership deposit or a transfer fee, subject to the approval of the adult child for membership in the Club, by giving written notice to the Club within 60 days after the death of the member. Failure of the surviving spouse to elect one of said alternatives within the prescribed time period shall be deemed an election to continue the membership privileges. If there is no surviving spouse, and the deceased member has not designated one adult child as the beneficiary of the membership and who is approved for membership in the Club, the children of the member may designate one adult child to acquire the membership without payment of any membership deposit or a transfer fee. In the event there is no surviving spouse, or the surviving spouse does not desire to continue the membership privileges, or there is no adult child who wants to continue membership privileges or who is approved for membership in the Club, the membership will be deemed resigned and will be reissued (or replaced) by the Club on the same basis as any other resigned refundable membership, whereupon the membership deposit paid for the membership will be refunded to the estate of the deceased member. The Club shall have the right to deduct any amount owed to the Club from the amount of the refund. Only one transfer of the membership to an adult child shall be permitted without the payment of any additional membership deposit or a transfer fee. The second and any further transfer of a membership to an adult child shall require the payment of a transfer fee determined by the Club.

In the event of a transfer of the membership to an adult child, the deceased member's estate shall resign the membership to the Club. The Club will repay the deceased member's estate the membership deposit previously paid by the deceased member. The deceased member's adult child will then acquire the deceased member's membership from the Club upon payment of the membership deposit previously paid by the deceased member, together with a transfer fee if applicable. The adult child's membership shall be considered to be a resale acquisition of the membership, and a new 25-year period for repayment of the adult child's membership deposit shall commence. The transfer of the membership to an adult child shall not be subject to any waiting lists.

LEGAL SEPARATION OR DIVORCE

In the event of the divorce or separation of spouses having membership privileges, the membership, including all of its rights and benefits, will vest in the spouse awarded the membership by an agreement of separation or a decree of divorce. In the case of spouses who own property in the Community, the membership, including all of its rights and benefits, will vest in the spouse awarded the residence or home site in the Community. Until the award of the membership and written notice thereof is provided to the Club, both spouses will be jointly and severally liable for all dues and charges and both may continue to enjoy membership privileges so long as such amounts are timely paid. The Club reserves the right, in its sole discretion, not to transfer the membership to either spouse if the Club, in its discretion, is unable to determine the person who is lawfully entitled to receive the membership. In the case of divorce, if the Club has been unable to determine which spouse is legally entitled to the membership within six months after the date of the divorce decree, the membership shall automatically be deemed resigned in the Club's discretion.

DUES AND CHARGES

DUES, FEES AND CHARGES

The Club will determine the amount of dues, fees and charges to be payable by members each year. Dues shall be payable on a monthly basis on or before the first day of each month, unless otherwise determined by the Club from time to time. The current dues, fees and charges for use of the Club Facilities are indicated on the Schedule of Dues, Fees and Charges. The amount of dues, fees and other charges is subject to change from time to time by the Club.

Payment of dues by members is a continuing obligation of membership, which is not dependent upon the availability of all of the Club Facilities or the frequency of use. Repair, maintenance and/or construction or remodeling of any of the Club Facilities and/or other occurrence or event (including, without limitation, acts of God, natural disasters, pestilence, weather, disease, other unanticipated cause, or requirements imposed by governmental authorities), whether within or beyond the control of the Club, may make it necessary for the Club to change the hours of use, or to restrict the use of one or more of the Club Facilities, or portions thereof, or to close the Club temporarily. Dues shall not be reduced or suspended during the time when the Club Facilities, in whole or in part, are not available.

NO ASSESSMENTS AGAINST MEMBERS

Members will only pay membership dues, fees and other charges established from time to time. Members will not be subject to any liability for capital or operating assessments for the costs and expenses of ownership or operation of the Club or the Club Facilities unless and until the Club is converted to an equity club. The Company will pay all operating deficits incurred in the operation of the Club Facilities and will retain all operating revenues resulting from operation of the Club Facilities. Annual increases in

dues shall not be deemed an assessment for purposes of this provision. Dues may only be increased once per year. The budget and the calculation of the dues may include a reserve for capital replacements and improvements and this shall not be deemed an assessment for purposes of this provision.

MEMBERSHIP YEAR

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

PAYMENT OF DUES BY RESIGNED MEMBER

A resigned refundable member shall be obligated to continue to pay dues, fees and other charges associated with the resigned membership until the earlier of: (i) the reissuance of the membership by the Club (or the issuance of a replacement membership as provided previously), or (ii) 24 months from the date of resignation, except that members who acquired their membership prior to May 2006 shall only be obligated to pay dues for a maximum of 12 months following the date of resignation. A resigned member shall be permitted to use the Club Facilities as long as the dues, fees and other charges continue to be paid by the resigned member. In the event that there are any amounts owing to the Club by a resigned member which are past due, the Club reserves the right to move the resigned membership to the bottom of the resale waiting list until such amounts have been paid in full.

ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS

MEMBERS' ACKNOWLEDGMENT

Membership in the Club does not give a member an equity or ownership interest in the Owner, the Club or the Club Facilities or a vested or prescriptive right or easement to use the Club Facilities. A member only acquires a revocable license to use the Club Facilities in accordance with the terms and conditions of this Membership Plan and the Rules and Regulations and the Membership Agreement or Membership Application and Agreement, as the case may be, as the same may be amended, modified or supplemented from time to time. All rights and privileges of members under this Membership Plan, the Rules and Regulations and the Membership Agreement or Membership Application and Agreement, are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time. The Club reserves the right to amend, modify or supplement this Membership Plan and the Rules and Regulations, including without limitation, the Club Facilities available to members and the use privileges of members, to add, issue or modify any type, category or class of membership, to recall any membership at any time for any or no reason whatsoever and to convert the Club into a membership-owned club.

Each of the Owner and the Club, on its own behalf and on behalf of its successors and assigns, reserves the right to sell, merge, assign, convey, transfer or otherwise dispose of

any or all of its right, title and interest in the Club Facilities to any party or parties, subject to the provisions of the "Member Protections if Owner Desires to Sell Club Facilities" paragraph hereinafter.

In the event that the Club sells its interest in the Club Facilities and the buyer assumes liability for the repayment of the appropriate membership deposit as provided in the Membership Agreement or Membership Application and Agreement, as the case may be, the member shall look solely to the new owner for repayment of the membership deposit and the seller shall be released from all liability for the repayment thereof. In the event of a sale of the Club Facilities, the buyer shall take title subject to the terms and provisions of the then existing Membership Plan and the Other Plan.

NO PLEDGE OF MEMBERSHIPS

A 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.

MEMBERSHIP PROCESS

APPLICATION PROCEDURE

Each person who desires to become a member must mail or deliver to the Membership Office a fully completed and signed Membership Application and Agreement.

REVIEW OF MEMBERSHIP APPLICATION AND AGREEMENT

All applicants desiring a membership must be approved by the Club. The Club may require an interview with the membership staff, and/or other designees of the Club. After receiving the Membership Application and Agreement, the Club will determine whether the applicant has satisfied the relevant conditions of membership. Upon approval of the Membership Application and Agreement, other membership related documents required by the Club must be submitted along with a check for the applicable membership deposit payable.

RIGHTS GOVERNED BY MEMBERSHIP PLAN

The members agree to be bound by the terms and conditions of this Membership Plan and the Rules and Regulations, as amended, modified or supplemented from time to time, and irrevocably agree to fully substitute the membership privileges acquired pursuant to this Membership Plan and Rules and Regulations, as the same may be amended, modified or supplemented from time to time, for any present or prior rights in or to use of the Club Facilities.

OTHER MEMBERSHIPS AND USE PRIVILEGES

HONORARY MEMBERSHIPS

The Club may issue a limited number of Honorary Memberships in the Club to such persons or companies as the Club determines appropriate from time to time. These Honorary Memberships will be in addition to all other memberships and will be available on such terms and conditions and afford such privileges as the Club determines. Following an equity conversion, the terms of an Honorary Membership cannot be changed nor can the membership be terminated without the written consent of the Honorary Member, unless otherwise provided in the agreement relating to the Honorary Membership in question..

LIMITED MEMBERSHIP

The Club may in the future offer a membership providing access to all of the Club Facilities, but with weekday only access to the golf facilities and otherwise, on such terms and conditions as the Club may determine. These memberships will not count against any limit on the number of memberships permitted in the Club.

ANNUAL MEMBERSHIP

The Club reserves the right to issue annual memberships on such terms and conditions as are determined by it. Annual memberships will provide generally the same membership use privileges as Summit Memberships. These memberships will not count against any limit on the number of memberships permitted in the Club.

PROMOTIONAL USE AND TOURNAMENT OR GROUP PLAY

The Club will have the right to designate other persons who will not count toward membership limits, including, without limitation, officers, directors, partners, shareholders, employees and designees of the Company 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. The Club will also have the right to permit prospective members and purchasers of residences or home sites in the Community, as well as designated short-term lessees staying in members' residences within the Community, to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club. The Club reserves the right, in its sole and absolute discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, tournament or group play, outings, receptions and other special events from time to time.

OTHER PLAN

There is another membership plan pursuant to which memberships in the Club will be issued (as amended, modified or supplemented from time to time, the "Other Plan"). The Other Plan provides for the issuance of, among other categories of membership, non-refundable summit memberships and young professional memberships. These

memberships provide essentially the same privileges as the Summit Memberships issued hereunder. The Other Plan also provides for the issuance of non-refundable alpine memberships, which memberships provide essentially the same privileges as Alpine Memberships issued hereunder.

CLUB OPERATIONS

MANAGEMENT AND OPERATION

The Company is the owner of a leasehold interest in the Club Facilities and will manage and operate the Club Facilities. As a result, the Company and its designees are solely responsible for the government and administration of the Club Facilities and the Club and will have the exclusive authority to accept members, set membership deposits, dues, fees and charges, establish rules and regulations and control the management and affairs of the Club Facilities and the Club. The Club also reserves the right to engage one or more professional management companies to operate the Club Facilities and the Club.

BOARD OF GOVERNORS

The Club may establish an advisory Board of Governors comprised of members whose purpose includes fostering good relations between the members and management of the Club, providing the Club with input on programs, plans and activities of the Club, and advising on the Club's policies and rules and regulations. The management of the Club shall meet with the Board of Governors on a periodic basis to discuss the operation of the Club Facilities. 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. The management of the Club will have the final authority on all matters concerning the Club Facilities and the members of the Club.

CLUB COMMITTEES

The Club may establish Golf Committees, Tennis Committees, a Social Committee and other appropriate committees. All of the members of these committees, including the chairperson, will be appointed by the Club for specific terms as determined by the Club from time to time. The management of the Club will meet with these committees on a regular basis to discuss member programs and events at the Club. Each of the committees will act only in an advisory capacity and will not have any duty or authority to act on behalf of the members or the Club.

CONVERSION TO EQUITY MEMBER-OWNED CLUB

POSSIBLE EQUITY CONVERSION

The Club, on behalf of the Owner, has reserved the right to convert Pine Canyon Club to an equity member-owned club in its discretion, but there is no obligation to do so.

Control of the equity club will be retained by the Owner until all equity memberships are sold, or earlier in the discretion of the Owner if the equity club is operating without a deficit. The Lease will be terminated if the Club is converted to an equity club.

GUARANTEED AVAILABILITY OF EQUITY MEMBERSHIP

If and when the Club is converted to an equity, member-owned club, existing members of the Club who own property in the Community and who desire to convert will be guaranteed the availability of an equity membership in the corresponding equity category during an initial offering period of not less than 60 days after the date equity memberships are first offered.

EXISTING MEMBERS WHO DO NOT CONVERT

Members who choose not to convert to equity membership may continue their membership privileges as non-equity members in the same category of membership, but non-equity memberships are subject to recall on a last-in, first recalled basis in order to issue an equity membership without exceeding the limit on the number of memberships in the equity club or due to reduced membership limits. The recalled member will be entitled to a refund of the membership deposit paid within 30 days of the effective date of the recall, less any amounts owed to the equity club.

If the subsequent purchaser of a resigned non-equity member's residence or home site in Pine Canyon desires membership privileges in the equity club, the subsequent purchaser must acquire an equity membership and will be guaranteed the availability of an equity membership in the equity category which corresponds to the non-equity member's for a period of 30 days after the date of the resignation. The subsequent purchaser must be approved for membership and must pay the required membership contribution for the equity membership. In the case of the death of a non-equity member, if there is no surviving spouse or the surviving spouse does not desire to continue the membership privileges, the membership will be deemed resigned.

GUARANTEED EQUITY MEMBERSHIP PAYMENT

The amount of the membership contribution to be paid by a member for an equity membership in the corresponding category of equity membership is determined when the member executes and delivers the Membership Application and Agreement to the Membership Office. The amount of the membership contribution will be guaranteed, provided the member acquires an equity membership during the initial offering period referred to above. The required membership contribution is set forth in the member's Membership Agreement or Membership Application and Agreement, as the case may be, and will include an adjustment based on the increase in the Consumer Price Index from the time of acquisition of the membership to the conversion to an equity club.

REFUND OF MEMBERSHIP DEPOSIT/CONTRIBUTION

The conversion of the Club to an equity member-owned club would change the Club's obligation to refund the membership deposit. Those members who choose to remain as

non-equity members will continue to have their membership deposit refunded at the earlier of (i) 25 years after the date the membership is issued by the Club, or (ii) within 30 days after resignation by the member and sale of a new equity membership (versus reissuance of the resigned membership as provided hereinabove). The equity club entity will be responsible for making the refund and not the Club.

With respect to those members who convert to equity membership, the amount to be refunded upon resignation of the equity membership would be the greater of (i) eighty-percent (80%) of the then current membership contribution for the category in question, or (ii) the amount paid for the equity membership (including the credit for the membership deposit previously paid), but not to exceed the then current membership contribution for the category in question.

EFFECTIVENESS OF EQUITY PLAN

Should the Owner determine to convert the Club to an equity member-owned club and, following the initial offering period, a satisfactory number of equity memberships have not been acquired in the Owner's sole discretion, the Owner may rescind the equity conversion and terminate the Equity Membership Plan. Upon such rescission and termination, prospective equity members will be entitled to a refund of the amount they paid in respect of the purchase of an equity membership. In the case of existing members, the refund shall be of the additional amount, over and above the membership deposit, paid for the equity membership. In the event of rescission and termination of the Equity Membership Plan, existing members shall continue as non-equity members under the Membership Plan and the Rules and Regulations then existing, as they may be amended from time to time. Furthermore, the members shall not be entitled to a right of first offer as hereinafter provided in the "Member Protections if Owner desires to Sell Club Facilities" paragraph. The Owner reserves the right to introduce a new equity membership program in the future based on terms and conditions determined by it in its discretion.

MEMBER PROTECTIONS IF OWNER DESIRES TO SELL CLUB FACILITIES

If the Owner desires to sell its interest in the Club Facilities, the Owner shall be required to present the members of the Club with an offer to sell the Club Facilities. The sales procedure will be as follows:

- (a) In the event the Owner determines to sell the Club Facilities, the Owner shall give written notice to such effect to the members of the Club, which shall include the proposed terms of a sale transaction. An Acquisition Committee composed of members of the Club will be formed. The Owner and the Acquisition Committee shall then enter into negotiations to reach agreement on the terms of the sale of the Club Facilities to the members of the Club.
- (b) In the event that a sales transaction cannot be successfully negotiated within 90 days after the date of the written notice from the Owner to the members of the Club, the Owner shall then be free to negotiate a sale transaction with a third

party. Notwithstanding the foregoing, in the case where the Club members elect not to accept the offer, the purchase price in a sales transaction with another party must be at least equal to that presented to the members should the sale occur within two years thereafter. A purchaser of the Club Facilities shall acquire title subject to the terms and provisions of the Membership Plan and the Other Plan then existing. If the Club Facilities are not sold within two years after the Owner was free to sell the same based on an inability to negotiate a sale transaction with the members of the Club, the members will again be entitled to receive an offer to sell the Club Facilities from the Owner as herein provided.

- (c) In the event that a sales transaction is negotiated and a contract of sale is entered into providing for the sale of the Club Facilities to the members of the Club, the same must be ratified by a majority vote of the members other than any honorary members, annual members, or limited members, or social members (under the Other Plan). If the sales transaction is not consummated, the Owner shall be free to negotiate a sale transaction with a third party and the members shall have no right to be presented with another offer.
- (d) A vote of the Club members contemplated above shall be held at a special meeting of the members called for such purpose. Members can vote either in person or by proxy. Written notice of the meeting must be given to each member by prepaid U.S. certified mail, return receipt requested, at the last address shown on the Club's records. The Acquisition Committee shall have the authority to call the special meeting.

The foregoing provisions concerning the presentation of an offer to the members of the Club shall not apply to the sale of any or all of the Club Facilities to an affiliated entity or to an equity conversion.

GENERAL PROVISIONS

THE CLUB'S DISCRETION

With respect to any determination, approval, decision or judgment of the Club, the Company or the Owner hereunder or under the Rules and Regulations, such determination, approval, decision or judgment shall, except as otherwise expressly set forth in the Membership Plan or Rules and Regulations, as the case may be, be within the sole and absolute discretion of the party in question and shall be final. All uses of the word "discretion" in this Membership Plan or the Rules and Regulations shall mean sole and absolute discretion.

CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS

Every person who desires to obtain a membership, or owns or purchases a residence or home site within the Community, should carefully read all of the membership documents and should seek professional advice to evaluate these documents.

RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS MEMBERSHIP PLAN AND THE REFERENCED DOCUMENTS AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THE MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT OR MEMBERSHIP APPLICATION AND AGREEMENT AND OTHER PRINTED MATERIALS, THE MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT OR MEMBERSHIP APPLICATION AND AGREEMENT, AS THE CASE MAY BE, SHALL GOVERN.

MEMBERSHIPS ARE OFFERED ONLY FOR RECREATIONAL PURPOSES

MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB.

NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PLAN.

MEMBERSHIP OFFICE AVAILABLE

Should you have any questions concerning this Membership Plan or the membership opportunities available at the Club, please contact the Membership Office located at 3000 So. Clubhouse Circle, Flagstaff, Arizona 86001, telephone 928-779-5800. You may visit, call or write to the Membership Office. An appointment is recommended in the case of a visit.