

**BYLAWS
OF
THE DESERT MOUNTAIN CLUB**

(as revised effective March 31, ~~2004~~2006)

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ARTICLE I

GENERAL

1.1 Purpose of the Club. The Club has been formed to promote and encourage the game of golf and other activities upon the Club Facilities.

1.2 Definitions; Incorporation of Appendixes. As used in these Bylaws, capitalized terms have the meanings stated in Article XXIV. The two Appendixes attached to these Bylaws are hereby incorporated into, and made a part of, these Bylaws.

1.3 Number and Gender. In these Bylaws, unless the context indicates or requires otherwise, words of the singular shall be deemed and construed to include correlative words of the plural, and vice versa; and masculine, feminine and neuter references shall each include the others, as the context requires.

ARTICLE II

CLUB FACILITIES ARE PRIVATE

All Club Facilities are private. As used in the preceding sentence and in Article III of these Bylaws, "private means" available only to (i) Members, the Immediate Families of Members and their permitted guests, in accordance with these Bylaws and the Rules and Regulations, (ii) for tournament play, at the discretion of the Board; and (iii) guests of the Company, as permitted in Section 23.2.

ARTICLE III

POLICY AS TO TOTAL MEMBERSHIP

3.1 Policy. It shall be the objective of the Board, in establishing and/or increasing or decreasing the total memberships in the Club from time to time, to provide Members access and tee times to the private (as described in Article II) courses and facilities reasonably comparable to well-run, first-class private golf clubs as they existed in the greater Phoenix area in 1986.

3.2 Duration of Policy. The original Bylaws included Section 3.1. The provision remains in these Bylaws solely for the benefit of Regular Members, National Golf Members,

Non-Equity Club Members and Sonoran Members. When the Club no longer has any Regular Members or National Golf Members, this Article III shall be of no further force or effect.

ARTICLE IV

AUTHORIZED CATEGORIES OF MEMBERSHIP

4.1 Authorized Categories. Subject to the limitations stated in Article V, the Club may have Members in each of the following membership categories: Golf Membership, Club Membership, Regular Membership, National Golf Membership, Non-Equity Club Membership, Sonoran Membership, Social Membership, Founder Membership and Honorary Membership. After the Turnover, the Board may also establish other categories of membership, as provided in Section 4.2.

4.2 Additional Categories of Membership. From time to time after the Turnover, the Board may (subject to Article III, while it remains in effect) amend these Bylaws to supplement the privileges of any category of members with limited privileges or add additional membership categories, in the sole discretion of the Board, in order to facilitate the changing needs and desires of the Club's membership. In no event, however, shall the modified or new membership category have golf privileges equal to or greater than Golf Memberships. In creating any new membership categories, or in supplementing the privileges of any existing membership category, the Board shall take into account the then-prevailing standards of play at comparable fine clubs throughout the world. Furthermore, in the event other recreational facilities are added to the Club after the Turnover, the Board may amend these Bylaws to provide for an appropriate category and number of additional memberships.

ARTICLE V

NUMBER OF AUTHORIZED MEMBERSHIPS BY CATEGORY

5.1 Golf Memberships. The Club may issue up to 2,375 Golf Memberships.

5.2 Club Memberships. The Club may issue up to 290 Club Memberships. The reissuance of any Deferred Equity Membership surrendered to the Club for reissuance shall not be treated as the issuance of a Membership for purposes of ~~Section~~Section 5.1 or this Section 5.2. In the event that the Club Owner reacquires any previously issued Deferred Equity Membership, such Membership shall not be treated as having been issued for purposes of Section 5.1 or this Section 5.2 until it is reissued.

5.3 Social Memberships. The Club may issue Social Memberships in such number as the Board may establish from time to time, provided, however, that the Club shall not issue any Social Memberships prior to the Turnover, other than to surviving spouses of Non-Equity Members pursuant to Section 9.1.1.

5.4 Honorary Memberships. The Club may issue Honorary Memberships in such number as the Board may establish from time to time, provided, however, that the Club shall not have more than six Honorary Members at any time prior to the Turnover.

5.5 Founder Memberships. The Club shall not issue any additional Founder Memberships, except as provided in the following sentence. In the event that a Founder Membership issued prior to the Effective Date is surrendered to the Club or otherwise terminates after the Effective Date and prior to the Turnover, the Company may, in each such case, issue another Founder Membership prior to the Turnover.

5.6 Other Memberships. The Club shall not issue any additional Regular Memberships, except as may be required pursuant to Membership Agreements entered into prior to the Effective Date, which grant the right described in Section 6.5.4(d). The Club shall not issue any additional National Golf Memberships, Non-Equity Club Memberships or Sonoran Memberships, other than to surviving spouses of Non-Equity Members pursuant to Section 9.1.1.

ARTICLE VI

MEMBERSHIP FEATURES

6.1 Deferred Equity Memberships Generally.

6.1.1 Each approved applicant for Deferred Equity Membership shall pay a Membership Contribution in the amount required pursuant to Article VIII upon such approval.

6.1.2 Deferred Equity Memberships shall not be assessable prior to the Turnover, except (i) as provided in Section B.5 of Appendix "B" to these Bylaws and (ii) as may be required to fund any purchase of Deferred Equity Memberships that the Deferred Equity Members may elect as a group to make, pursuant to Section B.6 of Appendix "B," prior to the Turnover. After the Turnover, the Board may assess Deferred Equity Memberships, provided, however, that the assessment payable by each Club Member in any instance shall not exceed 60% of the assessment payable in such instance by each Golf Member.

6.1.3 Deferred Equity Memberships may not be sold, but the owner of a Deferred Equity Membership may:

(a) Surrender to the Club any Deferred Equity Membership held in connection with a Desert Mountain home or home site for reissuance to a Resale Buyer acquiring such Desert Mountain home or home site, in accordance with Section 7.6.1; or

(b) Surrender to the Club any Deferred Equity Membership for eventual reissuance pursuant to Section 7.6.3. If a Deferred Equity Membership held in connection with a Desert Mountain home or home site is surrendered to the Club for such reissuance, the surrendering membership owner will have no assurance that any membership will be available to the future purchaser of such Desert Mountain home or home site. Surrender of a membership pursuant to this provision cannot be revoked without the consent of the Board, which may be withheld in the Board's sole and absolute discretion.

No Deferred Equity Membership will be treated as having been voluntarily surrendered to the Club, unless the owner of such membership has given the Club written notice, on such form as the Club may specify from time to time, stating that the membership is being surrendered for reissuance to a specified Resale Buyer pursuant to Section 7.6.1 or for reissuance pursuant to

13.8.3 To modify or terminate ~~the option described in Section B.5 of Appendix “B”~~ to these Bylaws; and

13.8.4 As the Turnover Date approaches, to negotiate with the Company a proposed amendment to the Plan, further clarifying implementation of the existing turnover provisions in the Plan, which amendment shall be subject to approval by the Deferred Equity Members through a vote taken in accordance with the Plan. In the event that the Company and the Advisory Board Entity are unable to agree upon the terms of a proposed Plan amendment to submit to the Deferred Equity Members, or in the event that the Deferred Equity Members do not approve a proposed Plan amendment submitted to them for approval, the Plan shall nonetheless remain in full force and effect, subject to its terms.

The Advisory Board Entity shall not have any powers, other than the ones specifically stated in this Section 13.8. Without limiting the generality of the preceding sentence, the Advisory Board Entity shall have no power to commence, or to become a party to, any legal proceedings to which the Company is a party, except that the Advisory Board Entity may bring an action against the Company on behalf of past or present members of the board of directors of the Advisory Board Entity or any past or present officer of the Advisory Board Entity to enforce the provisions of Section 13.9, the first and last sentences of Section 13.10, Article XIX, Section 25.13 or Section 25.14.

13.9 Insurance for the Board of Directors and Officers of the Advisory Board Entity. Until the Turnover, provided such insurance remains available for purchase, the Company shall maintain in force liability insurance, naming as insureds all past and present members of the board of directors of the Advisory Board Entity and all past and present officers of the Advisory Board Entity, providing insurance in the amounts provided by the following insurance policies and also covering the core risks covered by the following policies: Philadelphia Indemnity Insurance Company (PHSD061611 dated 7/30/2003); Federal Insurance Company (8184-9673 dated 7/20/2003); and National Union Fire Insurance Company (9318053 dated 1/27/2004).

13.10 Expenses of the Advisory Board Entity. The Company shall pay the costs incurred in forming the Advisory Board Entity and in preparing and filing such annual reports and tax returns as such entity may be required to prepare and file from time to time prior to Turnover. When the Company and the Advisory Board Entity begin to work on the proposed Plan amendment described in Section ~~13.8.3, 13.8.4~~, the Company shall provide the Advisory Board Entity independent legal counsel, and other independent advisers if needed, solely for the purpose of advising the Advisory Board Entity concerning the proposed Plan amendment described in Section 13.8.4. The Company shall pay the reasonable fees and expenses of such legal counsel and independent advisers, in accordance with reasonable budgets approved by the Company before such fees and expenses are incurred.

13.11 Meetings with the Board of Directors of the Advisory Board Entity. Until the Turnover, the Board shall meet with the board of directors of the Advisory Board Entity approximately once per quarter and more often as the Board and the Advisory Board Entity may agree is needed from time to time.

“Tied Lot Membership” shall have the meaning stated in Article A.II of Appendix “A.”

“Turnover” shall mean conveyance of the Club Facilities by the Company to an Equity Member Entity as contemplated by Section 14.1 and the Plan.

“Turnover Date” shall mean the date on which the Turnover occurs.

ARTICLE XXV

AMENDMENT OF BYLAWS

The Board reserves the right to amend these Bylaws and to adopt new Bylaws; provided, however:

25.1 Deferred Equity Member Consent.

25.1.1 The Board shall not have the power to amend any of the following provisions of these Bylaws without the approval of at least 51% of the votes eligible to be cast by Deferred Equity Members: Article IV, if the amendment would authorize the creation of any additional category of membership prior to the Turnover, authorize an expansion of the golf privileges of any category of membership prior to the Turnover or diminish the authority of the Board after the Turnover to amend these Bylaws (as contemplated by Section 4.2) to add additional categories of membership; Article V, if the amendment would allow the issuance prior to Turnover of any additional memberships not authorized in the absence of such amendment; Section 23.3, if the amendment would reduce the number of unissued Deferred Equity Memberships which the Company is required to reserve; or this Section 25.1.1.

25.1.2 The Board shall not have the power to amend any of the following provisions of these Bylaws without the approval of at least 51% of the votes eligible to be cast by Deferred Equity Members, if the amendment would be materially adverse to the rights of Deferred Equity Members: Article II; Sections 6.1, 7.3, 7.4, 7.5, 7.6, 7.7, 7.9, 8.1, 8.2, 9.1.2, 9.2.2, 9.3, 10.2, 10.3, 10.4 or 11.1; Article XII (excluding the Rules and Regulations); Article XIII, Article XIV or Article XV; Sections 23.1, 23.2, 23.4 23.7 or 23.8; Appendix “A” or Appendix “B;” (other than Section B.5 thereof); or this Section 25.1.2.

25.1.3 In any vote taken to determine whether the Deferred Equity Members approve a proposed amendment, each Golf Member shall be entitled (with respect to each Golf Membership held by such Member) to cast two votes and each Club Member shall be entitled (with respect to each Club Membership held by such Member) to cast one vote.

25.2 Golf Member Consent. The Board shall not have the power to amend any of the following provisions of these Bylaws without the approval of at least 51% of the Golf Members: any provision which expressly grants specific rights or privileges to Golf Members or which expressly limits actions which may be taken with respect to Golf Members, if the amendment would diminish such rights or privileges or diminish the protection provided by such limitations; the second sentence of Section 4.2; and this Section 25.2, if the amendment would diminish the rights of Golf Members under this Section 25.2.

Sections to Non-Equity Club Members; Section 12.7.2, insofar as it applies to Non-Equity Club Members; Section 12.7.6; Section 12.7.8, insofar as it applies to Non-Equity Club Members; and this Section 25.8, if the amendment would diminish materially the rights of Non-Equity Club Members under this Section 25.8.

25.9 Sonoran Member Consent. The Board shall not have the power to amend any of the following provisions of these Bylaws without the approval of at least 51% of the remaining Sonoran Members: Section 6.8.1, if the amendment would permit the dues of Sonoran Members to be higher than they would be in the absence of such amendment; Section 6.8.2 or Section 6.8.3, if the amendment would diminish materially the benefits of those Sections to Sonoran Members; Section 12.7.2, insofar as it applies to Sonoran Members; Section 12.7.7; Section 12.7.8, insofar as it applies to Sonoran Members; and this Section 25.9, if the amendment would diminish materially the rights of Sonoran Members under this Section 25.9.

25.10 Founder Member Consent. The Board shall not have the power to amend any of the following provisions of these Bylaws without the approval of each remaining Founder Member: Section 6.10; and this Section 25.10.

25.11 Dues Repayment Member Consent. The Board shall not have the power to do any of the following without the approval of all Members whose memberships include a Dues Repayment Benefit: to amend Article A.III of Appendix "A" to these Bylaws, if the amendment would diminish materially the Dues Repayment Benefits payable to those Members holding memberships with a Dues Repayment Benefit; or to amend this Section 25.11, if the amendment would diminish materially the rights of such Members under this Section 25.11.

25.12 Surrender Payment Member Consent. The Board shall not have the power to do any of the following without the approval of all Members whose memberships include a Surrender Payment Benefit: to amend Article A.IV of Appendix "A" to these Bylaws, if the amendment would diminish materially the Surrender Payment Benefits payable to Members holding memberships with a Surrender Payment Benefit; or to amend this Section 25.12, if the amendment would diminish the rights of such Members under this Section 25.12.

25.13 Indemnified Party Consent. The Board shall not have the power to amend Article XIX with respect to any person entitled to indemnification under such Article, without the consent of such person, if the amendment would diminish materially the rights of such person under Article XIX. The Board shall not have the power to amend this Article 25.13 without the consent of each person then entitled to indemnification under Article XIX.

25.14 Advisory Board Entity Consent. The Board shall not have the power to amend Section 13.9, the first and last sentences of Section 13.10, Section B.5 of Appendix "B" or this Section 25.14 without the consent of the board of directors of the Advisory Board Entity.

25.15 Company Consent. Following the Turnover, for so long as the Company continues to own real property at Desert Mountain, the Board may not, without the prior written consent of the Company, which consent may be withheld in the sole and absolute discretion of the Company, change, modify or delete these Bylaws (inclusive of any revisions thereto which are then in effect).

CERTIFICATE OF ADOPTION

The undersigned certify that the above Bylaws are the Bylaws of the Club as amended and restated to this date, having been duly adopted by the Board pursuant to a written consent of even date with this Certificate of Adoption.

March 31, ~~2004~~2006

Jon Underwood, Board Member

Robert Jones, Board Member

Rich Yehling, Board Member

APPENDIX "B"

This Appendix "B" states certain other obligations of the Company.

B.1. Company Commitment to Terminate Temporary Tax Agreement. Prior to the Turnover, the Company shall cause the temporary obligation to make "Supplemental in Lieu Payments," as defined in paragraph 6 of that certain Preannexation Development Agreement dated December 11, 2000, between DMP and the City of Scottsdale, to terminate, if such temporary obligation has not already terminated pursuant to the terms of such Preannexation Development Agreement.

B.2. Company Agreement to Bear Certain Costs Under Water Agreement. The Company shall reimburse the Club Owner for any amounts paid by the Club Owner after the Turnover pursuant to that certain Irrigation Water Distribution System Pipeline Capacity Agreement between The City of Scottsdale, Arizona and Desert Mountain Properties Limited Partnership dated May 13, 2002 (the "Water Agreement") as the Club's share (i) of the projected or actual initial cost of designing, constructing and equipping the HVID Water Infrastructure (as defined in the Water Agreement), (ii) of the cost of storing water pursuant to Section 5.7(c) or 5.7(d) of the Water Agreement or (iii) of the cost of options to purchase Long-Term Storage Credits, as contemplated by Section 6.4 of the Water Agreement. The foregoing notwithstanding, the Company shall not be obligated to reimburse any costs incurred by the Club Owner after the Turnover relating to the Water Rights, ~~as defined~~ referred to in Section B.5 of this Appendix "B," ~~if the Members exercise the Parcel 19 Option, as defined in such Section.~~

B.3. Club Option to Purchase Desert Mountain Sales Office. The Company owns a building (and other associated real property) at the main entrance to Desert Mountain, subject to a lease of a portion of the property to The Desert Mountain Master Association. An affiliate of the Company as of Effective Date conducts a brokerage business in this building. The Company will retain ownership of this building (and other associated real property) until the Turnover, and the Company will not allow any person or entity, other than an affiliate of the Company, to conduct a brokerage business in this building at any time prior to the Turnover or during the term of the option described in the following sentence. As part of the Turnover, the Company shall grant to the Equity Member Entity an option, for one year after the Turnover, to acquire (i) the building (and other associated real property), subject to a perpetual or other long-term right in favor of The Desert Mountain Master Association to use a portion of such building and associated property as a guard house and for related purposes, and (ii) any transferable interests held by the Company or any of its affiliates in any resale brokerage business conducted in such building upon closing of the option, if the option is exercised. The option price shall be the fair market value of (i) the building (and other associated real property), subject to the rights of The Desert Mountain Master Association, and (ii) any resale brokerage business then conducted by the Company or any of its affiliates in the building, as determined by an appraisal prepared by an independent appraiser selected by the Company, and the option price shall be payable in cash at the closing, in the event the option is exercised. In the event the option is exercised and the purchase is closed, neither the Company nor any of its affiliates shall thereafter engage in the resale brokerage business as to homes or home sites in Desert Mountain.

B.4. Club Option to Purchase Company's Interest in Office Building Venture. The Company holds an interest in the limited liability company that owns the "Fairway" office building located at 10550 East Desert Hills Drive in Scottsdale (the "Fairway Office Venture"). As part of the Turnover, the Company shall grant the Equity Member Entity an option for one year to acquire for \$1 both (i) the Company's entire interest as of May 22, 2002 in the Fairway Office Venture and (ii) the Company's entire interest in any leases or subleases related to the "Fairway" office building as of the closing date, if the option is exercised, conditioned only upon (i) the transferee assuming all of the Company's obligations relating to the Fairway Office Venture and all of the Company's assigned obligations (including rental payment obligations) under any such assigned leases and subleases, if the option is exercised, and (ii) the transferee obtaining the consents to such transfer and assignments from any other participant in the Fairway Office Venture prior to the closing, if the option is exercised. If the option is exercised, the Company's interest in the Fairway Office Venture, and in any leases or subleases, shall be assigned free and clear of any liens (other than the mortgage, if any, permitted under the Plan). At the closing, the Fairway Office Venture shall have no debt (other than such mortgage, if any), and the Fairway office building shall be free and clear of any liens (other than such mortgage, if any), but the transfers will be made with the Fairway office building in its "as is" condition on the date of such transfer and assignments.

B.5. Parcel 19 and Associated Water Supply. ~~At the request of the Advisory Board, the Company hereby grants the Deferred Equity Members an option to purchase~~On the Turnover Date, upon receipt by the Company of the purchase price payable therefor, the Company shall transfer title to Parcel 19 at Desert Mountain, and to the associated water supply described below (the "Parcel 19 Option"), ~~on the terms stated in this Section B.5.~~

~~B.5.1 Description of Parcel 19. Parcel 19 includes approximately 97.3 gross acres, situated in the southwest corner of Desert Mountain. Approximately 5.3 acres of the site are used today for various purposes, including the primary golf course irrigation pond and a fire and emergency medical station. Another 18.8 acres has been committed since the early 1980's to the City of Scottsdale for a public park and related uses. Additional portions of Parcel 19, expected to total approximately 7.9 acres, will be (a) conveyed to the City for use in connection with the IWDS (the water system which serves Outlaw and the Club's other existing courses) and for other City purposes, which may include a future potable water treatment facility or (b) set aside as natural area open space in connection with the IWDS. Together, these committed uses are expected to absorb about 32 acres of Parcel 19, leaving about 65.3 acres available for other potential uses.~~

~~Parcel 19 is currently zoned predominantly for commercial development. In order to use Parcel 19 for golf or residential purposes (beyond the approximately 10 residential units permitted under current zoning), Parcel 19 would need to be rezoned. The City has not committed to rezone Parcel 19, and the Company does not plan, as of the Effective Date, to seek any such rezoning in the near future. In the event that the Club members were to exercise the option and purchase Parcel 19, the Club would need to rezone Parcel 19, if the Club decided to use Parcel 19 for purposes other than those permitted under the zoning in place on the Effective Date.~~

~~Parcel 19 is too small to serve as the site of a championship eighteen-hole golf course. The parcel (net of the already committed areas) is large enough, however, to serve as the site of a first class practice facility or possibly a nine-hole course or executive eighteen-hole course.~~

~~B.5.2 Description of Non-Potable Water Available to Serve Parcel 19. The Company also owns, as an uncommitted non-Club asset, .5 million gallons per day of water delivery capacity in the IWDS and an associated water allotment of up to 275 acre-feet per year, as provided in the Water Agreement (this pipeline capacity and water allotment are referred to hereinafter collectively as the "Water Rights"). The IWDS is being constructed to allow the water allotment included in the Water Rights to be delivered to and used on Parcel 19, if the Club elects to exercise the Parcel 19 Option.~~

~~B.5.3 Current Value of Parcel 19 and the Water Rights. In December of 2002, the Advisory Board's appraiser valued Parcel 19, net of the areas expected to be set aside for the uses described above, at about \$14,750,000; which is more than 20% less than a similar appraisal completed in 2001.~~

~~As of the Effective Date, the Company expects the costs incurred to acquire and develop the Water Rights to total about \$7,500,000, but the actual costs could be more or less than this estimate. Because some potentially variable acquisition and development costs will continue to be payable after the Turnover, the final aggregate acquisition and development cost of the Water Rights will remain somewhat uncertain at the Turnover. The Company will provide the Advisory Board with an appropriate audit of these costs for review by the Advisory Board.~~

~~B.5.4 Option Price is Less Than Current Value, and Not Payable Until Turnover. Subject to adjustment as provided in the next paragraph, the option price will equal the sum of (a) \$14,000,000 and (b) the actual costs incurred by the Company in acquiring and developing the Water Rights.~~

~~Before the end of 2004, the IWDS improvements on Parcel 19 will be completed and the land on which those improvements are placed will be conveyed to the City of Scottsdale. In the event that more than 7.9 acres are conveyed to the City in connection with the IWDS, the option price will be reduced by \$310,000 per acre for each additional acre or part thereof which is dedicated to the City for IWDS purposes. In the event that less than 7.9 acres are conveyed to the City in connection with the IWDS, the option price will be increased by \$310,000 per acre for the additional acreage which is available for use for non-IWDS purposes.~~

~~If the option is exercised, the option price will bear interest, at 6% per annum, compounded annually, from March 31, 2006 until the option price is paid. For purposes of determining the amount on which interest is accruing, any costs incurred by the Company in acquiring or developing the Water Rights after the date on which the option is exercised shall be added to the option price as of the end of the month in which such costs are paid. The option price, with interest, would be payable through an assessment of Deferred Equity Members when the option property is transferred to the Equity Member Entity. The option price will not be included in the turnover mortgage contemplated by the Plan.~~

~~B.5.5 Mechanism for Exercising Option and Paying Option Price, if the Option is Exercised. On or before December 31, 2005, the Company will prepare and send to the Deferred Equity Members a proposed amendment to the Plan. That amendment will become effective only if approved by a vote of the Club's Deferred Equity Members, as provided in the Plan. Members will have until February 28, 2006 to send their approving or disapproving vote to an independent vote tallying firm.~~

~~The amendment will provide that the Equity Member Entity is to purchase Parcel 19, subject to the commitments described above, and the Water Rights, for an amount determined as provided above. The amendment will provide that, if the option is exercised, the option property will be transferred to the Equity Member Entity (upon payment of the purchase price) on the Turnover Date and the Club Owner will thereafter be responsible for any remaining costs of acquiring and developing the Water Rights. If the Plan amendment is approved, the funds needed to pay the option price will Water Rights (both as described in Section VI of the Plan), to the Equity Member Entity, subject to the terms, conditions and other provisions set forth in Section VI.E of the Plan, all of which are incorporated herein by this reference. As provided in Section VI.E of the Plan, the purchase price payable at Turnover for these non-Club assets, including interest, is to be raised by an assessment of the Club's Deferred Equity Members (as between Club and Golf Members, the assessments will be proportionate to their respective Membership Contributions as of the assessment date). The option price would not be added to the amount of any turnover mortgage. As of March 31, 2006, it is projected that the purchase price, with interest, payable at Turnover will be about \$26,370,000.~~

~~If the Deferred Equity Members do not vote in favor of the Plan amendment, the option will terminate on March 31, 2006.~~

~~B.5.6 Management of Parcel 19 During the Option Term and Until Transfer, if the Option is Exercised. During the term of the Parcel 19 Option, and until the option property is transferred if the Parcel 19 Option is exercised, the Company will continue to have the authority to work with the City of Scottsdale on the location and design of the various IWDS and City uses to which portions of Parcel 19 have been committed, which may entail relocating the acreage committed to use for a park and related City uses. The Company will continue to consult the Advisory Board on these matters. During the term of the option, the Company and the Advisory Board will have the authority to modify or terminate the Parcel 19 Option.~~

B.6. Member Option to Purchase Certain Deferred Equity Memberships. At the request of the Advisory Board, the Company agrees, notwithstanding Section 7.3 of the Bylaws to which this Appendix is attached, not to sell any Deferred Equity Memberships owned by the Company to any person that does not own a home or home site at Desert Mountain until the two conditions in the following subsections B.6.1 and B.6.2 have each been satisfied:

B.6.1 First Condition. Any one of the following has occurred:

- (a) ~~The Parcel 19 Option has expired without being exercised;~~
- (b) ~~The membership has voted to exercise the Parcel 19 Option; or~~

~~(c) — The Advisory Board and the Company have agreed to an early termination of the Parcel 19 Option.B.6.2 — Second Condition. After the first condition has been satisfied,~~ the Company has given the Deferred Equity Members (or the Club Owner, if a membership purchase option is granted after the Turnover) an option to purchase any Deferred Equity Memberships, owned by the Company, which the Company intends (in the event the membership purchase option is not exercised) to offer to persons which do not own a Desert Mountain home or home site. The option price in each case shall be equal to 80% of the Membership Contributions (as of the date on which such membership purchase option is granted) for the Deferred Equity Memberships which are subject to the membership purchase option, and the option price in each case shall be payable in cash within 90 days after the membership purchase option is exercised by the Deferred Equity Members (or by the Club Owner, if a membership purchase option is granted after the Turnover), if the membership purchase option is exercised.

In the event that the Company grants a membership purchase option in compliance with the requirements stated in this Section B.6, and the option is not exercised, the Company shall be free to sell the Deferred Equity Memberships which were subject to the membership purchase option to persons who do not own Desert Mountain homes or home sites.

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