

Membership Plan
(June 1, 1994)

DEFERRED EQUITY GOLF MEMBERSHIP AGREEMENT
(Conversion from Non-Equity)

This Deferred Equity Golf Membership Agreement (this "Agreement") is entered into as of the 11th day of November, 1996 between Desert Mountain Properties, an Arizona general partnership ("Company"), d/b/a The Desert Mountain Club (the "Club"), and the undersigned Buyer.

RECITALS

A. Lot Purchase. Buyer previously acquired Lot 42 in The Village of Grey Fox, Desert Mountain (the "Lot"), upon closing escrow ("Close of Escrow") under a purchase contract therefor. In connection therewith, Buyer acquired a non-equity membership in the Club.

B. Membership. Company has agreed that Buyer may convert his or her existing non-equity membership in the Club to a single Deferred Equity Golf Membership in the Club pursuant to the Club's conversion program and subject to the terms and conditions set forth herein.

C. Buyer. As used herein, "Buyer" means the undersigned Buyer.

D. Defined Terms. The capitalized terms used, but not defined, herein shall have the meanings given them in the Deferred Equity Membership Plan, attached hereto as Exhibit "A" (the "Membership Plan").

AGREEMENT

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

1. Membership Issued. Upon, and only in the event of, completion of the conversion transaction (as evidenced by payment of all required consideration), one Deferred Equity Golf Membership (the "Membership") in the Club will be issued pursuant to Section 3 below and will be activated, upon the terms and subject to the conditions of (i) this Agreement, (ii) the Membership Plan, as amended from time to time, (iii) the Bylaws of The Desert Mountain Club, as amended from time to time (the "Bylaws"), and (iv) the rules, regulations, policies, procedures and membership guidelines of the Club, as amended from time to time (the "Club Rules"). Any reference herein to the Membership shall mean and refer only to the Membership provided for in this Agreement and not to any other membership provided for in the Membership Plan, the Bylaws or in any other agreement with Company.

2. Membership Dues and Assessments. Until the Turnover Date, the Membership will not be assessable for purposes of paying any operating deficits. Monthly dues, in the amount provided in the Club's Schedule of Dues and Charges, as amended from time to time, will commence as of the month the Membership is issued.

3. The Member Was Designated at Close of Escrow.

(a) As used in this Agreement, the "Designated Member" is the person specified, as provided in this Section 3, by Buyer on or before Close of Escrow who was to be the Member in connection with the Membership. The Designated Member (or the Designated Member and his or her spouse) was, at Close of Escrow, and must thereafter remain (except as permitted under the next sentence of this subsection 3(a) in the event of death or divorce), either (i) the bona fide owner of a 50% or greater ownership interest in the Lot or must have a sufficiently significant relationship, in the judgment of Company, to the entity which took title to the Lot at Close of Escrow (and which continues to hold such title), or (ii) the bona fide beneficiary of a bona fide pension or profit sharing trust or qualifying family trust which took title to the Lot at Close of Escrow (and which continues to hold such title). To avoid termination of the Membership, the Designated Member (or the spouse of the Designated Member who retains the membership following the death of, or divorce from, the Designated Member) must continue to satisfy the requirements of (i) or (ii), above.

(b) The name of the Designated Member continues to be: Thomas M. Clark.

4. One-Time Option to Pay Limited Golf Dues.

(a) Buyer hereby () DOES / () DOES NOT exercise its one-time option, exercisable only upon Buyer's execution hereof and not at a later date, to pay limited golf dues and have limited golf privileges, as described in the Membership Plan (see Section II.C. at p. 6 of the Membership Plan). If exercised, this option permits the Designated Member to have the same privileges and pay the same dues, green fees and other charges as Deferred Equity Club Members for up to five (5) years (up to ten (10) years in the case of Legacy Memberships). This option is not available if Buyer previously exercised a similar one-time dues reduction option under the non-equity membership (but such option may continue in effect, if previously exercised, upon the execution hereof). **If Buyer does not mark one of the boxes above prior to issuance of the Membership, it will be deemed that Buyer does not elect to exercise its one-time option to pay limited golf dues.**

(b) The Member may return to full Deferred Equity Golf Membership dues and privileges at any time by giving written notice to the Club within such period.

5. Termination Provisions. The Membership will terminate upon the occurrence of any of the following:

(a) Upon death of the Designated Member or his or her spouse, whichever last occurs.

(b) If, without specifically electing to retain the Membership, as provided in Section 10 below, Buyer voluntarily or involuntarily 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. Notwithstanding the foregoing, if Buyer consists of a husband and wife or an approved trust, corporation or other entity owned or controlled by a husband and wife, the transfer of an interest in the Lot or such trust, corporation or other entity as the result of (i) the death of the Designated Member or his or her spouse or (ii) divorce, will not terminate the membership under this subsection 5(b) or subsection 5(c) below, so long as the interest of the Designated Member, or the spouse of the Designated Member who retains the membership following the death of or divorce from the Designated Member, in the Lot, trust, corporation or other entity is not diminished.

(c) If the Designated Member at any time fails to meet or to continue to meet the requirements of subsection 3(a) hereof.

(d) Upon any termination of the Membership pursuant to the Bylaws (which include the right of the Club to terminate memberships for non-payment of sums owed the Club, conduct and other causes), or, in the event all or any portion of the consideration paid in connection with converting Buyer's non-equity membership to the Membership hereunder is evidenced by a promissory note, then upon any uncured default in making payments under such note.

(e) 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 (hereinafter defined) or default under the Deed of Trust (hereinafter defined), if, upon Close of Escrow, a portion of the purchase price for the Lot was evidenced by a promissory note or similar instrument ("Note") whether or not the Note is secured by a deed of trust, mortgage or other security instrument (collectively, a "Deed of Trust"). Additionally, the privileges of the Membership may be suspended during any period when a default under the Note or Deed of Trust has remained uncured for 60 days or more following the date of commencement of the default.

(f) Upon surrender of the Membership as provided in Section 6 hereof.

(g) In the event of the death of the Designated Member prior to any termination of the Membership held by the Designated Member, the Membership shall continue in the name of the surviving spouse until the death of the surviving spouse with the same privileges and subject to the same obligations and termination provisions, including without limitation those specified in subsections 5(a) through 5(f) above, with respect to the Membership (as would have been applicable to the Designated Member, if the Designated Member remained alive).

(h) In the event of a divorce between the Designated Member and his or her spouse, then the Designated Member and the spouse shall specify to the Club in writing which of the two is to retain the rights with respect to the membership under this Agreement (both may not do so), and the Club may suspend all privileges of the Membership until such a specification is made by the Designated Member and his or her spouse. The spouse who is to continue as the Member following the divorce must continue to meet the requirements of the second and third sentences of subsection 3(a) hereof.

(i) If the surviving or divorced spouse of the Designated Member who retains the Membership remarries, the new spouse shall be considered a member of the Immediate Family (as defined in the Bylaws) of the Member, but the Membership will terminate upon the death of the Member, and may not be transferred to the new spouse upon a divorce or otherwise, and said new spouse will have no privileges of use of the Club following such death.

6. Surrender of Membership. The Member holding his or her Membership pursuant to this Agreement may elect to surrender his or her Membership to the Club at any time and to have the Club make a payment upon reissuance of the Membership (the "Surrender Payment") as provided below in this Section 6. This right shall hereinafter be referred to as the "Surrender Payment Benefit." The Surrender Payment Benefit shall be pursuant and subject to the following terms and conditions:

(a) When the Member wishes to relinquish the Membership to the Club, the Member shall deliver his or her membership certificate (or an affidavit reasonably suitable to the Club stating that the certificate has been lost or destroyed) to the Club along with written notice to the Club (the notice is herein called the "Surrender Payment Request") that the Membership is being surrendered to the Club and the Member wishes to have the Surrender Payment Benefit paid when the Club resells and reissues the surrendered Membership to a third party.

(b) A Surrender Payment Request will be honored only when the Membership is reissued (including issuance of a substitute membership) by the Club, provided it is accompanied by the membership certificate (or affidavit) being surrendered. If a Surrender Payment Request is not accompanied by a membership certificate (or affidavit), it will not be placed in order for Surrender Payment until the certificate (or affidavit) is received. Once a Surrender Payment Request and certificate (or affidavit) have been tendered to the Club, the Surrender Payment Request may not be rescinded without the consent of the Club, which may be withheld in its sole and absolute discretion.

(c) Whenever there are surrendered memberships awaiting reissuance by the Club which, at the time of surrender, were not identified as being transferred through the Club to the next purchaser of the resigning Member's home or lot in Desert Mountain, those memberships will be issued so that, as long as Company is issuing memberships for new sales of property at Desert Mountain, after each four new memberships are issued by Company for new sales of property in Desert Mountain by Company, one such surrendered membership will

be reissued by the Club. Pending the reissuance of the Membership, the resigned Member shall be required to continue paying dues, as well as any other Club charges incurred, and will continue to be entitled to use the Club Facilities.

(d) The Surrender Payment shall be an amount equal to eighty percent (80%) of the then-current Membership Contribution when the Membership is reissued by the Club. Payment of the Surrender Payment shall be due within 30 days from the date on which the Membership is reissued by the Club.

(e) The Club shall have the right to offset against the Surrender Payment any indebtedness of Buyer and the member to Company or the Club. Moreover,

ANY REMAINING SUMS OWED TO COMPANY OR THE CLUB UNDER ANY NOTE OR DEED OF TRUST SHALL BE DUE AND PAYABLE AT THE TIME OF, AND AS A CONDITION TO, THE CLUB MAKING ANY SURRENDER PAYMENT.

(f) If the Member delivers written notice to the Club that upon his or her death a Surrender Payment Request shall be deemed made ("Preliminary Surrender Notice"), then the Surrender Payment Request shall be deemed made, and placed in order for Surrender Payment, at the time the Club is notified of the death of the member and the membership certificate (or affidavit) is surrendered to the Club, and pending the reissuance of the Membership, the Member's spouse shall be required to continue paying dues, as well as any other Club charges incurred, and will continue to be entitled to use the Club Facilities.

(g) If a Preliminary Surrender Notice has not been given, then upon the death of the Member under this Agreement, the privileges of the surviving spouse shall be as set forth in the Membership Plan, the Bylaws and this Agreement, subject to the following:

(i) If not previously exercised, the Surrender Payment Benefit shall be deemed to be exercised and a Surrender Payment Request shall be deemed to be made when the Club receives written notice of the death of the surviving spouse and the membership certificate (or affidavit).

(h) Notwithstanding anything in the Membership Plan, the Bylaws or this Agreement, if a portion of the purchase price for the Lot in connection with which Membership with a Surrender Payment Benefit was issued is evidenced by a Note, upon any transfer of title to the Lot (or transfer of beneficial interest in 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, there shall be no Surrender Payment or right to Surrender Payment of any kind with respect to said Membership. Additionally, the right to any Surrender Payment will be suspended during any period when there exists a default under the Note or Deed of Trust, and if the Surrender Payment Request in connection with that Membership is first on any waiting list for

Surrender Payment during such suspension, the Surrender Payment Requests of others behind on the list will be honored first until the period of suspension terminates as a result of cure of the default.

(i) Any Surrender Payment will be made to the individual(s) or entity(ies) specified on (or pursuant to) the Addendum attached to this Agreement. If no Addendum is attached or an Addendum is attached but it contains incomplete payment directions, any Surrender Payment will be made jointly to Buyer and the Designated Member.

7. Membership Plan, Bylaws and Club Rules. The Membership Plan, the Bylaws and the Club Rules shall apply with respect to the Membership provided for herein.

8. Transfer of Membership. The Membership may not be sold and may be transferred only through the Club, subject to the terms and conditions of the Membership Plan (see Section II.D. of the Membership Plan, at pp.6-8).

9. Use of Waiting List in Lieu of Transferring Membership to Immediate Resale Buyer. If, upon Buyer's future resale of the Lot, Buyer does not elect to cause this Membership to be transferred through the Club to Buyer's resale purchaser of the Lot (as provided in Section II.D.1 of the Membership Plan), Buyer may cause the Membership to be placed on the waiting list for future reissuance as provided in Section II.D.2 of the Membership Plan. IF BUYER CAUSES THE MEMBERSHIP TO BE PLACED ON SUCH WAITING LIST, BUYER WILL HAVE "BROKEN THE CHAIN" OF SUCCESSIVE MEMBERSHIP TRANSFERS TO OWNERS OF BUYER'S LOT, AND THERE WILL BE NO GUARANTY WHATSOEVER THAT ANY FORM OF MEMBERSHIP WILL BE AVAILABLE TO ANY OTHER OR FUTURE OWNER OF BUYER'S LOT. FOR THE FOREGOING REASON, BUYER AND BUYER'S IMMEDIATE RESALE LOT PURCHASER SHOULD CAREFULLY CONSIDER THE CONSEQUENCES OF USING THE WAITING LIST PROCEDURE.

10. Qualified Right to Retain Membership Following Sale of Lot. In lieu of resigning the Membership and causing it to be transferred to Buyer's immediate resale buyer of the Lot, and in lieu of resigning the Membership and placing it on the waiting list as described above and in the Membership Plan, Buyer may retain the Membership upon such resale provided Buyer gives the Club prior written notice of such election and provided there is no event giving rise to Membership termination (as set forth in Section 5 above) pending either at the time such notice is given or such resale occurs. IF BUYER SO ELECTS TO RETAIN THE MEMBERSHIP, BUYER WILL HAVE "BROKEN THE CHAIN" OF SUCCESSIVE MEMBERSHIP TRANSFERS TO OWNERS OF BUYER'S LOT, AND THERE WILL BE NO GUARANTY WHATSOEVER THAT ANY FORM OF MEMBERSHIP WILL BE AVAILABLE TO ANY OTHER OR FUTURE OWNERS OF BUYER'S LOT. FURTHER, BUYER'S "RIGHT" TO RETAIN THE MEMBERSHIP IS EXTREMELY QUALIFIED IN THAT THE MEMBERSHIP PLAN, AT PAGE 8, GIVES THE CLUB THE OPTION (BUT NOT AN OBLIGATION) TO REPURCHASE SUCH UNRESIGNED MEMBERSHIP AT ANY TIME BY PAYING 80% OF THE THEN-CURRENT MEMBERSHIP CONTRIBUTION. FOR

THE FOREGOING REASONS, BUYER SHOULD CAREFULLY CONSIDER THE CONSEQUENCES OF RETAINING THE MEMBERSHIP UPON THE RESALE OF BUYER'S LOT.

11. Preservation of Non-Equity Provisions. In the event, at any time this Agreement is in effect, of any judicial or other binding determination invalidating or setting aside all or any portion of the Membership Plan, the Bylaws or this Agreement pertaining to Buyer's equity-related rights and obligations or Company's or the Club's respective rights and obligations arising from the equity aspects of the Membership Plan, then this Agreement shall thereafter confer only use rights, and not present or future ownership rights, with respect to the Club Facilities, subject to all non-equity terms and conditions of the Membership Plan, the Bylaws and this Agreement, including, without limitation, transferability through the Club to all successive resale purchasers of Buyer's Lot, and Buyer's Surrender Payment Benefit.

12. Entire Agreement; No Other Representations. THIS AGREEMENT CONTAINS THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO MEMBERSHIP 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 THE CLUB, NOR ANY EMPLOYEE OR AGENT OF COMPANY OR THE CLUB, 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.

13. Buyer Has Reviewed the Membership Plan and Bylaws. BUYER REPRESENTS AND WARRANTS TO COMPANY THAT BUYER HAS RECEIVED, REVIEWED AND UNDERSTANDS THE DEFERRED EQUITY MEMBERSHIP PLAN AND THE CLUB BYLAWS.

14. Inurement. This Agreement shall inure to the benefit of, and be binding upon, the personal representatives, heirs, devisees, successors and assigns of Buyer only to the extent expressly provided herein or in the Membership Plan or, to the extent applicable, the Bylaws. In the event this Agreement is in effect on the Turnover Date, Company shall assign its rights and obligations hereunder to the corporation or other entity comprising the "Club," as contemplated under the Membership Plan.

15. Disputes. Notwithstanding anything to the contrary in this Agreement, in the event of a dispute between or among any of the following: Buyer, a Member, the heirs, devisees, or personal representative of a deceased Member, the spouse or divorced or surviving spouse of a Member, or anyone else involving the Membership provided for herein or any benefit provided for herein, Company and the Club may, but need not, suspend any or all privileges of membership or of a surviving spouse of the Member, and refrain from honoring

the demands of any party, until the dispute has been resolved to the satisfaction of Company and the Club.

16. Descriptive Headings. The descriptive headings in this Agreement are inserted for convenience only, and shall not control or affect, nor be deemed to control or affect, the meaning or construction of any provision of this Agreement.

17. Governing Law. This Agreement is governed by, and shall be construed in accordance with, the laws of the State of Arizona.

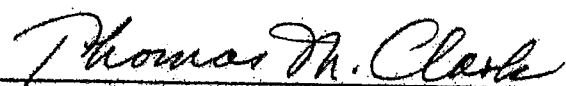
DESERT MOUNTAIN PROPERTIES,
an Arizona general partnership

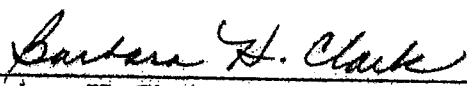
By: 

Name: R. A. SONNTAG

Title: 

"Company"


Thomas M. Clark


Barbara H. Clark

"Buyer"

Addendum No. 1

Any Surrender Payment payable under the attached Membership Agreement shall be made to the following named person or to the personal representative of such person's estate.

NAME: THOMAS M. CLARK

ADDRESS: 3955B No. 104th St.

SCOTTSDALE, AZ. 85262

The payment instructions set forth above may be modified only upon the express written instructions of:

NAME: THOMAS OR BARBARA CLARK

ADDRESS: 3955B No. 104th St.

SCOTTSDALE, AZ 85262