

DUAL MEMBERSHIP AGREEMENT

This Dual Membership Agreement is entered into this 27th day of April, 1988, between Desert Mountain Development Company, Inc., an Arizona corporation ("Company") and the undersigned Buyer.

RECITALS

A. Buyer has entered into an agreement to acquire Lot 42, Unit FIVE, Desert Mountain (the "Lot").

B. Company has agreed that upon the close of escrow (the "Close of Escrow") through which Buyer will acquire the Lot (the "Escrow"), Buyer shall be entitled to a Regular Membership in THE GOLF CLUB AT DESERT MOUNTAIN in Scottsdale, Arizona (the "Club") upon the terms and subject to the conditions set forth herein, and also shall be entitled to certain rights with respect to a Social Membership in the Club upon the terms and subject to the conditions set forth herein.

C. As used herein "Buyer" means the undersigned Buyer, or the nominee of Buyer if a nominee of Buyer takes title to the Lot at Close of Escrow.

AGREEMENTS

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties have agreed as follows:

1. Upon, and only in the event of, Close of Escrow, Buyer shall be entitled to one Regular Membership (the "Regular Membership") in the Club, upon the terms and subject to the conditions of (i) this Agreement, (ii) the Bylaws of the Club, as amended from time to time (the "Bylaws"), and (iii) the rules and regulations of the Club, as amended from time to time (the "Club Rules").

2. The Regular Membership will have no initiation fee and until January 1, 2000, will be non-assessable. Monthly dues, in the amount provided in the Bylaws, will not commence until January 1, 1990. The Regular Membership will be non-transferable, and will have no equity or proprietary interest in the Club or the assets of the Club.

3. The Regular Membership will terminate upon the occurrence of any of the following:

(a) Death of the Regular Member.

(b) If, prior to the third anniversary of Close of Escrow, Buyer transfers title to the Lot, or any interest (undivided or otherwise) of Buyer in the Lot, or options, leases or agrees to sell the Lot, or any interest of Buyer in the Lot or, if Buyer is other than an individual, if any interest in Buyer is transferred to anyone other than the Regular Member. Notwithstanding the foregoing, if Buyer consists of a husband and wife or a corporation owned by a husband and wife, the transfer of an interest in the

Lot or the corporation as the result of (i) the death of the spouse who is not the Regular Member, or (ii) divorce, will not terminate the Regular Membership under this subparagraph (b) or subparagraph (d) below, so long as the interest of the Regular Member in the Lot or corporation is not diminished.

(c) If Buyer, pursuant to Paragraph 6 hereof, elects not to continue the Regular Membership or to have a Regular Membership issued to a Relative or reserved for issuance under Paragraph 7 hereof, the Regular Membership will terminate as provided in Paragraph 6 hereof.

(d) If the Regular Member at any time prior to the third anniversary of Close of Escrow fails to meet or to continue to meet the requirements of the second and third sentences of Paragraph 4 hereof.

(e) If Buyer fails to specify the Regular Member on or before Close of Escrow as required by Paragraph 4 hereof.

(f) Any termination of the Regular Membership pursuant to the Bylaws (which include the right of the Club to terminate membership for non-payment of sums owed the Club, conduct and other causes).

(g) If a portion of the purchase price for the Lot is evidenced by a promissory note to Company or its trustee, upon any transfer of title to the Lot as the result of foreclosure, trustee's sale or other proceedings resulting from default in payment of the note or default under the deed of trust securing the note. Additionally, the privileges of the Regular Membership may be suspended during any period when a default under the note or deed of trust securing the note has remained uncured for 60 days or more following the date of commencement of the default.

Notwithstanding the provisions of (a), (b) and (d) above, in the event of the death of the Regular Member prior to any other termination of the Regular Membership, the Regular Membership shall terminate and revert to the Club, but the surviving spouse, until the first to occur of the remarriage or death of the surviving spouse or a transfer of title under the circumstances described in subparagraph (g) above, or an election by a personal representative under Paragraph 6(c) hereof to have a Regular Membership issued or reserved for issuance, shall have the same privileges and shall be subject to the same obligations (as the Regular Member, had the Regular Member remained alive), unless (i) the Club permits said spouse to transfer to another category of membership, or (ii) said spouse resigns from the Club.

Notwithstanding any other provision of this Agreement, including without limitation the provisions of (b) and (d) above, the third sentence of Paragraph 4 hereof, and Paragraph 6 hereof, if a house has been constructed on the Lot with final inspection obtained from the City of Scottsdale, the three year ownership requirements of said provisions shall no longer apply, and a subsequent sale or transfer of the Lot (other than a transfer as described in subparagraph (g) above), even though within the three year period, shall not terminate the Regular Membership, a Social Membership issued pursuant to Paragraph 6 hereof, or a Regular Membership issued to a Relative pursuant to Paragraph 6 hereof.

4. The name of the individual who is to be the Regular Member in connection with the Regular Membership (the "Regular Member") must be specified in writing delivered into Escrow on or before Close of Escrow. The Regular Member (or the Regular Member and his or her spouse) must be at Close of Escrow and thereafter remain (except as permitted under the last sentence of Paragraph 3(b) hereof) until the third anniversary of Close of Escrow (i) the bona fide owner of a 50% or greater ownership interest in the Lot or the entity taking title to the Lot at Close of Escrow and which continues to hold such title until the third anniversary of Close of Escrow, or (ii) the bona fide beneficiary of a bona fide pension or profit sharing trust taking title to the Lot at Close of Escrow and which continues to hold such title until the third anniversary of Close of Escrow. To avoid termination of the Regular Membership, the Regular Member, or said entity or pension or profit sharing trust, must continue to hold title to the Lot (or the entire interest therein described under (i) above which the Regular Member, or the Regular Member and his or her spouse, acquired at Close of Escrow) until the third anniversary of Close of Escrow.

If the name of the Regular Member is known to Buyer as of the execution of this Agreement, the designation of the Regular Member shall be made by completing the last sentence of this Paragraph 4; otherwise, the name of the Regular Member, to be specified by Buyer on or before Close of Escrow as provided in this Paragraph 4, may be inserted hereafter by Escrow Agent or Company in the last sentence of this Paragraph 4. If, at Close of Escrow, title is to be taken in the name of other than the Regular Member, then prior to Close of Escrow Buyer shall deposit into Escrow such evidence as is reasonably requested by Company (which may include without limitation the affidavit of Buyer and/or the Regular Member, and/or documents establishing the entity or trust and reflecting the interests and ownership therein) to establish that the designated Regular Member meets the requirements of this Paragraph. The name of the Regular Member is THOMAS M. CLARK. ONE NAME

5. In addition to the Regular Membership, the Regular Member also will receive, upon and only in the event of Close of Escrow, the right to one Social Membership in the Club (the "Social Membership") upon the terms and subject to the conditions of (i) this Agreement, (ii) the Bylaws, and (iii) the Club Rules. The Social Membership will have no initiation fee and until January 1, 2000, will be non-assessable. Monthly dues, in the amount provided in the Bylaws, will not commence until the Social Membership is issued. The Social Membership, once issued as described below, will be non-transferable, and will have no equity or proprietary interest in the Club or the assets of the Club.

6. The Regular Member may exercise any one of the following options (a), (b) or (c) prior to January 1, 1990 (and not thereafter), by written notice to the Club:

(a) The Regular Member may continue the Regular Membership in his or her name, whereupon it will become dues paying as of January 1, 1990. In that event, the Regular Member can cause the Social Membership to be issued, without initiation fee, to a natural or adopted son, daughter, son-in-law, daughter-in-law, grandchild, nephew, niece, sibling, parent or grandparent of the Regular Member (any of the foregoing herein called a "Relative") on or before January 1, 1990 (in which event the Social Membership becomes dues paying as of January 1, 1990), or can reserve the Social

Membership for issuance on a resale of the Lot prior to 1995 if the conditions of Paragraph 7 hereof are met. If this election is made, the Regular Membership remains with the original Regular Member.

(b) The Regular Member may elect, instead, to take the Social Membership himself or herself on or before January 1, 1990. In that event, the Social Membership will become dues paying as January 1, 1990. The Regular Membership then terminates as of the date the Social Membership is issued, but the original Regular Member can cause a Regular Membership, without initiation fee, to be issued, as of the same date the Social Membership issues, to a Relative (in which event that Regular Membership would become dues paying as of January 1, 1990), or can cause a Regular Membership to be reserved for issuance on a resale of the Lot prior to 1995 if the conditions of Paragraph 7 hereof are met. If the Regular Member makes this election to take the Social Membership on or before January 1, 1990, instead of keeping the Regular Membership, the Social Membership remains with the original Regular Member after January 1, 1990.

(c) The Regular Member may elect to keep neither the Regular Membership nor the Social Membership personally past January 1, 1990. In that event, the Regular Membership will terminate as of December 31, 1989 and the Regular Member may elect prior to January 1, 1990, either (i) to have the Social Membership or a Regular Membership issued to a Relative on or before January 1, 1990, in which event the specified membership becomes dues paying as of January 1, 1990, or (ii) to have either a Social Membership or a Regular Membership reserved for issuance on a resale of the Lot prior to 1995 if the conditions of Paragraph 7 hereof are met. In the event of an election under this subparagraph (c), there are no further rights as to the second membership.

If the Regular Member fails to exercise any of the options in (a), (b) or (c) above by written notice to the Club prior to January 1, 1990, the Regular Member will be entitled to keep the Regular Membership past January 1, 1990, and to have the Social Membership issued on a resale of the Lot prior to 1995 if the conditions of Paragraph 7 hereof are met, but will automatically lose the right to give the Social Membership to a Relative, or to make the elections described in (b) or (c) above.

If the Regular Member makes the election described in (b) above to keep the Social Membership rather than the Regular Membership, then (i) the Social Membership shall be suspended or terminate under the same conditions as the Regular Membership would be suspended or terminate pursuant to the provisions of this Agreement, including without limitation the provisions of Paragraph 3(g) hereof, and (ii) in the event of his or her subsequent death, the Social Membership shall terminate and revert to the Club, but the surviving spouse, until the first to occur of the remarriage or death of the surviving spouse or a transfer of title under the circumstances described in Paragraph 3(g) above, shall have the same privileges and shall be subject to the same obligations (as the Social Member, had the Social Member remained alive), unless the Club permits said spouse to transfer to another category of membership, or unless said spouse resigns from the Club.

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In the event of the death of the Regular Member before an election has been made under (a), (b) or (c) above, the personal representative may make the election described in (c) (i) or (c) (ii) above, but the elections in (a) and (b) above shall not be available. If the personal representative elects under (c)(i) or (c)(ii) to have a Regular, rather than a Social, Membership issued to a Relative or reserved for issuance pursuant to Paragraph 7, then the privileges of a surviving spouse, as of the election by the personal representative, shall be as provided in the preceding paragraph of this Paragraph 6, and not as provided in Paragraph 3 hereof.

Notwithstanding the foregoing provisions of this Paragraph 6 or any other provision of this Agreement to the contrary, (i) if any of the conditions occur which, under the terms of subparagraphs (b), (d), (e) or (f) of Paragraph 3 hereof, would cause the Regular Membership to terminate, including without limitation the resale of the Lot within three years of the date of Close of Escrow, then the Regular Member shall have none of the options described above in this Paragraph 6, other than the option described in part (ii) of subparagraph (c) above; and (ii) upon the occurrence of the circumstances described in the first sentence of subparagraph (g) of Paragraph 3 hereof, the Regular Member shall have no further rights under Paragraphs 5, 6, or 7 hereof even if an election has already been made under this Paragraph 6, and during any period when a default has remained uncured for the period specified in the second sentence of subparagraph (g) of Paragraph 3 hereof, all rights of the Regular Member shall be suspended under Paragraphs 5 and 6 hereof and no election may be made under this Paragraph 6.

7. If, pursuant to Paragraph 6 hereof, there has been reserved a Regular or Social Membership for issuance under this Paragraph 7, the following shall apply.

(a) Until January 1, 1995, if Buyer (or Buyer's heirs, devisees or personal representative) resells or otherwise transfers the entire interest of Buyer (or Buyer's heirs, devisees or personal representative) in the Lot (so that after the resale or transfer neither the Regular Member nor Buyer, nor any direct or indirect owner or beneficiary of Buyer, nor Buyer's heirs, devisees or personal representative, has any further ownership in the Lot or the transferee of the Lot, whether as direct or indirect owner or beneficiary), Buyer (or Buyer's heirs, devisees or personal representative), subject to the conditions described below, may give the transferee the right until the 30th day after the transferee acquires title to the Lot (but no later than January 1, 1995) to the Regular Membership or Social Membership reserved under Paragraph 6 hereof for issuance if the conditions of this Paragraph 7 are met; provided, however, such membership may only be issued to an individual who is the bona fide owner of a 50% or greater ownership interest in the Lot or the entity taking title to the Lot or the beneficiary of a bona fide pension or profit sharing trust taking title to the Lot.

As conditions to issuance of a Regular Membership or Social Membership pursuant to this Paragraph 7, (i) the proposed member must be approved by the membership committee of the Club (approval or rejection by the committee will be given within 30 days of receipt of a completed proposal for membership in the form used by the Club at the time), and (ii) Company may require such evidence as it may reasonably request to establish that the resale or transfer complies with the requirements of this Paragraph 7 and that the proposed member meets the requirements of this Paragraph 7. Monthly dues

will begin with respect to the Regular Membership or Social Membership issued pursuant to this Paragraph 7 as of the month the membership is issued to such transferee. Company commits that until 1995 Regular Memberships and Social Memberships in the Club will be available for this purpose.

Notwithstanding anything to the contrary in the Bylaws, a Regular Membership or Social Membership issued pursuant to this Paragraph 7 shall terminate at such time as the transferee from Buyer thereafter sells, transfers title to, or leases the Lot (except a lease of a residence on the Lot), or if at any time the Regular or Social member who acquired the membership pursuant to this Paragraph 7 is no longer (for any reason whatsoever, including without limitation as the result of foreclosure) the bona fide owner of a 50% or greater ownership interest in the Lot or entity which took, and continues to hold, title to the Lot, or the beneficiary of the bona fide pension or profit sharing trust which took, and continues to hold, title to the Lot. This provision for termination is in addition to, and not in lieu of, other provisions in the Bylaws for termination of membership. The privileges of a Regular Membership or Social Membership issued pursuant to this Paragraph 7 may be suspended during any period when a default under a note or deed of trust, as described in Paragraph 3(g) hereof, on the Lot has remained uncured for 60 days or more following the commencement of the default.

In the event of the death of the person receiving a Regular or Social Membership under this Paragraph 7 prior to any other termination of the Membership, the Membership shall revert to the Club, but the surviving spouse shall have the same privileges and be subject to the same obligations (as the Regular or Social member, had the Regular or Social member remained alive) only so long as the surviving spouse is, or becomes as a result of the death, and thereafter remains, the bona fide owner of at least a 50% ownership interest in the Lot or an entity which continues to own the Lot, or is the beneficiary of a bona fide pension or profit sharing trust which continues to own the Lot, or is the primary beneficiary of a bona fide trust which continues to own the Lot. At any time when that status ceases (including without limitation if the ownership of the Lot by any said entity or trust thereafter ceases), or, if earlier, upon the remarriage of the surviving spouse, the surviving spouse shall no longer have any privileges with respect to the Club.

8. A Regular or Social Membership caused to be issued to a Relative under Paragraph 6 hereof shall be non-transferable and without equity value, and will terminate if the membership (Regular or Social) of the original Regular Member hereunder terminates for any of the reasons described in (b), (d), or (e) of Paragraph 3 hereof, or upon a transfer of title to the Lot under the circumstances described in Paragraph 3(g) hereof, unless such a termination under (b) or (d) results from the death of the Regular Member (in which event the membership of the Relative will not terminate as a result of the death). This provision for termination is in addition to, and not in lieu of, other provisions in the Bylaws for termination of membership. The privileges of a Regular or Social Membership issued to a Relative pursuant to Paragraph 6 hereof may be suspended during any period when a default under a note or deed of trust, as described in Paragraph 3(g) hereof, on the Lot has remained uncured for 60 days or more following the commencement of the default. The privileges of a surviving spouse of the Relative shall be as then and thereafter provided in the Bylaws for the surviving spouse of a

Regular or Social Member, as applicable, except that, in any event, such privileges would terminate, or may be suspended, in the event the Regular or Social Membership would have terminated, or the privileges could have been suspended, under the provisions of this Paragraph 8.

9. In lieu of dealing with the Social Membership as provided in Paragraphs 6 through 8 hereof, Buyer has the right to cause the Social Membership to be issued to a person who is a bona fide co-purchaser, or with his or her spouse is the bona fide co-purchaser, of a 50% ownership interest in the Lot at the Close of Escrow, and who is designated as the Social Member at the time of Close of Escrow (a person who meets, or a husband and wife who meet, all of said requirements is/are herein sometimes called, together in the case of a husband and wife, a "Co-Purchaser").

If the Social Membership is given to an individual who is, or with his or her spouse is, a Co-Purchaser, the Social Membership will terminate upon the occurrence of any of the following:

- (a) Death of the Social Member.
- (b) If, prior to the third anniversary of Close of Escrow, the Co-Purchaser transfers any interest (undivided or otherwise) of the Co-Purchaser in the Lot, or options, leases or agrees to sell all or any interest of the Co-Purchaser in the Lot. If the Co-Purchaser consists of a husband and wife, the transfer of an interest in the Lot as the result of (i) the death of the spouse who is not the Social Member or (ii) divorce will not terminate the Social Membership under this subparagraph (b) or subparagraph (c) below so long as the interest of the Social Member in the Lot is not diminished.
- (c) If the Social Member (or the Social Member and his or her spouse) is not at Close of Escrow or, except as permitted under subparagraph (b) above, does not thereafter remain until the third anniversary of Close of Escrow the bona fide owner of a 50% interest in the Lot.
- (d) If Buyer fails to specify in writing delivered to Escrow Agent on or before Close of Escrow the name of the Social Member.
- (e) Any termination of the Social Membership pursuant to the Bylaws.
- (f) If a portion of the purchase price for the Lot is evidenced by a promissory note to Company or its trustee, upon any transfer of title to the Lot as the result of foreclosure, trustee's sale or other proceedings resulting from default in payment of the note or default under the deed of trust securing the note. Additionally, the privileges of the Social Membership may be suspended during any period when a default under the note or deed of trust securing the note has remained uncured for 60 days or more following the date of commencement of the default.

Notwithstanding the provisions of (a), (b) and (c) above, in the event of the death of the Social Member prior to any other termination of the Social Membership, the Social Membership shall terminate and revert to the Club, but the surviving spouse, until the first to occur of the remarriage or death of the surviving spouse or a transfer of title under the circumstances described in subparagraph (f) above, shall have the same privileges and shall

be subject to the same obligations (as the Social Member, had the Social Member remained alive), unless (i) the Club permits said spouse to transfer to another category of membership, or (ii) said spouse resigns from the Club.

In the event Buyer elects to have a Co-Purchaser take the Social Membership under this Paragraph 9, then for the purposes of determining termination of the Regular Membership, Paragraph 3(b) hereof shall not apply to the 50% interest in the Lot of the Co-Purchaser, and shall apply only to the other 50% interest in the Lot.

The Social Membership of an individual who is, or with his or her spouse is, a Co-Purchaser shall become dues paying as of January 1, 1990. In the event Buyer elects the option in this Paragraph 9, neither Buyer nor the Co-Purchaser will have any of the rights described under Paragraphs 6 through 8 hereof.

10. The Bylaws and Club Rules shall apply with respect to all memberships provided for herein.

11. THIS AGREEMENT CONTAINS THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO MEMBERSHIPS IN THE CLUB AND SUPERSEDES ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, OR WRITTEN MATERIAL WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT. BUYER AGREES WITH AND REPRESENTS TO COMPANY THAT NEITHER COMPANY, NOR ANY EMPLOYEE OR AGENT OF COMPANY, HAS MADE ANY AGREEMENTS, REPRESENTATIONS, OR WARRANTIES, WRITTEN OR ORAL, WITH RESPECT TO THIS AGREEMENT OR MEMBERSHIPS IN THE CLUB, AND THAT BUYER HAS NOT RELIED ON ANY SUCH AGREEMENTS, REPRESENTATIONS OR WARRANTIES IN ENTERING INTO THIS AGREEMENT OR IN PURCHASING THE LOT.

12. BUYER REPRESENTS AND WARRANTS TO COMPANY THAT BUYER HAS RECEIVED, REVIEWED AND UNDERSTANDS THE BYLAWS OF THE GOLF CLUB AT DESERT MOUNTAIN DATED DECEMBER 21, 1987.

13. BUYER ACKNOWLEDGES AND AGREES THAT THE MEMBERSHIPS PROVIDED FOR HEREIN ARE NON-PROPRIETARY, INCLUDING WITHOUT LIMITATION WITH RESPECT TO THE CLUB AND THE ASSETS THEREOF; NON-TRANSFERABLE; AND HAVE NO EQUITY OR SIMILAR VALUE PAYABLE UPON TERMINATION OR OTHERWISE.

14. This Agreement shall inure to the benefit of the personal representatives, heirs, devisees, successors and assigns of Buyer only to the extent expressly provided herein.

15. This Agreement is governed by and shall be construed in accordance with the laws of the State of Arizona.

DESERT MOUNTAIN DEVELOPMENT COMPANY, INC.

By

Its

[Signature]
Pres.
"Company"

[Signature]
Thomas M. Clark

[Signature]
Barbara H. Clark

"Buyer"