



December 13, 2010

Re: Membership Approves Desert Mountain Turnover

Dear Member,

We are pleased to announce that a 51% affirmative vote has been achieved, enabling purchase of The Desert Mountain Club by the members to proceed on schedule by December 31, pursuant to the terms and conditions of the written agreement with Desert Mountain Properties (Crescent/Barclays Capital).

A total of 1,100 ballots, representing 2,188 votes, have been received with 99.4% voting in the affirmative. This leaves the number of uncast ballots at 923 representing 1,834 votes.

Although the outcome has already been determined, members who have not yet voted are called upon to cast their ballots and submit their assessment payment.

Every Deferred Equity Golf Member is responsible for the assessment payment of \$16,500 (\$5,077 for Deferred Equity Club members) whether you vote YES, NO or choose not to vote. In the event we do not receive your assessment payment by the voting deadline of December 20, you will be contacted to remind you of this obligation. Members who refuse to pay their assessment will be subject to collection efforts, suspension of club privileges and all other remedies available to the club.

The Advisory Board wishes to thank all those members who have voted in a timely manner and especially the 90-plus member volunteers who have assisted in the Get Out The Vote campaign. Congratulations to all - we are beginning a new and exciting chapter in the history of our Club!

Regards,

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David L. White  
President  
DM Member Advisory Board

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Robert E. Jones II  
Co-President  
Desert Mountain Properties

**Desert Mountain Properties**

10550 East Desert Hills Drive, Scottsdale, Arizona 85262-3438 480/595-4000, 800/323-2780, Fax 480/595-4001  
www.desertmountain.com



December 30, 2010

Dear Desert Mountain Member,

We are delighted to advise you that the accounting firm of Mansperger, Patterson & McMullin, PLC has now certified the results of the turnover election, affirming the purchase of the Club by the newly formed, member-owned Desert Mountain Club, Inc. from Desert Mountain Properties/Crescent Real Estate Holdings, LLC. Accordingly, the purchase transaction is finalized as of today.

As we announced at the Town Hall meetings on December 10, the Board of Directors (formerly the Advisory Board) of our newly formed club has begun the process of modifying a number of policies and price points to reflect our transformation from a developer owned to member owned club. Please bear in mind that this is a work in progress and we are proceeding cautiously to avoid unforeseen and unintended consequences.

### Membership Pricing

Effective January 1, 2011, until further notice, the membership contribution (i.e. initiation fee) and dues are as follows:

	Equity Golf	Equity Club
Member Contribution	\$140,000	\$40,000
Monthly Dues	\$1,190	\$714

We are evaluating the feasibility of additional classes of membership to reflect the changing needs and desires of our membership. In addition, a 'step-up' and 'step-down' program from one membership class to another is also being considered. Lastly, NO off-property membership sales are presently being marketed.

### Equity Golf Membership Financing Program

Effective January 1 through June 30, 2011, purchase of unissued or Surrender List memberships may be financed in three annual installments according to the following schedule:

	Principal	Interest (6.5%)	Total Payment
Initial Payment	\$75,000	n/a	\$75,000
Payment #1	\$32,500	\$2,112.50	\$34,612.50
Payment #2	\$32,500	\$4,225	\$36,725
Total	<b>\$140,000</b>	<b>\$6,337.50</b>	<b>\$146,337.50</b>

The member must be in good standing and remain current on all dues, fees, club charges and assessments. The Food & Beverage minimum will be prorated for the remainder of the calendar year. The Membership will be used as collateral for the installment payments.

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If the member is delinquent, not in good standing or installment payments are more than thirty (30) days past due, the club may a) immediately terminate the membership and have it revert to the club for future reissuance and/or b) seek judgment for collection of any delinquent fees/dues/club charges/assessments. A personal guarantee will be required if the membership is held in an LLC.

#### **On-Property (Naked Lot/House) Equity Golf/Club Membership Program**

- Effective January 1 through June 30, 2011, monthly dues will be reduced by 50% during the first twenty-four (24) months for current Desert Mountain property owners who purchase an equity golf or club membership. That is, the monthly dues for 2011 will be reduced to \$595 (equity golf) and \$357 (equity club), respectively.
- Property owners must be in good standing and current on all assessments/dues/club charges (if already a member) and HOA fees.
- The Food & Beverage minimum will be prorated for the remainder of the calendar year.

#### **Surrender List**

##### **Membership Surrender**

- Effective January 1, 2011 the new bylaws specify that every fourth membership issued by the club will be taken from the Surrender List in the order of surrender. However, temporarily until further notice, in order to accelerate clearance of memberships from the list, every second membership issued by the club will be taken from the Surrender List in the order of surrender
- Surrender List members must be in good standing and current on all dues/fees/club charges/assessments
- Upon reissue, Surrender List members will receive 100% of the current membership contribution (\$140,000) less the transfer fee (\$65,000)
- Remedies to clear the Surrender List of delinquent members will be implemented according to Section 4.2.4 of the new Bylaws

##### **Withdrawal Program**

Memberships may be withdrawn from the Surrender List according to the following conditions:

- The withdrawal option is available through January 31, 2011
- Written notice must be delivered to the Desert Mountain Club, Inc., attn: General Manager
- Member must be in good standing and current on all dues/fees/club charges/assessments
- The membership may not be placed back on the Surrender List prior to April 1, 2011
- The Board may institute a fee of up to \$5,000 for the membership to be returned to the bottom of the list

### Miscellaneous

- Maximum number of available peak season golf rounds for each club member and his/her immediate family members will be increased from eight (8) to twelve (12)
- Effective January 1, 2011 the definition of Family Guests that qualify for reduced golf fees has been modified and is as follows:
  - Parents
  - Children over 25 years of age, married children under 25 years of age and their spouses
  - Grandchildren (junior fees apply under the age of 18)
  - Siblings & spouses of married siblings

(Advanced documentation of relationship required to qualify for family guest rate)

As has been past practice, a complete schedule of dues and charges in effect as of January 1, 2011 will be published shortly. Other than the dues adjustment, all fees and charges will remain unchanged from this past year.

We are committed to an ongoing review of existing club policies and procedures and will make every effort to make practical, fiscally responsible changes that enhance your Desert Mountain Club membership.

Lastly, we wish to extend our best wishes to you and your family for a happy, healthy and prosperous New Year!

The Board of Directors  
Desert Mountain Club, Inc.