

**MEMBERSHIP POLICIES AND PLAN**

**FOR**

**THE CLUB AT PRESCOTT LAKES**

Effective May 1, 2010

Amendment 1 - Effective March 22, 2013

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**MEMBERSHIP POLICIES**  
**FOR**  
**THE CLUB AT PRESCOTT LAKES**

Effective May 1, 2010

**1. MEMBERSHIP AND MANAGEMENT; MEMBERSHIP POLICIES AND PLAN**

The Club at Prescott Lakes (the "Club") is a private non-equity club. The Club is located within the Prescott Lakes residential planned community (the "Community") in Prescott, Arizona. All Golf Facilities and property, including without limitation the real property upon which the Golf Facilities are located, and any subsequent improvements, are owned and controlled by Golf Club at Prescott Lakes, LLC ("GCPL"). All Athletic Facilities and property, including without limitation the real property upon which the Athletic Facilities are located, and any subsequent improvements, are owned and controlled by Prescott Lakes Athletic Club, LLC ("PLAC"). GCPL and PLAC are each wholly owned subsidiaries of The Club at Prescott Lakes, LLC ("CAPL"). The Club Facilities are collectively managed and operated as one unified club by Prescott Lakes Club Management, LP ("Club Operator") pursuant to the terms of a management agreement. The terms "Club Owner" or "Owner," as used herein, shall refer to the owner of the specific Club Facilities or the specific memberships relevant to such reference. The terms "Club Owner" and "Owner" shall further be deemed to include any successors and/or assigns of GCPL and/or PLAC.

These Membership Policies and Plan for The Club at Prescott Lakes (the "Membership Policies") describe the rights, privileges and obligations of the various categories of memberships offered by the Club in conjunction with the Club's Membership Agreement with each respective Member. These Membership Policies amend, supersede, and replace the Membership Policies for Prescott Lakes Golf and Country Club, effective November 1, 2008, and the Membership Plan for Prescott Lakes Athletic Club effective November 19, 2008 as amended May 31, 2009 (the "Prior Bylaws"). These Membership Policies are a combination of the Prior Bylaws, resulting from the combination of the Prescott Lakes Golf and Country Club and the Prescott Lakes Athletic Club into The Club at Prescott Lakes.

**2. CLUB FACILITIES**

The Club is a private non-equity club that currently makes available to its Members and others the following facilities (the "Club Facilities"):

- Recreational center containing: health, fitness, swim and tennis facilities, volleyball, basketball, and playground, along with men's and women's locker rooms (the "Athletic Facilities"),
- An 18-hole Hale Irwin designed championship golf course and golf practice facilities (the "Golf Facilities")

### **3. ADDITIONAL CLUB FACILITIES**

In its discretion and as it determines appropriate, the Club Owner may add additional facilities to the Club Facilities. In the event additional facilities are added to the Club Facilities, the Club Owner may provide for an appropriate category and number of additional memberships. Club Owner has constructed or will construct (i) a cart storage facility; and (ii) a grill/bar, patio dining area and a multi-purpose room (the "Dining Facilities"), (collectively the "Additional Club Facilities"). Once constructed, the Additional Club Facilities will be considered part of the Club Facilities for all purposes.

### **4. OWNERSHIP OF CLUB FACILITIES**

**ALL OF THE CLUB FACILITIES ARE OWNED BY THE CLUB OWNERS AS A NON-EQUITY CLUB. MEMBERS OF THE CLUB HAVE ONLY A RIGHT TO USE THE CLUB FACILITIES PURSUANT TO THIS MEMBERSHIP PLAN.**

CAPL is a joint venture consisting of PL Club Partners, LLLP ("PLCP") and Prescott Lakes Asset Management, LLC ("PLAM"). PLAM is a subsidiary of Prescott Lakes Community Association (the "Community Association"). Although individual persons may be members of both the Community Association and the Club, membership in the Club does not entitle a person who holds a Club membership in any category a ("Club Member"), to any specific ownership rights, equity, membership or other participation in either Club Owner or Club Operator. Elected members of the Community Association Board of Directors shall represent (the interests of Resident Members as that term is further defined in Section 8.1 herein) interest through their participation in the Major Decisions Committee members of PLAM. Any rights a Club Member may have to participate in and direct the affairs of the Community Association, by virtue of such Club Member's status as a Property owner in the Community, are separate and distinct from the privileges and benefits of Club membership as described herein.

Nothing in these Membership Policies shall limit or restrict either Club Owner's ability to sell or convey some or all of the Club Facilities to a third party for a value to be determined by the Club Owner in its sole and absolute discretion.

### **5. CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS**

These Membership Policies are a detailed description of the membership opportunity offered by the Club Owner and are qualified by the definitive information set forth herein and in the Membership Agreement executed by each respective Member. Every person or entity who desires to purchase a Membership in the Club or who is required to become a member pursuant to the Declaration of Covenants, Conditions and Restrictions for Prescott Lakes (the "Declaration") should carefully read these Membership Policies, the Club Rules and Regulations (the "Club Rules"), the Declaration, the Membership Application and the Membership Agreement in their entirety and should consider seeking professional advice in evaluating such documents.

**6. RELY ON INFORMATION IN SPECIFIED DOCUMENTS**

No person has been authorized to give any information or make any representation concerning any matter not contained in these Membership Policies and, if given or made, the information or representation must not be relied upon as having been authorized by the Club.

To the extent that any provision of these Membership Policies is inconsistent with the provisions of the Member's Membership Agreement or related Addendums, the Membership Agreement (and Addendums) shall control. In the event that a Membership Agreement (or Addendum) is controlling with respect to a specific provision, all other provisions of these Membership Policies shall remain effective.

**7. MEMBERSHIPS ARE OFFERED FOR RECREATIONAL PURPOSES ONLY**

The Club is a non-equity club and Members have no ownership, proprietary, or beneficial interest in, or right to control, the Club Owner, Club Operator or the Club Facilities. Members hold only a license to use the Club Facilities in common with such other persons as the Club Owner may authorize. As such, Memberships are being offered exclusively for the purpose of permitting use of the Club Facilities by Club Members and permitted guests, in accordance with these Membership Policies and the Club's Rules and Regulations, as they may be amended from time to time and each Club Member's Membership Application and Membership Agreement.

Memberships should not be viewed or acquired as an investment and no person or entity purchasing a Membership should expect to derive any economic benefit from the Membership.

No federal or state authority has passed upon or endorsed the merits of this Membership Program.

**8. TYPES OF MEMBERSHIP AND USE PRIVILEGES**

Use and access of the Club Facilities by each class of membership is limited to operating hours and subject to availability, the Club Rules, and payment of such charges as Club Owner or Club Operator may establish from time to time.

**8.1 Categories and Classes of Membership.**

The Club currently offers or has outstanding the following categories of membership: Founder Platinum, Founder Gold A and B, Charter, Corporate Charter, Juniper, Corporate Juniper, Piñon, Spruce, Athletic, Social and Resort. Within a particular category of membership, the membership may be authorized in one or more classes of membership. All memberships may be offered as "Resident," or "Non-Resident" classes, with the exception of Social memberships which shall be offered only as "Non-Resident." The Resident class of membership is available only to persons who hold record title to a residential lot or home within the Community ("Property"). The Non-Resident



class of membership is available to persons who do not own a real property interest in the Community (“Non-Residents”).

Each person who desires to acquire a membership in the Club must pay an Initiation Deposit or Initiation Fee, as those terms are defined below (collectively, the Initiation Fee or Initiation Deposit is sometimes referred to herein as the “Initiation Payment”). The Initiation Payment required for an Athletic Membership is referred to herein as an “Initiation Fee.” The Initiation Payment required for an upgrade to a Golf Membership is referred to herein as an “Initiation Deposit.”

All residential property located within the Community is subject to the Declaration. Pursuant to Section 15.1(a) of the Declaration, by virtue of taking title to residential property within the Community (“Unit”), each record title owner (“Unit Owner”), whether an individual, family, trust, builder company, corporation, or any other ownership entity agrees to become an Athletic Member in the Club and to pay any Initiation Fees and periodic dues to the Club, regardless of such Unit Owner’s use or nonuse of the Athletic Facilities and to comply with the terms of these Membership Policies. **Each resident Unit Owner’s Athletic membership in the Club is effective immediately upon taking title to the Unit, subject to the provisions of these Membership Policies, and continues so long as the Unit Owner continues to own a Unit, subject to the terms of these Membership Policies. Pursuant to Section 15.1(a) of the Declaration, no Unit Owner, by virtue of Athletic membership in the Club, acquires any ownership interest, beneficial interest, or other vested interest whatsoever in the Club, but only the privilege of using and enjoying the Athletic Facilities in accordance with this Membership Plan and any rules of the Club, which are subject to change from time to time.**

A Unit Owner may, at his or her election, apply for or request an upgrade to another available “Resident” golf category of membership in the Club (other than Founder Platinum, Founder Gold A and B, or Charter), in accordance with these Membership Policies and the rules, regulations and policies then in effect for acceptance of Membership Applications or upgrade requests. Any Resident who wishes to obtain a membership in an upgraded category of membership providing golf privileges (a “Resident Golf Member”) must pay the required Initiation Deposit on such terms as determined by Club Owner for the golf category or membership selected, in addition to paying the Initiation Fee required for an Athletic Membership, as determined by Club Owner from time to time in accordance with and subject to these Membership Policies, and must pay regular monthly golf dues in addition to regular monthly athletic dues. Any person, who has previously satisfied the Initiation Fee requirement for an Athletic Membership, and then wishes to upgrade to a golf category at a later date, must pay only the Initiation Deposit, as determined by Club Owner, for the golf category at the time of the upgrade.

Club Owner reserves the right from time to time in its sole discretion to waive eligibility requirements for any category or class of membership and to prescribe and change qualifications, requirements, obligations, and fees of any category or class of membership as they relate to existing and new Members. Club Owner shall have the right to create, in its sole discretion, additional categories and classes of membership, to specify the qualifications, privileges, and obligations of such additional memberships, and to discontinue offering any category or class of membership. The

terms of this paragraph are subject to the provisions of Section 19 of these Membership Policies and to any other terms contained herein related to the amendment of these Membership Policies.

All Club Members (with the exception of Social, Honorary and Resort members) shall be entitled to participate in the “Palmer Privilege” basic program for no additional fee, as described in greater detail at [www.PalmerGolf.com](http://www.PalmerGolf.com) for as long as the program is available and the Club Member is in good standing ; however, participation in any optional upgraded or premium Palmer Privilege benefits or programs shall require payment of the applicable upgrade charges, dues or fees charged for participation in such upgraded benefits or programs.

Upon invitation and payment of the applicable Initiation Payment and the appropriate dues and fees and by complying with these Membership Policies and the Club's Rules and Regulations any individual or entity who acquires a membership shall have the right to use the Club Facilities in accordance with the terms of the applicable category of membership as set forth herein, and the right to host guests at the Club, subject to these Membership Policies, the Membership Agreement and the Club Rules and Regulations, as follows:

**(a) Founder Platinum Membership.**

As of the effective date of these Membership Policies, twenty three (23) Founder Platinum Memberships have been issued by the Club. No additional Founder Platinum Memberships shall be issued. Founder Platinum Members shall have the rights and privileges to use and enjoy the Club Facilities in the same manner as Juniper Members. These Membership Policies may not be amended so as to diminish the rights and privileges of Founder Platinum Members or to impose new fees on Founder Platinum Members unless such amendment is approved by a majority of the existing Founder Platinum Members; provided, no such approval shall be required for the Club Owner to increase regular dues or to impose a new consumption, use, or similar fees for specific services or goods offered by the Club so long as such fees apply to all Members or membership categories that use or consume such items.

In the event Club Owner offers a membership category in the Club with greater use privileges than Juniper Members, the privileges of Founder Platinum Members shall be expanded so that Founder Platinum Members have use privileges at least equal to those of Members in such new category. A new category of membership shall be considered to have greater use privileges than Juniper Members if the membership affords its Members higher priority tee time reservations or other use rights than Juniper Members or if it offers use rights not afforded Juniper Members. Founder Platinum Members shall be entitled to one (1) vote per Founder Platinum Membership held with respect to any matter on which the Founder Platinum Members are entitled to vote pursuant to these Membership Policies.

**(b) Founder Gold A and B Membership.**

Club Owner may in its sole discretion issue up to seventy (70) Founder Gold Memberships. As of the effective date of these Membership Policies, fifty (50) Founder Gold Memberships have

been issued. Founder Gold Members shall be entitled to the rights and privileges to use and enjoy the Club Facilities in the same manner as Juniper Members.

These Membership Policies may not be amended in any manner that would diminish the rights and privileges of Founder Gold Members or impose new fees on Founder Gold Members unless such amendment is approved by a majority of the existing Founder Gold Members; provided, no such approval shall be required for the Club Owner to increase regular dues applicable to Juniper Memberships and Founder Gold Memberships or impose new consumption, use, or similar fees for specific services or goods offered by the Club so long as such fees apply to all Members or membership categories that use or consume such items. Founder Gold Members shall be entitled to one (1) vote per Founder Gold Membership held with respect to any matter on which the Founder Gold Members are entitled to vote pursuant to these Membership Policies. As of January 1, 2011, Founder Gold Members shall either resign their membership or convert to a Juniper Membership and pay the then current monthly dues rate charged by the Club for Juniper Membership and receive all privileges afforded a Juniper Member as provided in Section 8.1(f) herein.

**(c) Charter Membership.**

Charter Members shall be entitled to the rights and privileges to use and enjoy the Club Facilities in the same manner as a Juniper Member. Charter Membership entitles the Member to the following additional and modified privileges:

- Ten percent (10%) food discount on the course and at the Club;
- Refund of ninety (90%) of the repurchase price of the membership at the time of the refund, instead of the amount identified in Section 13.3 below;
- Special pricing of cost plus fifteen percent (15%) at the golf shop on retail merchandise, and cost plus ten percent (10%) on soft goods at the golf shop (“soft goods” refers to items such as clothing or consumables, and specifically includes any and all golf equipment or balls);
- Four (4) free guest passes for golf per year (until completion of the Additional Club Facilities); and
- A special Charter Membership Card.

**(d) Corporate Charter Membership.**

Corporate Charter Member designees shall be entitled to the rights and privileges to use and enjoy the Club Facilities in the same manner as a Juniper Member. Corporate Charter Membership entitles the designees to the following additional and modified privileges:

- Ten percent (10%) food discount on the course and at the Club;
- Refund of ninety (90%) of the repurchase price of the membership at the time of the refund, instead of the amount identified in Section 13.3 below;
- Special pricing of cost plus fifteen percent (15%) at the golf shop on retail merchandise, and cost plus ten percent (10%) on soft goods at the golf shop (“soft goods” refers to items such as clothing or consumables, and specifically includes any and all golf equipment or balls);

- Four (4) free guest passes for golf per year (until completion of the Additional Club Facilities); and
- A special Corporate Charter Membership Card.

**(e) Corporate Membership.**

The Club may offer Corporate Memberships to legal entities that are conducting a bona fide business, as determined by the Club Operator from time to time in its sole discretion. For Corporate Members who join prior to **May 1, 2010**, each Corporate Membership will entitle the Corporate Member to designate up to two (2) persons to use the Club Facilities (“designees”). For Corporate Members who join on or after **May 1, 2010**, each Corporate Membership will require the Corporate Member to designate a minimum of three (3) designees to use the Club Facilities. Each Corporate Membership designee shall count as one (1) membership against the maximum number of Juniper Memberships permitted to be issued in the Club. Corporate Members who join on or after **May 1, 2010** shall not be permitted to pay the Club’s “single” dues rate for any category of membership. Each Corporate Membership will be required to pay the same dues for each designee and each designee will be entitled to use the Club Facilities on the same basis, as a Juniper Member. Notwithstanding the Corporate Member’s failure to designate the minimum required number of designees, the Corporate Membership will be required to pay dues for such required minimum. Each Corporate Member and its designated users must complete and submit a Membership Application and Membership Agreement, respectively, as provided by the Club Operator and such other forms as may be requested by the Club Operator to verify the Corporate Member's status as a bona fide business entity. Each designee must be an owner, director, officer, partner, shareholder or full time employee of the entity and will be subject to approval of the Club Operator, in its sole discretion. Each Corporate Member will be responsible for any unpaid dues, fees and other charges incurred by its designated users. A Corporate Member may change one or more of the designees one (1) time every two (2) years, upon payment of an administrative fee and subject to the terms and conditions established by the Club Operator from time to time.

Corporate Memberships are recallable by the Club in its sole discretion upon ninety (90) days’ notice. Upon recall of a Corporate Membership, the Corporate Member will be entitled to a refund as provided below in Section 13.3 within thirty (30) days of the effective date of the recall.

**(f) Juniper Memberships.**

Club Owner may issue up to four hundred (400) "Juniper" Memberships in the Resident and Non-Resident classes. Juniper Members are responsible for payment of all charges incurred by the Member including dues, guest fees and golf car rental or trail fees.

The total number of Juniper Memberships outstanding at any time shall not exceed four hundred (400). Founder Platinum, Founder Gold A and B, and Charter memberships shall each count as one (1) Juniper Membership and each Corporate designee or Charter Corporate designee shall count as one (1) membership against the maximum number of Juniper Memberships permitted to be issued in the Club; provided, Club Owner may, in its sole discretion, reclassify any number of

available Piñon Memberships in the Club as Juniper Memberships and in so doing increase the Juniper Membership cap accordingly.

The total number of issued and outstanding Founder Platinum, Founder Gold A and B, Charter, Corporate, Corporate Charter, Juniper, Piñon, Spruce Memberships or any other golf membership category which may be created or offered by Club Owner at its discretion, shall not exceed five hundred seventy (570) Golf Members.

Juniper Membership entitles the Member to use the Club Facilities, including the Athletic Facilities (subject to the payment of Athletic dues and fees as set forth herein), with the following privileges:

- Complimentary greens fees at any time (subject to payment of golf car rental or trail fees);
- Advance tee time reservations subject to availability and the system implemented by Club Operator during those hours that the Club Operator designates for use by Members. Club Operator shall have the sole and absolute right to modify the number of days in advance that a Juniper Member may reserve tee-times, provided such days shall not be fewer than the number of days a Piñon or Resort Member may make such advance reservations (not including any advance tee time privileges granted to Resort Members in accordance with any applicable Resort Use Agreement entered into by Club Operator and any Eligible Properties);
- Use of the locker rooms (including day lockers) and use of a designated locker on a space available basis for a fee (if and when made available);
- Use of the golf club storage facilities on a space available basis for a fee (if and when made available);
- Complimentary use of the practice facility and practice balls;
- Special pricing of cost plus fifteen percent (15%) at the golf shop on retail merchandise, and cost plus ten percent (10%) on soft goods at the golf shop (“soft goods” refers to items such as clothing or consumables, and specifically includes any and all golf equipment or balls);
- Right to participate in Member and Member-guest golf events and tournaments;
- Right to participate in specified golf outings to other clubs, if any;
- Right to participate in Golf Member social activities;
- A complimentary Member starter kit;
- USGA handicap services;
- Charging privileges at the Club;
- Introductory golf lesson/evaluation;
- Ten percent (10%) food discount on the course and at the Club;
- Four (4) free guest passes for golf per year (until completion of the Additional Club Facilities); and
- Such other specials as the Club Operator may from time to time offer in its sole discretion.

Subject to certain recall limitations on Juniper Memberships created through redemption, conversion and resale of Founder Golf Memberships and as set forth in an individual Member's Membership Agreement, Non-Resident Juniper Memberships are subject to recall by the Club

Owner, in the Club Owner's sole and absolute discretion, on a last in, first out basis. In the event that a Non-Resident Juniper Membership is recalled, Club Owner shall provide the Member not less than ninety (90) days advance written notice and the recalled Member shall receive the refund outlined in Section 13.3.

In the event a Non-Resident Juniper Member purchases a Property or Unit, the membership shall automatically be reclassified as a Resident Juniper Membership and not be subject thereafter to recall by Club Owner.

**(g) Piñon Membership.**

Club Owner may issue up to one hundred seventy (170) "Piñon" Memberships, within "Resident" or "Non-Resident" classes. Piñon Members are responsible for payment of all charges incurred by the Member including dues, guest fees and golf car rental or trail fees.

A Piñon Membership entitles the Member to use the Club Facilities, including the Athletic Facilities (subject to the payment of Athletic dues and fees as set forth herein), with the following privileges:

- Complimentary greens fees Monday through Thursday (subject to payment of golf car rental or trail fees);
- Use of the course Friday through Sunday on a space available basis at the posted guest greens fee rate;
- Advance tee time reservation on Monday through Thursday subject to availability and the system implemented by Club Operator during those hours that the Club Operator designates for use by Members. Club Operator shall have the sole and absolute right to modify the number of days in advance that a Piñon Member may reserve tee-times, provided that such days shall not be fewer than the number of days a Resort Member may make such advance reservations (not including any advance tee time privileges granted to Resort Members in accordance with any applicable Resort Use Agreement entered into by Club Operator and any Eligible Properties);
- Use of the golf locker rooms (including day lockers) and use of a designated locker on a space available basis for a fee (if and when made available);
- Use of the golf club storage facilities on a space available basis for a fee (if and when made available);
- Complimentary use of the practice facility and practice balls;
- Special pricing of cost plus fifteen percent (15%) at the golf shop on retail merchandise, and cost plus ten percent (10%) on soft goods at the golf shop ("soft goods" refers to items such as clothing or consumables, and specifically includes any and all golf equipment or balls);
- Right to participate in Member and Member-guest golf events and tournaments occurring Monday through Thursday; right to participate in the Member/Member, Member/Guest and Club Championship tournaments which may occur Friday, Saturday or Sunday;
- Right to participate in Golf Member social activities;

- Right to participate in specified golf outings to other clubs, if any
- A complimentary Member starter kit;
- USGA handicap services;
- Charging privileges at the Club;
- Introductory golf lesson/evaluation; and
- Such other specials as the Club Operator may from time to time offer in its sole discretion.

Club Owner may, but is not obligated to, reserve Piñon Memberships for purchasers of Property within the Community. Such "reserved" memberships shall not be available for sale to others until Club Owner so determines, and Club Owner shall not otherwise be obligated to issue a reserved membership.

Non-Resident Piñon Memberships are subject to recall by the Club Owner, in the Club Operator's sole and absolute discretion, on a last in, first out basis. In the event that a Non-Resident Piñon Membership is recalled, Club Owner shall provide the Member not less than ninety (90) days advance written notice and the recalled Member shall receive the refund outlined below in Section 13.3.

In the event a Non-Resident Piñon Member purchases Property, the membership shall automatically be reclassified as a Resident Piñon Membership and shall not thereafter be subject to recall by Club Owner.

In the event that Club Owner exercises its right to discontinue offering Piñon Memberships, Club Owner shall thereafter continue to allow the transfer of Piñon Memberships with the resale of a Unit, in accordance with the provisions of Section 13.3(d). Further, in the event of such discontinuation, Club Owner shall merge the Pinon resigned list with the Juniper resigned list, listing Juniper and Pinon Members together in the chronological order of the date of their effective resignations dates (first resigned, first on the list). In such event, Club Owner will continue to issue memberships from this combined list, in accordance with the rotation set forth in Sections 13.3(c)(i) and 13.3(c)(ii), and the payment terms set forth in Section 13.3(e); provided however, each new membership issued shall be a Juniper Membership or other Golf membership in a category then available and offered by the Club.

**(h) Spruce Membership.**

Club Owner has issued "Spruce" Memberships, within "Resident" or "Non-Resident" classes. Spruce Members are responsible for payment of all charges incurred by the Member including dues, guest fees and golf car rental or trail fees. Use of and access to the Club Facilities is limited to operating hours and subject to availability, the Club Rules, and payment of such charges as Club Owner may establish from time to time.

A Spruce Membership entitles the Member to use the Club Facilities, including the Athletic Facilities (subject to the payment of Athletic dues and fees as set forth herein), with the following privileges:

- Golfing privileges Monday through Thursday (subject to payment of golf car fee) and play limited to 24 rounds per year;
- Practice Facility privileges Monday through Thursday;
- Use of the locker rooms (including day lockers) and use of a designated locker on a space available basis for a fee (if and when made available); Use of the golf club storage facilities on a space available basis for a fee (if and when made available);
- Preferred pricing on golf shop purchases;
- Participation in Member events occurring Monday through Thursday;
- Special pricing of cost plus fifteen percent (15%) at the golf shop on retail merchandise, and cost plus ten percent (10%) on soft goods at the golf shop (“soft goods” refers to items such as clothing or consumables, and specifically includes any and all golf equipment or balls);
- USGA Handicap service;
- Introductory golf lesson evaluation;
- Club charging privileges;
- Right to participate in Golf Member social activities; and
- The entire Spruce Membership Initiation Deposit may be utilized to upgrade a membership at any time.

Upon resignation of a Spruce Membership, the Spruce Member shall have no right to any payment or refund other than a refund of any dues prepaid for the period after the effective date of resignation.

Club Owner reserves the right to discontinue offering Spruce Memberships at any time.

**(i) Non-Resident Golf Memberships.**

A Non-Resident may join the Club in any golf category listed above by paying Club Owner the required Initiation Deposit required for such category of membership and being accepted by the Club for membership in accordance with the provisions of Section 9 of these Membership Policies. Any such person (a “Non-Resident Golf Member”) shall have the same privileges and benefits as a Resident Member in the category selected, except as otherwise set forth herein. Non-Resident Golf Members wishing to have access to the Athletic Facilities must pay monthly athletic dues to Club Owner in an amount equal to the athletic dues paid by Resident Golf Members, in addition to regular monthly golf dues. Any Non-Resident who does not wish to have access to the Athletic Facilities may opt out of Athletic Facility privileges by providing written notice to Club Owner or by indicating such preference on the Membership Application. Such Non-Resident Golf Members who opt out of Athletic Facility usage will not be required to pay monthly athletic dues, but must pay the then current “Club Facilities Fee” to Club Owner, as determined by Owner in its discretion.

**(j) Non-Resident Social Memberships.**

Club Owner may issue Non-Resident Social Memberships on terms and conditions set forth in their respective Social Membership Agreements.



Upon resignation of a Non-Resident Social Membership, the Non-Resident Social Member shall have no right to any payment or refund other than a refund of any dues prepaid for the period after the effective date of resignation.

Non-Resident Social Membership entitles the Member to use a portion of the Club Facilities (as described below), during operating hours and subject to availability, with only the following privileges:

- Use of the Dining Facilities for member events, holiday parties, “club within a club” activities, and special programs; and
- Participation in Club organized social events (non-golf related).

**(k) Resort Membership.**

Club Operator may, in its discretion, make Resort Memberships available to hotels or other commercial operations offering transient accommodations and/or vacation ownership interval interests either within the Community or elsewhere that have entered into an access and use agreement ("Resort Use Agreement") with Club Owner (all such properties collectively called "Eligible Properties"). The Resort Use Agreement will allow individuals who are "transient guests" of Eligible Properties and physically residing in such Eligible Properties to be Resort Guest Members of the Club for a period not to exceed the length of the individual's stay at such Eligible Properties.

The Club Owner reserves the right to limit the Club Facilities that Resort Members may use, subject to the provisions of the respective Resort Use Agreements executed with any of the Eligible Properties and upon the payment of the appropriate fees established by such Resort Use Agreements or which are otherwise in effect. Such fees, including greens fees, and other expenses, if any, may be charged to the Resort Member's room or accommodation unit and shall be paid directly to Club Owner by the Eligible Properties or in accordance with the accounting and payment system then in effect. Resort Guest Members are not entitled to sponsor guests during their stay at the Eligible Properties.

Resort Membership entitles the Resort Guest Member to enjoy the use of the golf course during a scheduled round of golf, the practice facility immediately prior to their scheduled round of golf, the designated areas of the clubhouse and such additional areas as designated by Club Owner. Resort Guest Members must go through the Eligible Property to reserve any tee time set aside for the Eligible Properties or Resort Members ("Resort Tee Times") in accordance with the applicable Resort Use Agreement. Resort Members may, in addition to the Resort Tee Times, reserve available tee times in advance in accordance with the tee time policy implemented by Club Owner in the applicable Resort Use Agreement; provided, the maximum number of days in advance shall not be greater than that afforded to Piñon Members.

Resort Membership entitles the Resort Guest Member to enjoy the use of the Athletic Facilities. Resort Members may be entitled to use the Dining Facilities on a limited basis as determined in Club Owner's sole and absolute discretion.

Club Owner reserves the right to discontinue offering Resort Memberships to Eligible Properties outside Prescott Lakes at any time. Notwithstanding the foregoing, Club Owner shall make available Resort Memberships to properties within Prescott Lakes which develop lodging or resort product subject to entering into the Club's Access and Use Agreement.

**(I) Athletic Memberships.**

Use and access of the Athletic Facilities by each class and category of membership is limited to operating hours and subject to availability, the Club Rules and payment of such charges as Club Owner may establish from time to time.

The Club currently offers or has outstanding the following categories of Athletic membership: Resident (including Athletic, Inactive Athletic and Founder), and Non-Resident (including Athletic and Sport).

**(I)(1) Resident Athletic Memberships**

Resident Athletic Memberships, including Resident Athletic and Inactive Resident Athletic Memberships, will be issued to all Unit Owners effective immediately upon taking title to the Unit and continue so long as the Unit Owner continues to own a Unit, subject to the terms of these Membership Policies and the Declaration.

Section 15.1 of the Declaration provides that every Unit Owner shall be extended an Athletic membership in the Club. The terms of, and rights afforded by, the Resident Athletic membership are subject to these Membership Policies.

**RESIDENT ATHLETIC MEMBERSHIP IS MANDATORY FOR ALL UNIT OWNERS. A Unit Owner shall automatically be issued a Resident Athletic Membership, unless the Member annually elects by completing such election form as may be required by Owner from time to time, on or before December 15th of each year, to be an Inactive Resident Athletic Member, as identified below.**

Resident Athletic Members are responsible for payment of all charges incurred by the Member and his or her Immediate Family (as defined in Section 10.1 below) and guests including dues, program fees, guest fees and use fees. Resident Athletic Membership entitles the Member to the following privileges:

- Use of all Athletic Facilities;
- Use of the Dining Facilities for personal events, member events, holiday parties, "club within a club" activities, and special programs;
- One (1) foursome per month at the Golf Facilities, at the current greens fees rate that shall be less than the guest fee rate charged to Golf Members for guests, as established by Club Operator. For purposes of these Membership Policies, a "foursome" shall mean the Member and up to three (3) guests of the Member;
- Use of the golf practice facilities, subject to availability as determined by Club Owner, and to payment of a fee;
- Participation in social events, golf tournaments, and golf clinics; and

- Special pricing of cost plus fifteen percent (15%) on all pro shop merchandise

Resident Athletic and Inactive Resident Athletic Members who pre-pay the annual dues for the following year, may be entitled to receive a discount of not less than five percent (5%) of the annual dues and shall be issued a minimum of ten (10) Athletic Facility guest passes for each timely annual pre-payment, as determined by Club Owner. In addition, Resident Athletic Members may also receive other promotions, as determined by Club Owner from time to time.

In order to qualify for such discount and promotions, a Resident Member's annual dues must be paid, in full, on or before January 25th.

Resident Athletic Members who elect to pay dues quarterly, upon timely payment as set forth in the Club's invoices, will be issued a minimum of one (1) guest pass for each timely quarterly payment, as determined by Club Owner.

**(I)(1)(i) Inactive Resident Athletic Membership.**

A Unit Owner may annually elect to be an "Inactive" Resident Athletic Member, subject to completing such annual election form as required by Club Owner, on or before December 15th of each year. Unless a Member elects to be an Inactive Resident Athletic Member on or before December 15th, the Unit Owner will be classified as a Resident Athletic Member.

In addition, upon medical documentation from a qualified medical professional or professionals that a Resident Athletic Member is disabled and such disability prohibits the Member from using the Athletic Facilities, and upon any additional requirements as established by Club Owner, a Resident Athletic Member may elect to become an Inactive Resident Athletic Member during a calendar year, and such election shall be effective on the first (1st) day of the month following such election and shall be effective for the remainder of the calendar year. Such classification as an Inactive Resident Athletic Member will continue for that calendar year, and thereafter the Resident Athletic Member will be required to complete the election to be an Inactive Resident Athletic Member annually, as outlined above.

Inactive Resident Athletic Members are responsible for the payment of dues as set forth by Club Owner. Inactive Resident Athletic Members shall not be entitled to use any of the Athletic Facilities or the Golf Facilities, including as a guest of another Club Member. Inactive Resident Athletic Members shall have usage of Dining Facilities and other social amenities of the Club and can participate in certain "clubs within a club" activities which do not require use of the Athletic Facilities, pool area or Golf Facilities. Inactive Resident Athletic Members may not sponsor guests to use the Athletic Facilities or the Golf Facilities.

**(I)(1)(ii) Founder Athletic Membership.**

Club Owner may issue Founder Memberships to such persons and under such terms and conditions as it determines. Founder Members shall have the rights and privileges to use and enjoy the Athletic Facilities in the same manner as Resident Athletic Members.

Club Owner may create more than one sub-class of Founder Memberships and establish separate rights and obligations for each sub-class. Founder Members shall be responsible for any

charges or fees, including guest fees, incurred at the Athletic Facilities. There shall be no more than one hundred twenty five (125) Founder Memberships outstanding at any one time. Founder Members may sponsor guests.

### **(l)(2) Non-Resident Athletic Memberships**

Club Owner may issue Non-Resident Athletic memberships and Non-Resident Sport Memberships (“collectively Non-Resident Athletic memberships”). Non-Resident Athletic Memberships are recallable by Club Owner, in Club Owner’s sole and absolute discretion. Non-Resident Athletic Members are responsible for payment of all charges incurred by the Member and his or her Immediate Family (as defined in Section 10.1 below) and guests including dues, guest fees and use fees.

Non-Resident Athletic Membership entitles the Non-Resident Member to the following privileges:

- Use of all Athletic Facilities;
- Use of the Dining Facilities for personal events, member events, holiday parties, “club within a club” activities, and special programs;
- Participation in special Golf Member events, by invitation only;
- One (1) foursome per month for Non-Resident Athletic Memberships, and two (2) foursomes per month for Non-Resident Sport Memberships, at the Golf Facilities at the current greens fees established by the Club Operator that shall not be greater than the posted guest fee rate charged to Golf Members for guests. For purposes of these Membership Policies, a “foursome” shall mean the Member and up to three (3) guests of the Member;
- Participation in social events, golf tournaments, and golf clinics;
- Use of the golf practice facilities, subject to availability as determined by Club Owner, and to payment of a fee; and
- Special pricing of cost plus fifteen percent (15%) on all pro shop merchandise

### **(m) Honorary Memberships**

Club Owner may issue Honorary Memberships to such persons and under such terms and conditions as it determines. Honorary Members shall have the rights and privileges to use and enjoy the Club Facilities in the manner determined by the Club Owner in its discretion.

Honorary Members shall not be required to pay dues but shall be responsible for any additional charges or fees, including guest fees, incurred at the Club. There shall be no more than ten (10) Honorary Memberships outstanding at any one time. Honorary Members may sponsor guests.

## **8.2 Additional Categories of Membership.**

The Club may issue additional categories of memberships as it deems appropriate, in its sole and absolute discretion, subject to the provisions of these Membership Policies.

### **8.3 Memberships may be held by Trusts or Other Entities.**

Memberships in the Club may be issued in the name of a bona fide trust provided that the trust shall identify in its Membership Application the individual who shall be the Club Member entitled to exercise the privileges of the membership, and such identified individual is subject to approval by the Club Operator. The identified individual of such membership shall become the Club Member for all purposes of these Membership Policies and may not be changed at any time; however, upon the death of the Club Member, the membership may be transferred in accordance with procedures set out in these Membership Policies under Section 13.

## **9. APPLICATION FOR MEMBERSHIP**

### **9.1 Application for Membership Required.**

Each person who desires a membership in the Club and receives an invitation to join the Club from the Club Owner, including Unit Owners who are required to maintain an Athletic Membership, must deliver to the Club a fully completed and signed "Membership Application" and "Membership Agreement". The Initiation Fee payable by Unit Owners joining on or after May 1, 2010 will be paid to the Club directly by the title company upon closing of the Unit Owner's purchase of a Unit. All other Initiation Payments, including upgrade Initiation Deposits from Resident Members and all Initiation Payments from Non-Resident Members, as established by Club Owner from time to time, must be delivered to the Club together with the signed Membership Application and Membership Agreement. In the event that a Unit Owner refuses to submit the required Membership Application and/or Membership Agreement, the Club has the right to accept the Required Initiation Fee from the title company, deem the Unit Owner as accepted for a Resident Athletic Membership, and commence charging monthly dues to such Unit Owner. Failure of a Unit Owner to submit the required Membership Application and/or Membership Agreement does not in any way limit or reduce any rights which the Club Owner may have to pursue collection of the Initiation Fee and monthly dues, including but not limited to any rights to have a lien placed on a Unit or property in accordance with the Declaration.

### **9.2 Review of Application for Membership.**

Each person who applies for a membership in the Club will be subject to approval by the Club Owner, including Unit Owners who are required to maintain an Athletic Membership. After receiving the Membership Application, Membership Agreement and the applicable Initiation Payment, the Club Owner will determine whether the applicant has satisfied the relevant conditions of membership, as may be determined by the Club Owner in its sole discretion from time to time. In the event the Membership Application is not acted upon favorably, the applicant will receive a refund, without interest, of any Initiation Deposit, which the applicant paid to the Club, and all of the applicant's rights and privileges to use the Club Facilities will immediately cease.

### **9.3 Title of Membership.**

As outlined in Section 8.3 above, in addition to Corporate Memberships, a membership may be obtained only in the name of the individual, trust or entity that will own and use the membership. Upon the resale of any qualified membership held by a trust or other entity, the Club will issue the portion of the Initiation Deposit, if any, being refunded to the Club Member in the form of a check made payable to the person or entity that made the initial Initiation Deposit for such membership.

### **9.4 Membership Card.**

When an applicant has been approved, paid the applicable Initiation Payment, and satisfied any other conditions in the applicant's Membership Agreement, a Membership Card in the form adopted by the Club Operator shall be issued to the authorized Club Member(s).

### **9.5 Wait List for Membership Applicants.**

If a person desires to acquire a membership in a particular category of membership and a golf membership is not available in that category, the Club will establish a waiting list for that particular category of membership. The wait list for any such categories shall be maintained by the Club Operator, subject to priorities established by Club Operator, from time to time and in Club Operator's sole discretion. To be placed on a membership wait-list, an applicant must pay a deposit of a portion of the Initiation Payment as established by Club Operator from time to time.

## **10. EXERCISE OF PRIVILEGES**

### **10.1 Family Members.**

In addition to the Club Member, the Club Member's spouse and immediate family shall be entitled to use the Club Facilities in accordance with the Club Member's category of Membership and the Club's Rules and Regulations, as may be amended from time to time. A Club Member's immediate family includes the Club Member's spouse and unmarried children under the age of twenty three (23) who are living at home or attending school or serving in the military on a full time basis ("Immediate Family").

In addition, a Club Member may apply for the Club Member's co-habitant, or significant other who resides with the Club Member, to use the Club Facilities in accordance with the Club Member's category of Membership and the Club's Rules and Regulations, as may be amended from time to time. A Member's co-habitant or significant other must be approved by the Club Operator and complete such requirements, acknowledgements and agreements as the Club Operator may require. A Member may change the designated co-habitant or significant other no more than one (1) time every two (2) years, subject to the terms, conditions and fees established by the Club Operator from time to time.

### **10.2 Guests.**

A Club Member may sponsor guests to use the Club Facilities in accordance with the Club Member's category of membership upon payment by the Club Member, or such guests of applicable,

guest fees and such other charges as Club Operator may establish. All guests must be accompanied by the sponsoring Club Member when using the Club Facilities, unless otherwise approved by the Club Operator. Club Operator reserves the right to limit the number of guests that a Club Member may sponsor and to limit the number of times a particular individual may use the Club Facilities as a guest of one or more Club Members during a specified period.

### **10.3 Assignment of Privileges to Tenants**

A Club Member, who is not delinquent as set forth in Section 12.1(e), who leases his or her home in the Community to the same tenant, under the terms and conditions of rental as set forth by the Community Association in effect at the time of the rental, may temporarily assign all of his or her use privileges to the tenant for the period of the lease, upon notice to and approval by Club Operator. The tenant's use of the Club Facilities shall be subject to Section 10.1 and Section 10.2 herein and payment of applicable assignment fees and other charges as Club Operator may establish including such long-term guest fees and to the tenant's execution of such agreement as the Club Operator may require. Club Operator may require the tenant to pay all charges with cash or credit card at the time they are incurred.

During the term of the Club Member's temporary assignment of his or her use privileges to the tenant, the Club Member may not use the Club Facilities; the Club Member may not divide use privileges by assigning some privileges to the tenant and reserving some privileges for the Club Member. The Club Member may terminate the assignment of membership privileges prior to the expiration of the lease by providing written notice to Club Operator. The Club Member shall be responsible for any delinquent or unpaid charges incurred by the tenant. The Club Member shall continue to be responsible for and pay dues and other periodic charges during the term of the assignment.

## **11. PRIVATE GOLF CARS**

Any Resident Golf Member in good standing that desires to retain a private golf car for his or her use shall have the opportunity to do so, subject to entering into the Club's Private Golf Car Trail Fee Agreement and upon the payment of the trail fees required by the Club Operator.

## **12. FINANCIAL OBLIGATIONS OF MEMBERS**

### **12.1 Membership Fees.**

#### **(a) Initiation Deposit or Initiation Fee.**

Each person who desires to acquire a membership in the Club must pay an Initiation Payment, as required by Club Owner and the Declaration, in an amount determined by the Club Owner in its discretion.

**(b) Dues and Other Fees.**

Except as these Membership Policies may otherwise provide, membership shall be subject to payment of an Initiation Payment, periodic dues, and such other fees and charges as Club Owner shall establish from time to time, pursuant to the category and class of membership.

**All new Resident Athletic Members who join the Club on or after May 1, 2010, excluding initial purchasers and/or purchasers with resale Units in escrow prior to April 30, 2010 (which have not closed escrow), shall be required to pay to the Club Owner at the inception of their Membership a non-refundable Initiation Fee in an amount equal to one half of one percent (0.5%) of the purchase price of the resale Property or resale Unit purchased. This requirement applies to every subsequent resale of a Unit on or after May 1, 2010, and the Initiation Fee required herein must be paid by each incoming Resident Athletic Member who acquires a Unit (excluding initial purchaser of a Unit) on or after May 1, 2010, on a go forward basis. Club Owner has the right, but not the obligation, in its sole and absolute discretion, to request a copy of the closing statement for the purchase of the Property or Unit, or other reasonable documentation to establish the amount of the purchase price paid.**

The buyer of a Unit shall be required to pay to the Club at closing (i) the Initiation Fee; (ii) a proration of Athletic Resident Member dues at the then current rate for the period of time from closing to the end of such fiscal year and (iii) any applicable fees as may be required by the Club. In the event that the title company fails to collect the aforementioned, the Club shall have the right to pursue collection in accordance with these Membership Policies and the CCR's and pursuant to any assignments lien rights or other collection rights which may have been made. It is the obligation of all sellers and the purchasers of a Unit to notify the Club of the closing on the purchase of a Unit, and failure to do so may result in collection measures, including but not limited to a lien being filed against the Unit.

Fees charged to Club Members may also differ from fees charged to guests and non-members, as determined by the Club Owner. In addition to such other charges as are specifically authorized in these Membership Policies, such fees and charges may include, without limitation, greens fees, golf car rental or trail fees, club storage fees, instruction fees, handicapping charges, and fees for failure to cancel reserved tee times or other reservations.

Club Operator shall publish a schedule of current fees, dues, and charges, which shall be subject to change from time to time in Club Owner's sole discretion. Except as these Membership Policies may otherwise specifically provide, all membership fees are non-refundable.

**(b)(i) Dues increases: Non-Charter Golf Members.**

Unless otherwise approved by a majority of the Juniper, Piñon, Spruce, Corporate, Founder Platinum, or Founder Gold A and B Members, as applicable, the annual increase in dues for such Members shall not exceed three percent (3%) of the previous year's dues or the CPI, whichever is greater. The foregoing limitation on dues increases shall apply only to such membership categories as



have approved dues increases for 2010 in excess of the limitations set forth herein, which such increases shall become effective May 1, 2010.

Each Membership category, of those listed above, that did not approve the May 1, 2010 dues increase, shall be subject to the following: Club Owner shall not increase annual dues (in excess of the twenty percent (20%) dues increase limitation as provided in the Membership Policies in effect prior to May 1, 2010) for those Club Members, in the applicable category.. Upon completion of the Additional Club Facilities, dues for such Members in the categories which did not approve the May 1, 2010 dues increase, may be increased by more than twenty percent (20%) for the remainder of the year in which the Additional Club Facilities are completed, and thereafter, by no more than twenty (20%) of the dues charged for the applicable category during the previous year.

In the event the majority of Members in a category of membership represented in this Section 12.1.b(i) do not approve the proposed dues increase for such category, then a Golf Member may individually agree to the proposed dues increase amount for their category of membership, which shall be effective May 1, 2010, by signing an Acknowledgement and Acceptance of Membership Policies and Plan for The Club at Prescott Lakes (“Acknowledgement”) and agree to the terms represented in the first paragraph of this Section related to dues amounts and annual increase limitations.

**(b)(ii) Dues increases: Charter and Corporate Charter Members.**

All Charter and Corporate Charter Members who do sign and return the Acknowledgement, shall be entitled the protections of the first paragraph of Section 12.1(b)(i), above.

All Charter and Corporate Charter Members who do not sign and return the Acknowledgment, shall be subject to the following: Club Owner shall not increase annual dues for those Charter and Corporate Charter Members who do not sign and return the Acknowledgment until completion of the Additional Club Facilities. Upon completion of the Additional Club Facilities, Charter and Corporate Charter dues may be increased by more than twenty percent (20%), for the remainder of the year in which the Additional Club Facilities are completed. Thereafter, annual dues increases shall not increase by more than twenty percent (20%) from the dues charged for such category during the prior fiscal year.

**(b)(iii) Dues increases: Athletic Members (Resident and Non-Resident)**

Unless otherwise approved by a majority of the Resident Athletic Members (including Inactive Resident Athletic Members and Resident Athletic Members) and Non-Resident Athletic Members, the annual increase in Resident Athletic, Non-Resident Athletic, and Inactive Resident Athletic Member dues shall not exceed three percent (3%) of the previous year’s dues or the CPI, whichever is greater. In the event that the Dining Facilities referenced in Section 3 of these Membership Policies are not completed and ready for Club Member use by December 31, 2012, then the increase approved by Athletic Members shall be suspended until the Dining Facilities are completed.

As used herein, the term "CPI" shall mean the Consumer Price Index, All Urban Consumers, U.S. City Average, All Items (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics from the Index as published for the month of January in the year prior to any such increase.

**(c) Payment.**

Club Members shall pay to Club Owner all fees, dues, and charges in such amounts and at such times as Club Owner may establish. Club Owner may permit dues to be paid in equal monthly installments in advance on or before the twenty-fifth (25th) day of each calendar month. Members and/or Corporate Member designees shall be primarily responsible for and shall be billed directly for any fees and personal charges that the Member and guests incur and shall be responsible for charges incurred but not paid by any tenant to whom the Member has temporarily assigned his or her use privileges. Club Owner may, in its sole discretion, require accounts to be paid through a charge account service with a bank or other financial institution.

Club Owner may permit Club Members to charge food and beverage charges, golf shop charges, guest fees, equipment rentals, and similar charges to the Club Member's Club account.

However, should any Club Member's account become delinquent, Club Owner reserves the right to suspend or terminate such charging privileges.

**(d) Assessments.**

Resident Athletic Members, Non-Resident Athletic Members and Inactive Resident Athletic Members shall not be subject to Club assessments.

Golf Members shall not be subject to assessment for Club operating deficits. Golf Members shall not be subject to assessment for capital improvements to the Golf Facilities unless such assessment is approved by a majority of the Golf Members (one (1) vote per membership) in each category of Golf Membership (excluding Resort Members) entitled to use such capital improvements and then only Golf Members entitled to use the capital improvement shall be subject to such assessment. Any assessment so approved shall be paid at such time and in such manner as Club Owner may determine. Upon a Golf Member's payment of any such assessment, the amount of such payment shall be added to the Initiation Deposit originally paid by the Golf Member for purposes of calculating the amount of any refund to be paid upon resignation of the Golf Member's membership pursuant to Section 13.3.

**(e) Delinquencies.**

In the event that any Club Member, or tenant(s) if a Club Member has assigned his or her use privileges as set forth in Section 10.3 herein, fails to pay amounts due to Club Owner when due, Club Owner may revoke the Club Member's charging privilege and require the Club Member to pay the balance of the annual dues for such year in full immediately, impose late charges, charge interest on the amount past due until paid at a rate determined by Club Owner (not to exceed the lesser of eighteen percent (18%) per annum or the maximum allowed by law on the past due amount) and,

subject to the procedures set forth in Section 14.2, suspend the privileges of the delinquent Club Members or expel the delinquent Club Member's Membership. Club Owner shall be entitled to collect from the delinquent Club Members, or tenant(s) if a Club Member has assigned his or her use privileges as set forth in Section 10.3 herein, all costs and expenses reasonably incurred by Club Owner in attempting to collect the delinquent amounts, including attorneys' fees and court costs, whether or not suit is filed.

In the event the Golf Member's Membership is on the current waiting list for repurchase in accordance with Section 13.2 below, and the Golf Member is delinquent on its obligations to Club Owner that are past due more than ninety (90) days, the Club Owner reserves the right to move the member to the bottom of the then-current waiting list for repurchase of the membership. Furthermore, if such amounts remain more than one hundred eighty (180) days past due, Club Owner, in its sole and absolute discretion, may decrease the percentage amount payable upon repurchase of a terminated membership in accordance with Section 13.3 below up to fifty percent (50%) of the Initiation Deposit which Club Owner is then charging for the same category of membership.

In the event a Club Member is delinquent in obligations to the Club that are past due more than ninety (90) days, such Club Member will lose any eligibility he or she would otherwise have (if any) to vote on matters affecting the Club, until such time as all delinquent obligations are paid in full. Provided however, if such Member has requested a hearing in accordance with the provisions of Section 14.2(b), then such Member shall retain eligibility to vote until such time as Club Operator has rendered a final decision on Member's hearing. If the Club Operator finds in such Club Member's favor, his or her voting eligibility shall be maintained; if the Club Operator finds against such Club Member, then his or her voting eligibility shall be lost until the delinquency is paid in full and the Club Membership is restored to good standing. In all cases, a Club Member who has lost eligibility to vote shall not be considered or counted as an eligible voting member in any calculations of results for votes which take place during a time that such Member is not eligible to vote (even if such Member subsequently regains eligibility by paying the delinquency in full).

Additionally, in the event that any Club Member, or tenant(s) if a Club Member has assigned his or her use privileges as set forth in Section 10.3 herein, fails to pay amounts due to Club when due and the Club Member's account becomes more than ninety (90) days past due, the Club Owner and/or Club Operator may suspend the Club Member's or tenant(s) if a Club Member has assigned his or her use privileges as set forth in Section 10.3 herein, access to the Club Facilities until such time as the Club Member's delinquency is paid in full and the Club Membership is restored to good standing. Notwithstanding the foregoing, any Golf Member who has any delinquency in his or her account as of June 1, 2010 (regardless of how many days the account is past due) must bring his or her account current in order to access the Golf Facilities beginning June 1, 2010 and continuing until such delinquency is resolved. If such delinquency is resolved before disciplinary action is otherwise taken against such Golf Member in accordance with these Membership Policies, then such Golf Member will be permitted to resume usage of the Golf Facilities, and thereafter the provisions of the first sentence of this paragraph will apply to future delinquencies.

In addition to any available remedies and sanctions set forth in Section 14.2, below, for Resident Athletic Members and Inactive Resident Athletic Members who become delinquent and fail to pay amounts owing to the Club, the Club Owner and the Community Association hereby reserve any and all other remedies each may have against any delinquent Resident Athletic Club Member, to collect such delinquency as stated herein, in the Declaration, in any agreements between the Club Owner and the Community Association, or under applicable law.

### **13. TRANSFER, CONVERSION AND RESIGNATION**

#### **13.1 Transfer of Memberships.**

##### **(a) General.**

Except as specifically provided in these Membership Policies or in the respective Club Member's Membership Agreement, memberships are not transferable except to and by Club Owner, and any other attempt to transfer a membership shall be void and of no effect. Club Members may not assign, give away, barter or advertise for sale any Membership.

Piñon, Juniper or Corporate Members may pledge their membership to an institutional lender or the Club Owner to secure purchase money financing for such membership, provided the membership secures no more than eighty (80%) of the Initiation Deposit paid to Club Owner for such membership. In the event that the lender acquires the membership pursuant to the remedies provided in its loan documents, the membership shall be deemed resigned and the lender shall be entitled to the same rights as the Golf Members would have had upon voluntary resignation. Club Owner reserves the right to extend the provisions of this Section to any new category of Golf Membership which may be created or offered at any time.

##### **(b) Transfer to a Family Trust.**

In Club Owner's discretion, Club Owner may permit a Golf Member to have the membership reissued in the name of a family trust controlled by the Member without the necessity of resigning the membership and having Club Owner repurchase and reissue it as described below, provided such family trust meets the eligibility requirements to hold such membership and the family trust designates the Golf Member as the individual authorized to exercise the privileges of membership.

##### **(c) Death.**

Upon the death of a Resident Athletic Member, the Membership shall automatically be transferred to the legatee or heir inheriting the Unit, or interest in the Unit, if such legatee or heir is over the age of eighteen (18). If such legatee or heir is not over the age of eighteen (18), the Membership shall pass to such individual's guardian in trust for the benefit of the heir or legatee. The legatee or heir must submit a Membership Application and a Membership Agreement to Club Owner within sixty (60) days after the death of the Resident Athletic Member. Upon the submission of the Membership Application and Membership Agreement, the legatee or heir shall automatically be approved for membership and shall have the right to elect to become an Inactive Resident Athletic Member pursuant to Section 8(k) above.

Upon the death of a Founder Athletic Member, the membership may be transferred to a member of the deceased Founder Athletic Member's Immediate Family, in accordance with the deceased Founder Athletic Member's will. If the membership is not devised by will, it may be transferred to the deceased Founder Athletic Member's surviving spouse, if any.

Upon the death of a Resident Golf Member, Non-Resident Member, or Social Member (i) the membership shall automatically be deemed resigned or (ii) Club Owner shall reissue the membership to the surviving spouse, if any, if the surviving spouse provides the Club Owner notice within sixty (60) days of the Member's death requesting the membership to be reissued to the spouse. In the event of the death of a Resident Golf Member, the legatee or heir inheriting the Unit, if other than the surviving spouse, shall be subject to the requirements of the Declaration and shall be required to separately obtain a Resident Athletic Membership.

In the event that the deceased Golf Member's membership is deemed resigned pursuant to Section 13.2(c) below, the golf membership shall be placed on the appropriate waiting list for the Golf Member's category of membership, if applicable, to be re-issued by the Club Owner, except that such Golf Member's spouse (or the Golf Member's estate) shall have the option to choose one of the two following options:

(i) The membership may immediately cease paying dues and agree to forfeit any Initiation Deposit refund to which the membership may otherwise have been entitled upon the re-issuance of the membership pursuant to Section 13.3 ; or

(ii) The membership may continue to pay dues for six (6) full months after the date of the Golf Member's death and agree that when the membership is reissued, the Club Owner will deduct from the refund, to which the membership would otherwise have been entitled, the sum equal to six (6) months dues at the then-current dues rate.

In the event that the deceased Golf Member's membership is deemed resigned, all of the Golf Member's rights to use and access the Club Facilities shall cease and such Golf Member (and all users and designees of such membership) shall have no right to use or otherwise access the Club Facilities.

**(d) Separation or Divorce.**

In the event that a Resident Athletic Member is legally separated or divorced, the membership shall vest in the individual retaining ownership of the Unit. In the event that a Resident Golf Member, Non-Resident Member or Social Member is legally separated or divorced, the membership shall vest in the member or spouse entitled to the membership pursuant to any divorce decree or court order, as provided to the Club Owner; provided however, that in the event of a divorce or legal separation of a Resident Athletic Member, and the divorce decree or court order awards the membership to a member or spouse who is not retaining ownership of the Unit, then the membership retained by such person shall be converted to a Non-Resident Membership, and the member or spouse retaining ownership of the Unit shall be required to obtain a separate Resident Athletic Membership, pursuant to the Declaration, and pay all requisite and applicable fees.

In the foregoing case, all rights of the Member or spouse who is not awarded the membership by a court order or divorce decree, in and to such membership shall terminate.

**(e) Dissolution or Distribution.**

In the event that an entity holding a Corporate Membership distributes the Corporate Membership to an individual owner or another legal entity pursuant to a voluntary or involuntary distribution, dissolution, liquidation or other similar transfer of the corporation, the Corporate Membership shall automatically be deemed resigned and shall be placed on the resignation list pursuant to these Membership Policies.

Notwithstanding the foregoing, if the Corporate Member provides notice to the Club Operator, within sixty (60) days of the dissolution of the corporation, that such Corporate Member desires to have the Club Owner reissue a Juniper Membership to an individual identified by the Corporate Member, then upon the approval of such individual by the Club Owner and the execution of all applicable Membership Agreements and other documents as required by Club Owner, Club Owner shall issue a Juniper Membership to that identified individual. The Juniper Membership issued to such individual shall be subject to all of the terms and conditions and rights and obligations applicable to a Juniper Membership described in these Membership Policies, including the right for the Club to recall such membership if it is held in the Non-Resident class.

If the Corporate Member provides the proper notice to the Club Owner that such Corporate Member desires to have the Club Owner reissue the Corporate Membership to a business entity identified by the above-described dissolution, then upon the approval of such entity by the Club Owner and the execution of all applicable Membership Agreements and other documents as required by Club Owner, Club Owner shall issue a Corporate Membership to that identified entity. The Corporate Membership issued to such entity shall be subject to all of the terms and conditions and rights and obligations applicable to a Corporate Membership described in these Membership Policies.

**13.2 Resignation and Recall of Memberships.**

**(a) Recall of Membership.**

Club Owner may recall any Non-Resident Membership at any time for any reason. The Club Owner shall provide the Non-Resident Member with at least ninety (90) days written notice prior to the effective date of any such recall.

**(b) Voluntary Resignation.**

A Non-Resident Athletic Member may voluntarily resign his or her membership by providing written notice to Club Operator. Such resignation shall be effective and irrevocable upon Club Operator's receipt of such written notice. A Resident Athletic Member and an Inactive Resident Athletic Member may not resign from the Club so long as the Resident Athletic Member or Inactive Resident Athletic Member owns a Unit; the Resident Athletic Membership terminates automatically upon the sale or transfer of the Unit by the resident Athletic Member. A Resident Golf Member may

voluntarily resign his or her upgraded membership, and a Non-Resident Golf Member may voluntarily resign by providing written notice to Club Operator, and complying with these Membership Policies regarding the resignation of Golf Memberships. Upon receipt of such written notice by Club Operator, the resignation of the upgraded membership shall be effective and irrevocable. The resigning Member shall be required to obtain a separate Resident Athletic Membership, unless or until such time as such member is no longer the owner of a Unit, on the effective date of resignation (or, in the case of upgraded memberships eligible for repurchase, then on the date of repurchase).

A Golf Member may revoke a resignation only upon approval by Club Owner, in Club Owner's sole discretion, and upon the payment of a fee, as established by Club Owner from time to time. A resigned Golf Member shall not be entitled to serve on any Advisory Board established pursuant to these Membership Policies.

The resigning Golf Member may continue to enjoy the privileges of such Golf Membership through the date such Golf Membership is repurchased and reissued by Club Operator as provided below.

The resignation of a Social Membership shall be effective at the end of the period through which all Social dues have been paid, provided that such date is not earlier than the date of resignation.

**(c) Other Events of Resignation.**

In addition to the foregoing and as otherwise set forth in these Membership Policies, a Club Member shall be deemed to have resigned his or her membership pursuant to Section 13.2(b) above upon occurrence of any of the following events, or upon the other terms outlined in these Membership Policies:

- (i) In the case of a Club Member that is a legal entity that (i) does not own a Corporate Membership or (ii) owns a Corporate Membership but fails to provide notice to the Club Operator of the identified recipient of the reissued membership, after dissolution or liquidation of such entity or (iii) ceases to be actively engaged in business;
- (ii) Upon the Resort Guest Member checking out of an Eligible Property;  
or
- (iii) Upon expulsion of the Golf or Non-Resident Athletic Member pursuant to the disciplinary procedures set forth in these Membership Policies.
- (iv) Founder Memberships terminate in accordance with the terms of the Member's Use Agreement. In addition, Founder Members may resign their memberships by giving written notice to Club Owner. Such resignation shall be effective and irrevocable upon Club Owner's receipt.

(v) Honorary Memberships automatically terminate when recalled by Club Owner. Honorary Memberships may be renewed at Club Owner's sole discretion.

**(d) Rights and Obligations upon Resignation.**

Upon resignation (or repurchase, for those categories eligible for repurchase as set forth in Section 13.3(c) below) of a membership, the Member shall return to Club Operator the Membership Card. Notwithstanding any resignation provided for above, all Golf Members (other than those whose memberships are recalled by Club Operator, or not eligible for repurchase, or as otherwise set forth in these Membership Policies) will remain responsible for the payment of monthly dues, fees, and other charges accrued or incurred on such Golf Member's account until such time as the membership has been reissued by the Club Owner, and the resigning Golf Member may continue to enjoy the privileges of such membership through the date such membership is repurchased and reissued by Club Owner as provided below. A Member shall have no right to any payment upon resignation and re-issuance of the Member's membership except in the case of certain Golf Members as provided in and subject to the provisions of Section 13.3(c), if applicable.

Once a Golf Member remains on the resigned waiting list for twenty four (24) months (and pays dues for twenty four (24) months), the Golf Member has a one (1) time option to forego the continued obligation to pay dues and forfeit the right to a refund of the Initiation Deposit as set forth below in Section 13.3(c). This "walk-away" program is a one (1) time option only. A Member wishing to exercise this option must provide the Club Operator a written notice of such intent, within thirty days prior to the expiration of the twenty four (24) month period after resignation (and no later than the expiration of the twenty four (24) month period). In the event that a Resident Golf Member makes such election, the requirement that such member obtain a Resident Athletic Membership takes effect immediately upon the date on which the monthly dues obligation for the resigned Resident Golf Membership is ceased.

**13.3 Repurchase and Reissuance of Memberships.**

**(a) Recalled Memberships.**

Club Owner shall repurchase a recalled membership on the effective date of recall as specified in the notice of recall provided to the Recalled Non-Resident Member. Upon repurchase of a recalled membership, Club Owner shall pay to the Recalled Non-Resident Member the amount determined in accordance with the Member's Membership Agreement, not to exceed one hundred (100%) of the Initiation Payment actually paid by the Recalled Non-Resident Member. In the event of the recall of a Non-Resident Athletic Membership, the Club Owner shall pay the amount determined in accordance with the Member's Membership Agreement, not to exceed the following:

- If recalled prior to the end of the second full year of membership, one hundred percent (100%) of the Initiation Payment paid by the Member;
- If recalled prior to the end of the fourth (4<sup>th</sup>) full year of membership, seventy five percent (75%) of the Initiation Payment paid by the Member;



- If recalled prior to the end of the fifth full year of membership, fifty (50%) of the Initiation Payment paid by the Member; and
- If recalled at any time after the fifth (5<sup>th</sup>) full year of membership, there shall be no refund of the Initiation Payment paid by the Member.

The amount to be paid hereunder shall be reduced by any unpaid installments of the Initiation Payment and any outstanding fees, dues, and other charges due from the Recalled Member. The recalled Member shall be entitled to a refund of any dues prepaid for the period after the effective date of recall. The repurchase and recall of a membership, as described herein, shall terminate the membership and all rights associated with the membership, including but not limited to the right to use the Club Facilities, and the right to receive any further refund of the Initiation Deposit, other than the portion received via repurchase, as set forth above in this Section 13.3(a).

**(b) Resigned Social and Athletic Memberships.**

Upon resignation of a Social Membership or Non-Resident Athletic Memberships or Founder Athletic Membership, or termination of a Resident Athletic Membership due to the sale of the Unit by the Resident Athletic Member, or termination of an Honorary or Resort Membership, such Members shall have no right to any payment or refund other than a refund of any dues prepaid for the period after the effective date of resignation.

**(c) All other Memberships.**

In the event that a membership other than a Membership specified in Section 13.3(b) is resigned pursuant to Section 13.2 above, the resigned membership shall be placed on a waiting list to be repurchased and reissued by the Club. Club Owner shall maintain the waiting list for each category of membership based on the date that Club Owner receives written notice of the resignation of the membership. Memberships on the waiting list will be reissued on a first-resigned, first-reissued basis, as follows:

- (i) Until the Club Owner has issued all four hundred (400) Juniper Memberships (provided such amount may be increased consistent with the terms of these Membership Policies), the Club Owner shall issue every fourth (4<sup>th</sup>) membership from the resigned Juniper waiting list. For purposes of this Section, all resigned Charter Memberships, and resigned Founder Memberships that have been activated to a dues-paying status, will be reissued as Juniper Memberships and shall be included in the Juniper Membership waiting list.

For illustrative purposes, until the Club Owner has issued all four hundred (400) Juniper Memberships, for every four (4) new Juniper Memberships issued by the Club Owner, three (3) shall be issued from those Juniper Memberships held by the Club Owner and one (1) shall be issued from the Juniper resigned waiting list. Upon re-issuance of a Juniper Membership from the Juniper resigned waiting list, the first Juniper Member on the resigned waiting list shall receive the refund as set forth in these Membership Policies below.

(ii) Until the Club Owner has issued all one hundred seventy (170) Piñon Memberships, the Club Owner shall issue every fourth (4<sup>th</sup>) membership from the resigned Piñon waiting list.

(iii) Until such time as the Club Owner has issued all Juniper Memberships as provided in Subsection (i), the Club Owner shall issue every third (3rd) Corporate Membership from the resigned Corporate waiting list.

(iv) Thereafter, Club Owner shall repurchase and reissue memberships from each waiting list as needed to provide memberships to new Golf Members.

(v) Notwithstanding the foregoing, for those Golf Members who join the Club on or after May 1, 2010 and subsequently have their memberships placed on the resigned waiting list, Club Owner must receive payment in full in cash for each membership sold in the applicable category to count toward the ratios set forth above (*i.e.*, financed memberships count towards the ratios only to the extent cash payment is received).

In the event that while on the waiting list a Golf Member owes any amount to Club Owner which is past due more than ninety (90) days, the Club Owner reserves the right to move the Golf Member to the bottom of its then current waiting list for repurchase. Furthermore, if such amounts remain more than one hundred eighty (180) days past due, Club Owner, in its sole and absolute discretion, may decrease the percentage amount payable upon repurchase of a resigned membership up to fifty (50%) of the Initiation Deposit which Club Owner is then charging for the same category of membership not to exceed the amount of the Initiation Deposit paid by the Member. The Club Owner has no obligation to accept partial payment of any past due amounts and any acceptance of partial payments shall not waive any rights of the Club Owner.

Club Owner shall have no obligation to repurchase any membership from the waiting list until the new Golf Member to whom it will be issued has been approved and has paid the current Initiation Deposit for the applicable category of membership to Club Owner.

**(d) Transfer Upon the Sale of Property.**

Notwithstanding the foregoing, a Golf Member who holds a Resident Golf Membership, who sells his or her Property may submit a written request to Club Owner for Club Owner to terminate and reissue the membership to the purchaser of the Golf Member's Property, provided that the purchaser of the Golf Member's Property must:

(i) Apply for the same category of membership held by the Golf Member not later than five (5) days after entering into a contract to purchase the Golf Member's Property;

(ii) Be approved by Club Owner; and

(iii) Pay to Club Owner the Full Initiation Deposit then being charged for such category of membership (i) on or before close of escrow of the Property or (ii) within ten (10) days after receipt of notice of such approval, whichever is later.

Upon the resale buyer taking title to the Golf Member's Property, Club Owner shall repurchase and reissue the Golf Member's membership to the resale buyer without regard to any waiting list for repurchase of memberships or any waiting list to acquire memberships then in effect.

Club Owner shall have no obligation to approve a resale buyer's Membership Application and shall have no liability to any person for declining to approve a Membership Application, so long as in denying the Membership Application Club Owner has not discriminated against the applicant on any basis prohibited by law.

In the event that the purchaser of the Golf Member's Property does not satisfy the above criteria, the Golf Member's Resident Golf Membership may be resigned and placed on the waiting list in accordance with the provisions of Section 13.3(c), and the purchaser of the Property will be required to obtain a Resident Athletic Membership in accordance with the terms of the Declaration and these Membership Policies.

Club Owner may, but shall have no obligation to, repurchase a membership sooner than required hereunder, without regard to any waiting list then in effect, if Club Owner elects to do so for any reason; provided, the repurchase of a membership prior to the time that it would otherwise be repurchased from the waiting list shall not delay or otherwise affect Club Owner's obligations with respect to other memberships having a higher position on such waiting list than the membership being repurchased.

**(e) Payment upon Repurchase.**

Within thirty (30) days after Club Owner's repurchase and reissuance of a membership pursuant to Section 13.3(c) above, Club Owner shall pay the former Golf Member such amount, if any, as is set forth in the former Golf Member's Membership Agreement or as provided in these Membership Policies.

Such amount shall not, under any circumstance except as otherwise noted herein or in these Membership Policies, exceed eighty percent (80%) of the Initiation Deposit then being charged for the same category of membership (or ninety percent (90%) in the case of Charter Members, or Charter Members who convert to Juniper Members on or before May 1, 2010), and not to exceed the amount of the Initiation Deposit originally paid by the Member. The remaining twenty (20%) (or ten percent (10%) in the case of Charter Members) shall be retained by the Club Owner as a transfer fee (the "Transfer Fee").

The former Golf Member shall also be entitled to a refund of any dues prepaid for the period after the effective date of reissuance.

Club Owner shall be entitled to deduct from the amounts to be paid to the former Golf Member any unpaid installments of the Initiation Payment and any outstanding fees, dues, and other

charges due from the former Golf Member (which include, without limitation, interest, late fees, and other charges).

**(f) Permanently Disabled Members.**

Notwithstanding the other provisions of these Membership Policies to the contrary, the Club Owner has adopted the following policy for the benefit of any Club Member that may become permanently disabled.

Upon a medical diagnosis that a Golf Member, or the Golf Member's spouse, is permanently medically disabled and unable to play golf, the Member may apply to be classified as a Disabled Member by completing such Membership Application and providing such documentation as may be required by the Club Owner including, but not limited to, medical documentation from a qualified medical professional or professional(s) to support such diagnosis. Club Owner reserves the right to require a second opinion by any medical professional. Approval for the Disabled Classification shall be granted or withheld in Club Owner's sole and complete discretion.

Upon the Club Owner's acceptance of a Golf Member's Application for Disabled Classification, the membership (specifically excluding Resident Athletic Membership or Inactive Resident Athletic Member) shall be deemed resigned pursuant to this Section 13 and shall be placed on the appropriate waiting list for the Golf Member's category of membership to be re-issued by the Club Owner, except that such Disabled Member shall have the option to choose one of the two following options:

- (i) The Disabled Member may immediately cease paying dues and agree to forfeit any refund to which the Golf Member may otherwise have been entitled upon the reissuance of the Golf Member's membership; or
- (ii) The Disabled Member may continue to pay dues for six (6) full months after the date that such Application for Disabled Classification is approved by the Club Owner and agree that when the Golf Member's Membership is reissued the Club Owner will deduct from the refund to which the Disabled Member would otherwise have been entitled the sum equal to six (6) months dues at the then-current dues rate.

Upon acceptance of the Application for Disabled Classification, all of the Golf Member's rights to use and access the Club Facilities shall cease and such Golf Member (and all users and designees of such Membership) shall have no right to use or otherwise access the Club Facilities. In the event that the Disabled Member is a Resident Golf Member, then upon the resignation of the Resident Golf Membership, the Golf Member will be deemed to have obtained an Inactive Resident Athletic Membership.

In the event a Golf Member applies for but is denied recognition as a Disabled Member, the Golf Member will have the right, in compliance with procedures established by Club Owner, to appeal the Club Owner's decision to a committee made up of members of the Board of Governors and individuals appointed by the Club Owner ("Grievance Committee"), and such Grievance

Committee shall review such information as it deems appropriate and make a recommendation to the Club Owner as to whether it should reconsider the Golf Member's Application for Disabled Classification; provided that the ultimate decision shall rest with the Club Owner. No Golf Member shall have a right to be approved for such category outside of Club Owner's sole discretion.

#### **13.4 Dissolution of Club**

Notwithstanding anything foregoing to the contrary, in the event of financial failure and closure of the Golf Facilities by GCPL or CAPL, or the dissolution for any reason (other than a sale of the Club), or bankruptcy of GCPL or CAPL, Golf Members shall be deemed to have waived any right or claim to a refund of all amounts paid as a Golf Initiation Deposit to the Club and shall indemnify and hold harmless the Club Owners, the Community Association, and all related and unrelated parties from and against of any and all claims related to such refund. The provisions of this Section 13.4 are pursuant to, and were affirmatively approved prior to May 1, 2010, by, a majority vote of Golf Members in each respective category of Golf Membership as provided in the Membership Policies for Prescott Lakes Golf and Country Club, effective November 1, 2008.

### **14. GOOD STANDING; DISCIPLINE**

#### **14.1 Good Standing.**

A Club Member shall cease to be in "good standing" upon the Club Member's doing or allowing any of the following:

- (a) Failure to pay to Club any fees, dues, or other charges, or any installment thereof, on or before the due date;
- (b) Nonpayment of any sums due from any Resident Member under the Declaration or any other violations under the Declaration;
- (c) Permitting the use of a Membership Card by someone other than the person to whom it was issued;
- (d) Failure to accompany a guest if and when required while using the Club Facilities;
- (e) Violation of these Membership Policies or the Club Rules, verbal or physical abuse or harassment of Club personnel, or intentionally cheating or violating the Club's etiquette policies in Club organized events;
- (f) Conviction of a felony or of any crime involving moral turpitude, or a determination by Club Operator that the person was convicted of a felony or such a crime prior to Club Operator's approval of his or her Membership Application and failed to disclose such conviction prior to such approval;
- (g) Instituting litigation against the Club, Club Owner or Club Operator; or

(h) Commission of any act (in or on Club premises, or in the Community) which Club Operator determines to be inconsistent with these Membership Policies, the Club Rules, or the general decorum or familial atmosphere of the Club, or not in the best interests of the Club, or to be detrimental to or likely to endanger the welfare, safety, harmony or good reputation of the Club Owner, Club Operator, Club, manager of the Club or any of their affiliates, agents, members, or managers, or any member.

**CLUB OPERATOR'S DETERMINATION IN ACCORDANCE WITH THIS SECTION THAT ANY PERSON IS NOT IN GOOD STANDING SHALL BE FINAL.**

**14.2 Discipline.**

**(a) Sanctions.**

If Club Operator determines, in accordance with the procedures set forth below, that any Club Member is no longer in good standing, Club Operator may impose such sanctions as it deems appropriate. Such sanctions may include, but are not limited to, monetary fines, reprimand, reimbursement of expenses, temporary suspension of membership privileges, or expulsion of membership (with the exception of Resident Athletic Memberships and Inactive Resident Athletic Members, which may not be terminated). Any temporary suspension of membership privileges shall be for such period as Club Operator deems appropriate; provided however, usage of the Athletic Facilities may not be suspended for a period of more than one (1) year. Resident Members may not have usage of the Athletic Facilities suspended more than thirty (30) days for a single violation, but may be given longer suspensions of Athletic Facility privileges for continuing or multiple violations, including violations of the Declaration. There is no limitation on the potential duration of any suspension of the privilege to use the Golf Facilities and other Club Facilities. A suspended Club Member shall remain fully liable for all dues, fees, and other charges accruing during any period of suspension.

Suspension or expulsion of a Club Member's rights due to a Club Operator's determination that the Club Member is not in good standing shall also suspend all rights of the Club Member's family, authorized users or designees. Expulsion of any Club Member is permitted, to the extent not otherwise inconsistent with the Declaration.

A person whose use privileges are suspended or is expelled pursuant to this Section 14 shall not be entitled to use the Club Facilities as the guest of another Club Member. A Golf Member who has been expelled shall be deemed to have resigned his or her membership pursuant to Section 13.2(c).

**(b) Notice and Hearing.**

Except as set forth below, Club Operator shall not suspend or expel the rights of a Club Member without prior notice to the Club Member specifying the basis for a belief that the Club Member is not in good standing, and an opportunity for a hearing on the matter.

Notwithstanding the preceding, the Club Operator may recall a membership pursuant to these Membership Policies at any time without the necessity of determining the good standing of the Club Member or affording the Club Member the opportunity for a hearing.

If the Member requests a hearing in writing within ten (10) days after receipt of such notice, Club Operator shall set a time and date for a hearing and shall provide at least ten (10) days' prior written notice thereof to the Club Member. The hearing shall be held before a Grievance Committee comprised of such persons as Club Operator may designate, who may, but need not be Club Members. At such hearing, the Club Member may make a statement and present any evidence or witnesses supporting the position that such person remains in good standing or should not be sanctioned. The general policy of the Club shall be that neither the Club nor the charged person shall have counsel present at any such hearing.

The hearing shall be conducted in accordance with the following:

- (a) Only the Club Operator's representative, the charged person, and those persons who, in the discretion of Club Operator, have relevant information to share concerning the charges or the good standing of the person charged may attend.
- (b) The Club Operator's appointee or representative, if any, may present its arguments for sanctions against the charged person. The Club Operator's appointee shall name the complainants and witnesses who are to testify regarding the charged person's conduct and in support of the Club Operator's charges.
- (c) The charged person shall have an opportunity to be heard orally or in writing, to present witnesses, produce any statement or evidence on his or her behalf, confront the Club Operator's witnesses, and refute the claims of complainants.
- (d) The Club Operator and the charged person each shall be afforded a reasonable opportunity to present relevant matters. The charged person shall have the same amount of time to present its matters and confront the Club Operator's witnesses and complainants as the Club Operator uses to present the matters it deems relevant; however, neither presentation shall exceed one (1) hour, unless Club Operator, in its sole discretion, determines that more time is necessary to present relevant matters. The amount of time that the Club uses to pose questions to those in attendance shall not be charged against the time allotted to either.

The Grievance Committee shall notify the alleged violator of its determination and the sanction, if any, to be imposed, within ten (10) days following the date of such hearing. In the discretion of Club Operator, membership privileges may be suspended pending the outcome of such hearing.

Notwithstanding the hearing requirement specified above, Club Operator may immediately suspend the rights and privileges of a Club Member when, in its sole discretion, Club Operator determines that such person's conduct, if repeated, would pose a threat to the welfare and safety of the Club or its Club Member's, guests, or employees, or that the time period involved in complying with the hearing procedure set forth above would render such hearing procedure ineffective to

address or prevent a recurrence of such person's conduct within such time period, or in the event that such Club Member has unpaid dues, fees or other charges in accordance with Section 12(e). In such event, the Member involved shall have the right to appeal the suspension to Club Operator. To perfect this right, a written notice of appeal must be received by Club Operator within ten (10) days after the date of suspension. If such a suspension is appealed, Club Operator shall comply with the applicable notice and hearing procedures set forth above. If such a suspension is not appealed, Club Operator shall review the facts surrounding the suspension to determine the length of the suspension or if further disciplinary action is necessary.

## **15. MANAGEMENT, OPERATION AND TRANSFER OF CLUB FACILITIES**

### **15.1 Club Management of Club Facilities.**

Club Owner, and Club Operator as the agent of Club Owner, shall have exclusive authority and shall be responsible for the management and operation of the Club Facilities, which shall include, without limitation, to the following:

**(a) Staffing.**

**(b) Nature and Condition of Club Facilities.** Club Owner reserves the right to add or eliminate facilities, discontinue or modify the operation of existing Club Facilities, and otherwise make such changes to the Club Facilities and level of operations as Club Owner deems appropriate in its sole discretion. Club Owner may also close any or all of the Club Facilities for extended periods of time for minor or major maintenance, renovation, or construction. Club Owner or Club Operator make no representations or warranties with respect to the nature or condition of the Club Facilities or the suitability of the Club Facilities for any particular purpose. .

**(c) Club Rules and Policies.** Club Owner shall have the exclusive authority to adopt and amend rules and policies governing use of and conduct on the Club Facilities, including policies regarding tee time allocation, reservations, and guest privileges. Such rules and policies are subject to change in Club Owner's sole discretion.

**(d) Special Events.** Club Owner reserves the right to make all or portions of the Club Facilities available to Club Members or non-members for special events, including, without limitation, tournaments, private parties, and charitable events, to determine the number and scheduling of special events in its sole discretion, and to restrict Club Members' use of the Club Facilities during such events.

**(e) Hours of Operation.** Club Owner shall have sole and exclusive authority to determine the hours and days of operation of the Club Facilities and to close portions of the Club Facilities during inclement weather, for maintenance, repair, and other purposes as Club Owner or Operator deems appropriate.

**(f) Approval and Acceptance of Members.** Club Owner shall have sole and exclusive authority to determine the qualifications for membership and to approve or reject any



Membership Application in accordance with such procedures as it may establish from time to time.

(g) **Non-Discrimination.** Neither Club Owner nor Club Operator shall discriminate in any manner against any Club Member, guest or candidate for membership on account of race, sex, religion, color, national origin, handicap, status as a veteran, creed, ancestry, familial status or sexual orientation.

### **15.2 Profits, Losses, and Distributions.**

Club Owner shall be entitled to all income and profits and shall be responsible for all expenses and losses from operation of the Club Facilities, subject to its right to increase fees, dues, and other charges as provided in Section 12 and as set forth herein. In the event of a sale of the Club Facilities, any proceeds which Club Owner derives from such sale shall be the property of the Club Owner, and the Club Members shall have no individual interest therein, except to the extent of the payment, if any, to which Golf Members may be entitled upon resignation and repurchase of their memberships pursuant to Section 13.3; provided, Golf Members shall have no interest in the proceeds derived by Club Owner from such sale if the purchaser of the Club Facilities has assumed the obligation to repay Golf Members upon reissuance and repurchase of their membership in accordance with these Membership Policies.

### **15.3 Delegation.**

Club Owner shall have the right to delegate, transfer, or assign any or all of its rights and responsibilities for management and operation of the Club Facilities to such persons and on such terms and conditions as Club Owner deems appropriate in its sole and absolute discretion. Club Owner shall further have the right to assume and perform any duties of the Club Operator as set forth herein.

### **15.4 Board of Governors.**

A Board of Governors comprised of Athletic, Golf and Social Members of the Club will be elected by the Club Members. Such Board of Governors shall provide advice, counsel and leadership as to the operation of the Club. The method for the election of the Board of Governors shall be set forth in the rules and regulations of the Club. The rules and regulations shall also provide for the number of persons who sit on the Board of Governors, the length of service, the formation of committees, and other matters affecting the composition and operation of the Board of Governors. Neither the Board of Governors nor any advisory committee appointed or otherwise formed by the Board of Governors or the Club Operator shall have any duty or power to negotiate or otherwise act on behalf of the Members of the Club, the Club itself, the Club Owner, or the Club Operator, and shall serve only in an advisory capacity.

## **16. TRANSFER OF CLUB FACILITIES**

Club Owner reserves the right to sell or otherwise transfer all or any portion of the Club Facilities to a third party or parties, upon such terms and conditions as Club Owner determines appropriate in its sole and absolute discretion. Unless otherwise agreed with Club Owner, the new owner shall have no obligation to operate the Club Facilities in accordance with these Membership Policies; provided, if the new owner does not agree to assume the Membership Policies then existing (as they may be amended) or makes any materially adverse changes in the rights of any category of Club Members under such Membership Policies, without approval of the affected Club Members, then the Club Members whose rights are so changed shall have the option of either (i) continuing to use the Club Facilities upon such terms and conditions as the new owner may establish, or (ii) resigning and, in the case of Golf Members with repurchase rights under Section 13, having their memberships repurchased by the new owner. The repurchase price shall be one hundred percent (100%) of the Initiation Deposit, if any, actually paid by the resigning Golf Member, as set forth in the Golf Member's Membership Agreement, less any unpaid installments of such Initiation Deposit and less any outstanding dues, fees and other charges due from the resigning Golf Member. Any dues paid in advance shall be prorated as of the date of such resignation. Such Golf Membership shall be repurchased within sixty (60) days after receipt of notice from the Golf Member of the Golf Member's resignation.

In the event that a new owner discontinues or suspends the offering of memberships in a category with repurchase rights under Section 13 and does not substitute a different category of membership with similar privileges or greater privileges than what is included in the discontinued suspended class of membership (the sale of which triggers the repurchase of memberships in the discontinued category), the new owner shall repurchase any resigned memberships in such discontinued category on the waiting list for repurchase within sixty (60) days after receipt of notice from the Golf Member of the Golf Member's resignation. The repurchase price shall be one hundred percent (100%) of the Initiation Deposit, if any, actually paid by the resigning Golf Member, as set forth in the Golf Member's Membership Agreement, less any unpaid installments of such Initiation Deposit and less any outstanding dues, fees and other charges due from the resigning Golf Member. Any dues paid in advance shall be prorated as of the date of such resignation.

In the event that a new owner makes any materially adverse changes in the rights of any Founder Gold Membership or Founder Platinum Membership under the Membership Policies and any applicable addenda, including any rights to use the Club Facilities, without approval of the affected Members, the owners of such memberships shall have the option of either (i) continuing to use the Club Facilities upon such terms and conditions as the new owner may establish, or (ii) resign their memberships and having their memberships repurchased by the new owner. The repurchase price for any such resigned Founder Gold Memberships shall be the highest amount ever charged by the Club Owner for the Initiation Deposit for a membership in the Club (other than Founder Memberships). The repurchase price for Founder Platinum Memberships shall be twice that of Founder Gold Memberships. Such membership shall be repurchased within sixty (60) days after receipt of notice from the Member of the Member's resignation.

In the event that Club Owner transfers all or any portion of the Club Facilities to a third party, Club Owner may assign to the new owner its rights to collect fees, dues, and other charges pursuant to the Membership Agreements with persons then holding memberships. Upon such transfer and assignment, the transferee shall assume the obligation to repay the Initiation Deposit to the Golf Member and the Golf Member shall have no further recourse for the payment of such Initiation Deposit against Club Owner.

#### **17. NON-MEMBER USE**

The Club's golf course is not open to the general public on a daily fee basis; provided however, the Club requires limited supplemental play until such time as the Club achieves a full complement of Golf Members. Golf Members (including Non-Resident Golf Members) will receive priority tee times, followed by Residents who are not Golf Members, then Non-Residents who are not Golf Members (to the extent such tee times are available). As the golf membership roster increases, golf play by Non-Residents who are not Golf Members will be reduced and eventually eliminated. Tee time availability for Residents who are not Golf Members will be reduced as the golf membership increases; however, Residents will continue to receive tee time privileges of one (1) foursome per month. The green fee rate for Residents shall be less than the guest fee rate charged to Golf Member guests. The rate of reduction in the golf play by Residents and Non-Residents who are not Golf Members will be at the discretion of the Club Owner.

Notwithstanding and in addition to the foregoing, Club Operator reserves the right to make any or all of the Club Facilities available for use by persons other than Golf Members under such circumstances, terms and conditions, and upon payment of such fees and charges, as Club Operator shall determine in its sole and absolute discretion. Such uses may include, without limitation, reciprocal play through participation in reciprocity programs that provide play privileges for members at other participating clubs, tournaments, charitable events, banquets and other such activities in addition to the Eligible Properties' transient guests and events sponsored by the Eligible Properties. In addition, Club Operator may make all or any portion of the Club Facilities available at any time to potential purchasers of memberships in the Club and purchasers of Property in the Community and to the officers, directors, partners, shareholders, employees and designees of Club Operator and their guests. Club Operator further reserves the right, in its discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, tournament or group play, outings and other special events from time to time.

#### **18. NOTICES**

Except as otherwise specifically provided in these Membership Policies, all notices or other communications (other than regular statements of account to Club Members) required to be given or made to Club Members hereunder shall be in writing and shall be addressed to the Club Member at the address specified in the Club Member's Application, unless the Club Member has provided written notice to Club Operator in accordance with this Section 18 requesting that notices be given at a different address and providing such new address. For purposes of this Section 18, notices to Club Members may be delivered to the Club Member by Club Operator via (i) hand delivery (ii) mailed by

registered or certified mail, return receipt requested, postage prepaid, or (iii) by electronic mail. Notices delivered in person shall be deemed received upon actual receipt by the Club Member, notices mailed shall be deemed received three (3) days after deposited in the mail in accordance with this Section 18, and notices delivered by electronic mail shall be deemed received upon sending by the Club Operator. Notices to Club Operator or Club Owner shall be delivered to the address of the Club Facilities, attention to the Club's General Manager.

All Resident Athletic Members and Inactive Resident Athletic Members shall notify the Club seven (7) days prior to the transfer of a Unit and the buyer of a Unit shall within seven (7) days after the transfer of title to the buyer of a Unit contact the Club, complete the Membership Application, Membership Agreement and related Club documents with regard to Athletic Membership, and provide information identifying the name and address of the transferee and the date of transfer of title. All such notices shall be in writing. The selling Resident Athletic Member shall return all Membership Cards issued on the Resident Member's account within seven (7) days of transfer of title.

## **19. AMENDMENT**

Club Owner reserves the right, in its sole and absolute discretion, to amend these Membership Policies at any time and in any manner which it deems appropriate including modifying playing privileges, establishing different categories and classes of membership, and establishing rules governing access, signup privileges and starting times with respect to the Club Facilities, except that no amendment shall make any materially adverse change in the rights of any existing Club Member unless approved by at least a majority of the affected Members, or in the case of Founder Platinum Members, approved by all such Founder Platinum Members. For purposes of this Section 19, the phrase "materially adverse change" shall refer only to: (i) elimination of use privileges afforded any category of membership; (ii) reduction in the number of authorized users or designees permitted for any outstanding membership; (iii) an increase in the number of authorized Piñon or Juniper Memberships or the addition of new categories of membership with golfing privileges equal to or greater than those of Founder Platinum, Founder Gold A and B, Charter, Corporate Charter, Juniper, or Piñon Members, such that the total number of such memberships authorized exceeds five hundred seventy (570) Golf Members; (iv) imposition of a requirement for payment of an additional initiation fee or membership deposit in order to continue existing privileges; (v) a change in the provisions for assessment of Golf Members to permit assessment of Golf Members for capital improvements without Golf Membership approval as provided herein; (vi) elimination of the right to have a membership reissued in the name of a surviving spouse or heir upon death of the Club Member; (vii) elimination or significant reduction in the rights of Golf Members upon resignation of their memberships (viii) the diminishment of the rights and use privileges afforded to Founder Platinum or Founder Gold A or B Members as provided for in the Membership Policies and the applicable addenda, including without limitation, the dues free and transferability rights, or (ix) any increase in dues in excess of those increases expressly permitted under the terms of Section 12 of these Membership Policies and elsewhere herein.

For changes affecting Non-Resident Members, or for changes affecting only the golf dues, golf privileges or other changes not directly related to the usage of Athletic Facilities for Resident Golf

Members, the Club Owner shall determine the means and method of obtaining a majority vote of the members affected.

For changes affecting Resident Athletic Members (Active or Inactive), or changes affecting only the athletic dues, Athletic Facility privileges or any changes directly related to the usage of the Athletic Facilities, the procedure for obtaining the majority vote of the Resident Athletic Members affected shall be as follows:

The Club Owner shall call a special meeting (“Special Meeting”) of the Resident Athletic Members impacted by such proposed amendment to approve the proposed amendment. Those Members impacted by the proposed amendment shall receive at least ten (10) days’, but not more than (sixty) 60, days’ notice of such Special Meeting, pursuant to the notice requirements herein (the “Notice”). A majority of the Resident Athletic Members impacted by such amendment must affirmatively approve the proposed amendment, by a vote in person, by proxy or by written ballot as set forth in the Notice.

## **20. ASSUMPTION OF RISK**

In consideration for the privilege of using the Club Facilities, each person entering upon or using the Club Facilities agrees:

- (a) To accept all risks associated with the use of the Club Facilities and to release Club Owner and Club Operator from and indemnify and defend Club Owner and Club Operator against any and all claims arising out of or in any way connected with such use of the Club Facilities or occurring on the Club Premises, including but not limited to claims for property damage, personal injury or death, except to the extent directly resulting from the gross negligence or willful misconduct of Club Owner or Club Operator or their respective employees; and
- (b) To assume sole responsibility for their personal safety and the safety of their personal property brought upon, used or stored at the Club Facilities. Neither Club Owner nor Club Operator shall be responsible for any loss or damage to any personal property brought upon, used or stored at the Club Facilities, whether in lockers or elsewhere, except to the extent directly resulting from the gross negligence or willful misconduct of Club Owner, Club Operator or their respective employees.

Each Club Member further agrees to be responsible and liable for any property damage and/or personal injury which he or she causes, or which is caused by his or her family, designee or guests, while on the Club Facilities, or at any activity or function operated, organized, arranged or sponsored by the Club. In addition, a Club Member who arranges or sponsors any activity or function at the Club Facilities shall be responsible for any such damage or injury even if such damage or injury was not caused by the Club Member. The cost of repairing any such damage shall be charged to the Club Member's club account, as applicable.

As used in this Section 20 "Club" and “Club Owner” and "Club Operator" shall include GCPL, PLAC, Club Operator, and their respective and successors, assigns, officers, directors, and

employees, and all persons, corporations, partnerships and other related entities with whom each controls, is controlled by, or may in the future become affiliated with.

## **21. NO OWNERSHIP INTEREST**

No Club Member, by virtue of his or her status as a Club Member, shall have any ownership or proprietary interest, beneficial interest, or any other vested interest whatsoever in the Club, Club Facilities, Club Operator, Club Owner or any of the assets of Club Owner. No Club Member shall have any right to vote on or approve any matter relating to management or operation of the Club except as specifically provided in these Membership Policies. No Club Member, by virtue of his or her status as a Club Member, shall have any right to vote or approve any matter relating to the Club Owner's right to incur debt secured by the Club Facilities. All rights and privileges of Club Members under these Membership Policies, the Club Rules, and the Membership Agreement are subordinate to the lien of any mortgage encumbering the Club Facilities from time to time, subject to the mortgagee's recognition of these Membership Policies, the Club Rules, and the various Membership Agreements. Membership constitutes only a license to use, on a priority basis, some or all of the Club Facilities as set forth in these Membership Policies, as they may be amended from time to time. Membership is offered as an opportunity to obtain the recreational and social benefits of the Club only and should NOT be viewed as an investment or purchased with any view toward or expectation of personal profit.

## **22. REPRESENTATIONS**

No person is authorized to make any representation or provide any information with regard to the Club or Club Memberships contrary to or in addition to the information contained in these Membership Policies and the Membership Agreements referenced herein.

## **23. RESERVED RIGHTS**

In addition to the rights reserved herein by Club Owner, its successors-in-title to the Club Facilities and assigns by other provisions of these Membership Policies, Club Owner reserves the right to make use of the Club Facilities in any manner which is not inconsistent with the provisions of these Membership Policies. Without limiting the generality of the foregoing, Club Owner specifically reserves the following rights:

- The right to restrict use of all or a portion of the Athletic Facilities or Golf Facilities by Club Members from time to time, including, without limitation, during private parties, charitable events, tennis tournaments and similar events, provided such restriction or use does not exceed seven (7) consecutive days;
- Subject to any obligations to the contrary with respect to Resident Athletic Members contained in these Membership Policies, Club Owner reserves the right to offer discounts, credits and other special arrangements to prospective Golf, Social, Resort and Non-Resident members, and to waive or reduce Golf, Social, Resort and Non-Resident membership initiation fees and dues; and

- The right to enter into reciprocity agreements or arrangements with other clubs (both within and outside Arizona) by which the members of each club will have certain limited use privileges at the other.

## FIRST AMENDMENT TO MEMBERSHIP POLICIES AND PLAN

THIS FIRST AMENDMENT TO MEMBERSHIP POLICIES AND PLAN (“**Amendment**”) is made effective this 22<sup>nd</sup> day of March 2013, by THE CLUB AT PRESCOTT LAKES, LLC (“**Owner**”).

### RECITALS

A. The Membership Policies and Plan for The Club at Prescott Lakes, made effective May 1, 2010 (the “Plan”) may be amended by the Owner from time to time in accordance with the provisions of Article 19 thereof.

B. The Owner wishes to provide a Leave of Absence policy for golf members of the Club, which being a positive new benefit and not a material adverse change, does not require a vote of the membership in accordance with the Plan.

NOW THEREFORE, the Plan is hereby amended as follows:

1. **Leave of Absence**. The Plan is amended by adding a new section, 10.4, to Article 10 of the Plan, as follows:

a. Any Resident or Non-Resident Member in a category providing full golf privileges may elect to take a Leave of Absence one time during the life of his or her membership in the Club, for any reason. Such Leave of Absence shall be in no event less than twelve (12) months, or more than twelve (12) months. The Resident Golf Member or Non-Resident Golf Member shall be in good standing as provided for in Section 14.1 of The Plan before submitting a request for a Leave of Absence.

b. Resident Golf Members: While on a Leave of Absence, a Resident Golf Member’s monthly membership dues shall be reduced to an amount equal to the then current monthly dues for Inactive Resident Athletic Members.

1. A Resident Golf Member on Leave of Absence who is a Resident Athletic Member and in good standing shall be entitled to the privileges provided for in Section 8.1(l)(1) but shall not be entitled to use of the Golf Facilities as a guest of another Club Member during the duration of the Leave of Absence.

2. A Resident Golf Member on Leave of Absence who is an Inactive Resident Athletic Member and in good standing is subject to the provisions of Section 8.1(l)(1)(i) of the Plan.

c. Non-Resident Golf Members: While on a Leave of Absence, a Non-Resident Golf Member’s monthly dues shall be reduced to an amount determined by the Club Operator but shall be no less than an amount equal to the then current monthly dues for Inactive Resident Athletic Members.

1. A Non-Resident Golf Member on Leave of Absence shall not be entitled to any use of the Golf Facilities and Golf Practice Facilities, including as a guest of another Club Member,



during the duration of the Leave of Absence. A Non-Resident Golf Member on Leave of Absence shall continue to have usage of Dining Facilities and other social amenities of the Club.

2. A Non-Resident Golf Member on Leave of Absence who is a Non-Resident Athletic Member and in good standing shall be entitled to the privileges provided for in Section 8.1(1)(2) of the Plan.

d. In order to elect a Leave of Absence, an eligible Member must notify the Club Operator in writing of his or her intention to take a Leave of Absence, at least thirty (30) days in advance. The Club Operator may deny a Leave of Absence at any time during which ten (10) or more Members are currently already on Leave of Absence. In such event, the Club Operator will notify the Member of the future date upon which he or she may become eligible to take a Leave of Absence, and the Member may then elect to reserve a Leave of Absence beginning on such date.

e. If the Resident or Non-Resident Golf Member elects to return from the Leave of Absence prior to the end of the twelve (12) month period, the Member shall pay to the Club the full amount of applicable golf membership fees the Member would have been paid if the Member were not on Leave of Absence.

2. **Plan in Full Force and Effect.** Except as herein provided, all the terms and provisions of the Plan shall remain in full force and effect. In the event of any conflict or inconsistency between the provisions of the Plan and this Amendment, the provisions of this Amendment shall control.

IN WITNESS WHEREOF, the Owner has adopted this Amendment as of the day and year set forth herein above.