

EXHIBIT

A

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7
8 SUPERIOR COURT OF ARIZONA
9 MARICOPA COUNTY

10 DESERT MOUNTAIN CLUB, INC.,

11 Plaintiff,

12 v.

13 ERIC GRAHAM and RHONA GRAHAM,
husband and wife,

14 Defendants.

No. CV2014-015333
No. CV2014-015334
No. CV2014-015335
(Consolidated)

**DECLARATION OF KELLY RAUSCH IN
SUPPORT OF PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT IN CV2014-015333
(GRAHAMS)**

(Consolidated Action: Assigned to the Hon. David
Gass)

15 DESERT MOUNTAIN CLUB, INC.,

16 Plaintiff,

17 v.

18 THOMAS CLARK and BARBARA
CLARK, husband and wife,

19 Defendants.

(Oral Argument Requested)

20 DESERT MOUNTAIN CLUB, INC.,

21 Plaintiff,

22 v.

23 husband and wife,

24 Defendants.

25
26 I, Kelly Rausch, declare as follows:

27 1. I have personal knowledge of the matters and facts set forth herein and am
28

1 competent to testify to such matters and facts as necessary.

2 2. I am the Chief Financial Officer for Plaintiff Desert Mountain Club, Inc. (the
3 “Club”) and have been employed by the Club in that capacity since early 2012. Prior to that
4 time, I was employed by the Club and/or its predecessor for approximately nine years as the
5 Controller.

6 3. The Club is a non-profit member-owned recreational club located in the Desert
7 Mountain community, in Scottsdale, Arizona that provides various facilities and services to its
8 members.

9 4. At all times since December 30, 2010, the Club has been owned by its members
10 with equity memberships (“Equity Members”).

11 5. Two types of equity memberships are available through the Club: (i) Equity Golf
12 Memberships, which allow Equity Members full access to all facilities; and (ii) Equity Club
13 Memberships (Lifestyle), which allow Equity Members to use all non-golf facilities.

14 6. Defendants Eric Graham and Rhona Graham (the “Grahams”) are Equity
15 Members of the Club. The Grahams own an Equity Golf Membership in the Club (the Grahams’
16 “Equity Membership”). Prior to December 30, 2010, the Grahams were members of the Club’s
17 predecessor, which was owned and operated by its developer, i.e., Desert Mountain Properties
18 Limited Partnership (the “Developer”).

19 7. On November 22, 2010, the Grahams agreed to convert their prior membership
20 with the Developer into their current Equity Membership with the Club by executing a
21 Membership Conversion Agreement. A true and correct copy of the Membership Conversion
22 Agreement dated November 22, 2010 (the “Conversion Agreement”) between the Grahams and
23 the Club is attached hereto as **Exhibit 1**.

24 8. A true and correct copy of the Desert Mountain Club Bylaws dated December 31,
25 2010 (the “2010 Bylaws”) is attached hereto as **Exhibit 2**.

26 9. A true and correct copy of the Desert Mountain Club Bylaws dated March 19,
27 2012 (the “2012 Bylaws”) is attached hereto as **Exhibit 3**.

28 10. A true and correct copy of the Desert Mountain Club Bylaws dated July 1, 2013

1 (the "2013 Bylaws") is attached hereto as **Exhibit 4**.

2 11. A true and correct copy of the Desert Mountain Club Bylaws dated August 1,
3 2014 (the "2014 Bylaws") is attached hereto as **Exhibit 5**. The 2014 Bylaws are the Bylaws
4 currently in effect.

5 12. On or about May 20, 2014, the Grahams sent the Club an email in which they
6 attempted to unilaterally "resign" their Equity Membership in a manner contrary to the Club's
7 Bylaws. A true and correct copy of this correspondence to the Club is attached hereto as **Exhibit**
8 **6**.

9 13. Despite repeated communications from the Club, the Grahams have paid none of
10 the dues, fees, assessments, or other charges against their account owed to the Club from May
11 20, 2014 to date.

12 14. As set forth in the spreadsheet attached hereto as **Exhibit 7**, the Grahams owe a
13 total of \$37,022.09 in dues, charges, assessments, and late fees to the Club as of December 31,
14 2015. I calculated this amount using the following methodology:

15 a. The Grahams' last payment to the Club for dues and charges owed prior to June 1,
16 2014 reduced the Grahams' outstanding account balance to zero.

17 b. Since that time, additional amounts for dues, assessments, food and beverage
18 minimum charges, and other Club charges and late fees (calculated at the rate of 1.5% per month
19 on the outstanding balance) have been posted to the Grahams' Club account.

20 c. Club dues, which are subject to change on an annual basis, were \$1,320 per
21 month in 2014 and \$1,400 per month in 2015. Since June 1, 2014, a total of \$26,040 in dues
22 have been posted to the Grahams' Club account. The Grahams have made no payments against
23 these outstanding dues.

24 d. All Club Members are contractually required to spend an annual minimum
25 amount on food and beverages at Club Facilities. For 2014, the food and beverage minimum
26 was \$1,500. The Grahams did not meet the minimum in 2014 and have not paid \$108.54 for
27 food and beverages for 2014. For 2015, this minimum amount increased to \$2,000. The
28 Grahams have not made any purchases against this minimum amount for 2015. Thus, the

1 Grahams have not paid a total of \$2,108.54 to the Club for 2014 and 2015 food and beverages.

2 e. In 2014, the Club assessed a \$200.00 charge to all of its Members for a staff
3 holiday fund. This amount was posted to the Grahams' Club account in November 2014. In
4 addition, a handicap fee of \$35.00 was posted in January 2015. The Grahams have not paid
5 these charges.

6 f. The late fees on the above dues and charges total \$3,416.12.

7 g. On or about January 1, 2015, all Equity Golf Members in the Club were assessed
8 \$4,500 in connection with the renovation of the Sonoran Clubhouse. The Grahams have not paid
9 this assessment. The late fees on this assessment total \$722.43.

10 h. Therefore, the Grahams owe \$37,022.09 as of December 31, 2015:

Description	Amount
Dues for 2014 and 2015	\$26,040.00
Food and beverage minimum charges for 2014 and 2015	2,108.54
Other charges (staff holiday fund, handicap fee)	235.00
Late fees on dues and charges	3,416.12
Assessment for Sonoran Clubhouse	4,500.00
Late fees on assessment for Sonoran Clubhouse	722.43
Amount owed as of December 31, 2015	\$37,022.09

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17 15. The Grahams' financial obligations to the Club (i.e., the responsibility to pay
18 dues, assessments, food and beverage minimums and other charges authorized under the Bylaws)
19 continues until such time as their Equity Membership has been reissued by the Club. In other
20 words, the amount owed by the Grahams will continue to increase on a monthly basis, reflecting
21 additional charges, dues and late fees, until such time as the Equity Membership is either
22 transferred or terminated in accord with the Bylaws.

23 16. In addition, at the time of and as a precondition to the reissuance of their Equity
24 Membership, the Grahams will owe a transfer fee of \$65,000 to the Club as prescribed by the
25 Bylaws.

26 17. A true and correct copy of the Equity Golf Membership Agreement dated March
27 29, 2012 between Defendants . . . and the Club is attached hereto as

28 **Exhibit 8.**

1 18. A true and correct copy of the Membership Conversion Agreement dated
2 November 21, 2010 between Defendants Thomas Clark and Barbara Clark and the Club is
3 attached hereto as **Exhibit 9**.

4 I declare under penalty of perjury that the foregoing is true and correct.

5 Executed on January 12, 2016 By Kelly Rausch
6 Kelly Rausch
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EXHIBIT A-2



**Desert Mountain Club
Bylaws**

BYLAWS KEYPOINTS

THE CLUB FACILITIES

The Desert Mountain Club (the "Club") is located within the Desert Mountain community, Scottsdale, Arizona. The Desert Mountain Club offers golf, tennis, swimming, health and fitness, dining and social facilities.

The facilities of the Club (the "Club Facilities") currently include the following:

- Six 18-hole Jack Nicklaus Signature golf courses, including four practice ranges:
 - . Cochise course
 - . Geronimo course
 - . Renegade course
 - . Apache course
 - . Chiricahua course
 - . Outlaw course
- The Sonoran Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Fitness center
 - . Cardiovascular & weight training equipment
 - . Aerobics room
 - . Men's and women's locker rooms
 - . Outdoor terraces
 - . Tennis pro shop
 - . Children's play areas
 - . Nine tennis courts (hard, clay and grass surfaces)
 - . Lap and play swimming pool and spa
- The Cochise/Geronimo Clubhouse, which includes:
 - . Dining facilities
 - . Golf shop
 - . Bar and lounge
 - . Men's and women's locker rooms
 - . Steam room
 - . Terraces
- The Apache Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Golf shop
 - . Men's and women's locker rooms
 - . Terraces
- The Renegade Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Golf shop
 - . Men's and women's locker rooms
 - . Terraces

	<ul style="list-style-type: none"> • The Chiricahua Clubhouse, which includes: <ul style="list-style-type: none"> • Dining facilities • Bar and lounge • Golf shop • Men's and women's locker rooms • Terraces • The Outlaw Clubhouse, which includes: <ul style="list-style-type: none"> • Dining facilities and bar • Golf shop • Men's and women's locker rooms • Any other necessary buildings, equipment and adjacent real property, as determined by the Club, for recreational use by Members, upkeep and maintenance of the facilities and such additions, modifications or deletions of the facilities, as determined by the Club from time to time (collectively, the "Club Facilities").
<p><u>BYLAWS</u></p>	<p>These bylaws dated December 31, 2010 (the "Bylaws"), subject to: (i) the approval by the Deferred Equity Members of the Club; and (ii) the closing of the transaction for the purchase and sale of the Property (the "Closing") under the Agreement For Purchase and Sale (the "Purchase Agreement") between the Corporation, as hereinafter defined, and Desert Mountain Properties Limited Partnership, supersede, amend and replace all prior bylaws (including the bylaws dated March 31, 2006) and membership plans of any nature (including but not limited to the membership plan dated March 31, 2006) for the Club, however titled (collectively, the prior membership plans and prior bylaws the "Prior Plans"), and sets forth the current membership benefits and opportunities to be provided to the Members of the Club. December 31, 2010 shall be referred to as the Effective Date of these Bylaws. All defined terms used in this section titled "Bylaws Keypoints" shall have the meanings ascribed to them in the Bylaws.</p>
<p><u>MEMBERSHIP CATEGORIES</u></p>	<p><u>Equity Memberships:</u> The following Equity Membership categories are currently offered by the Club:</p> <ul style="list-style-type: none"> • Equity Golf Membership <ul style="list-style-type: none"> ➤ Access to all facilities, unlimited golf and tennis • Equity Club Membership <ul style="list-style-type: none"> ➤ Access to all facilities, with limited rounds of golf during peak season, on the Club's golf courses, upon payment of a greens fee and the option to pay higher dues for unlimited tennis. <p><u>Non-Equity Memberships:</u> Certain existing Non-Equity Memberships that were issued prior to the Effective Date pursuant to the Prior Plans will be honored by the Club pursuant to the specific terms of their new Membership Agreement with the Club. After the Effective Date, the Club will no longer issue Memberships in these specific Non-Equity Membership categories.</p>

**MEMBERSHIP BENEFITS
HIGHLIGHTS**

- **Refundable Membership Contribution.** Equity Members are eligible to receive a refund of their Membership Contribution, without interest, upon the earlier to occur of (i) the surrender and reissuance of the Membership through the Surrender List pursuant to the terms recited herein, or (ii) the transfer and reissuance of the Membership by other means authorized in the Bylaws, as summarized below:
 - **Refund Upon Surrender and Reissuance of Equity Golf Membership.** Upon the surrender and reissuance of an Equity Golf Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Golf Transfer Fee periodically established by the Board and any outstanding amount owed to the Club. The refund amount will be paid to the Surrendering Member within thirty (30) days of actual receipt by the Club of the Membership Contribution as paid by the new Member.
 - **Refund Upon Surrender and Reissuance of Equity Club Membership.** Upon the surrender and reissuance of an Equity Club Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Club Transfer Fee periodically established by the Board and any outstanding amount owed to the Club. The refund amount will be paid to the Surrendering Member within thirty (30) days of actual receipt by the Club of the Membership Contribution as paid by the new Member.
- **Surrendered Equity Memberships Reissued Prior to Membership Sell-Out.** As provided in the Bylaws, a Surrendering Member is not required to wait until all new Memberships in the Club have been issued before their Membership is reissued.
- **Resale Procedure.** There will be two Surrender Lists for Equity Memberships: one for Equity Golf Memberships and one for Equity Club Memberships. Prior to reaching the Membership cap for the applicable category of Membership, Membership sales will alternate between sales of unissued Memberships and Membership sales off the applicable Surrender List, based on the ratios as detailed in the Bylaws. Once the Club reaches the Membership cap in a category of membership, each new Membership issued will be off the applicable Surrender List, as detailed in the Bylaws.
- **Transfer Upon Sale of Property.** Equity Members who own a residence or lot in the Desert Mountain Community may arrange for

the transfer of their Membership through the Club to the subsequent purchaser of their residence or lot, subject to the approval and admission of the subsequent purchaser for Membership and the payment of the then current Membership Contribution by the subsequent purchaser to the Club within thirty (30) days of closing. Such transfer will not be subject to the Surrender List or any buyer's waiting list. The Equity Member shall be paid one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the applicable Transfer Fee to be retained by the Club.

- **Legacy Transfer.** Equity Members may transfer their Membership during the Equity Member's lifetime, through the Club, to the Member's Spouse, an adult child or adult grandchild of the Equity Member, who is approved for Membership. Such transfer will be permitted one time without the payment of the applicable Transfer Fee. Therefore, the next legacy transfer, to the then Member Spouse, adult child or adult grandchild at the time of transfer, must pay the then current Membership Contribution and the Surrendering Member shall be paid one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the applicable Transfer Fee to be retained by the Club.
- **Inheritability.** Upon the death of an individual Equity Member, the Membership can be transferred to the Equity Member's surviving Spouse, without the payment of the Transfer Fee. In the alternative, Equity Memberships may be reissued to an adult child of a deceased Equity Member or placed on the Surrender List as provided in the Bylaws.
- **Immediate Family Privileges.** All Equity Memberships have Immediate Family Privileges.
- **Golf Course Access.** The current total number of Equity Golf Memberships that may be issued by the Club with full golfing privileges is two thousand three hundred and seventy-five (2,375), subject to the terms of the Bylaws. The total number of Equity Club Memberships that may be issued by the Club with limited golfing privileges is two hundred ninety (290), subject to the terms of the Bylaws.
- **Club Newsletter.** The Club will provide, either by mail or by electronic transmission, a newsletter containing information about events and activities at the Club, as well as other items of interest to Equity Members.

**CAREFULLY REVIEW ALL
MEMBERSHIP DOCUMENTS**

Every person who desires to obtain a Membership should carefully read the Bylaws, Membership Agreement with the Club, Rules and Regulations, and Schedule of Dues, Fees and Charges (collectively, the

	<p>"Membership Documents"), and should seek professional advice to evaluate the Membership Documents. The Bylaw Key Points are summary provisions only and the Bylaws control in the event of a conflict.</p>
<p><u>RELY ONLY ON INFORMATION IN THE MEMBERSHIP DOCUMENTS</u></p>	<p>THE MEMBERSHIP DOCUMENTS SET FORTH ALL REPRESENTATIONS AND TERMS CONCERNING MEMBERSHIPS IN THE CLUB. NO PERSON HAS THE AUTHORITY TO MAKE ANY ADDITIONAL REPRESENTATION, MODIFICATION OR CONDITION, OR PROVIDE ADDITIONAL INFORMATION CONCERNING THE MEMBERSHIP DOCUMENTS AND, IF PROVIDED, THE INFORMATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH OTHER PRINTED MATERIALS INCLUDING THIS SUMMARY OR ANY OTHER DOCUMENT OR ORAL STATEMENTS, THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH THE CLUB SHALL STRICTLY GOVERN.</p>
<p><u>MEMBERSHIPS AT THE CLUB ARE OFFERED ONLY FOR RECREATIONAL PURPOSES</u></p>	<p>MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB. THE BOARD MAKES NO REPRESENTATIONS CONCERNING ANY TAX ISSUES INVOLVING THE MEMBERSHIPS. THE MEMBERSHIP IN THE CLUB IS NOT INCLUDED IN ANY RESIDENTIAL LOT AND IS A SEPARATE AGREEMENT SOLELY BETWEEN THE CLUB AND THE MEMBER AS PROVIDED IN THE MEMBERSHIP DOCUMENTS.</p> <p>NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE BYLAWS, OTHER MEMBERSHIP DOCUMENTS, OR ANY RECORDED DOCUMENT REFERENCED HEREIN.</p>
<p><u>APPLICATION PROCEDURE</u></p>	<p>Any person shall be eligible to apply for Membership in the Club, subject to the terms of the Bylaws. An applicant may become a Member by submitting, to the Membership Director, a fully completed and signed application for Membership. Applicants must be financially qualified persons of good character who are at least twenty-one (21) years of age. The Club may accept or reject any applicant's application for Membership in its sole and absolute discretion, and the decision of the Club on any application shall be final.</p>

**INQUIRIES AND QUESTIONS
TO MEMBERSHIP DIRECTOR**

All inquiries or questions regarding Membership in the Club, the Bylaws or other Membership Documents should be directed to the Chief Operating Officer/General Manager at the Club by phone at (480) 595-4000, or by visiting the Membership Office.

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BYLAWS

ARTICLE 1.

Name and Purpose

1.1 Name. The corporate name of the Club shall be Desert Mountain Club, Inc., an Arizona nonprofit corporation (the "Corporation"). It shall also be known as "The Desert Mountain Club" and is referred to in these Bylaws as the "Club."

1.2 Purpose. The purpose of the Corporation is to own and operate The Desert Mountain Club and any related property associated with it, as a private member owned golf, tennis, athletic, dining and social club; and to have all rights, privileges and powers as may be conferred upon nonprofit corporations under the laws of the State of Arizona, including, but not limited to, establishing bylaws for and conducting the management, regulation and government of its affairs and property, the transaction of its business, entering into contracts, loan agreements and related documentation, buying, holding and selling real and personal property, and the calling and holding of meetings of its Equity Members; provided, however, that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any activities that are not in furtherance of the primary purpose of the Corporation. No part of the Club's net earnings shall inure to the benefit of any Member.

ARTICLE 2.

Property

2.1 Facilities. The property of the Club currently consists of six 18-hole Jack Nicklaus Signature golf courses, including four practice ranges (Cochise Course, Geronimo Course, Renegade Course, Apache Course, Chiricahua Course, Outlaw Course), the Sonoran Clubhouse, the Cochise/Geronimo Clubhouse, the Renegade Clubhouse, the Chiricahua Clubhouse, the Outlaw Clubhouse, and such other buildings, equipment, and adjacent real property as are necessary for the operation, management, recreational use of the Members, upkeep and maintenance of the facilities and such additions, modifications or deletions of the facilities as determined by the Club from time to time (the "Club Facilities").

2.2 Responsibility for Non-Club Property. The Club will not, under any circumstances, be responsible for the property belonging to the Members, visitors, guests or other persons, brought to the Club for any purpose whatsoever.

2.3 Removal of Club Property. Property belonging to the Club shall not be loaned or removed from the Club, or put to any use other than that for which it was intended, except when expressly permitted in writing by the Board.

2.4 Damage. Members must pay for all breakage or damage to any property owned or leased by the Club caused by the Members, their Immediate Family or their guests.

2.5 Property Rights. No Member or any other person shall have or acquire any property rights or other interest of any nature in any property of the Club or the Club Facilities, except as provided in the Club's Articles of Incorporation or these Bylaws concerning a dissolution and liquidation of the Club.

ARTICLE 3.
Membership

3.1 Definitions. The defined terms used in these Bylaws shall have the meanings set forth on Exhibit A.

3.2 Equity Membership Categories.

3.2.1 Equity Golf Membership. An equity golf membership ("Equity Golf Membership") entitles the Member and the Member's Immediate Family to full use of all Club Facilities. Equity Golf Members are subject to dues, assessments and food and beverage minimums and will be required to pay golf cart fees, but will not be required to pay greens fees or court fees, for use of the golf course or tennis courts by the Member and/or his or her Immediate Family. Equity Golf Members have the highest priority sign-up privilege to reserve golf starting times and tennis court times and are currently eligible to reserve starting tee times up to seven (7) days in advance, tennis court reservations up to one (1) month in advance, and are eligible to participate in Member golf tournaments at the Club. The total number of Equity Golf Memberships shall be two thousand three hundred seventy-five (2,375), subject to the terms of the Bylaws.

3.2.2 Equity Club Member. An equity club membership ("Equity Club Membership") entitles the Member and the Member's Immediate Family to unlimited use of the tennis, swimming and social facilities of the Club. Equity Club Members are subject to assessments and food and beverage minimums and will be required to pay golf cart fees and greens fees. For part of each year Equity Club Members have unlimited rounds of golf per year at the prevailing guest rate established by Club, but are limited to only eight (8) rounds (or such revised number as determined by the Board) during the period commencing November 1st and ending May 31st (the "Peak Season"). Additionally, Equity Club Members are currently eligible to reserve starting tee times which occur after 9 AM and reservations may be made for tee times up to seven (7) days in advance, and tennis court reservations up to one (1) month in advance. The total number of Equity Club Members shall be two hundred ninety (290), subject to the terms of the Bylaws.

3.3 Non-Equity Membership Classifications: Certain categories of non-equity memberships issued to Members pursuant to the Prior Plans are available in the Club (collectively, the "Non-Equity Memberships" and individually, a "Non-Equity Membership") to those Members who elect to not convert to an Equity Membership in the Club (the "Non-Equity Members"). The Non-Equity Memberships are subject to the terms, conditions, restrictions, rights and privileges set forth in these Bylaws and their respective Non-Equity Membership Agreements. Non-Equity Members are not entitled to vote, hold office or participate in any share of liquidation proceeds of the Club, if any. After the Effective Date, the Club shall no longer offer Non-Equity Memberships and Non-Equity Memberships are non-transferable except as may be specifically provided in the Non-Equity Member's Membership Agreement with the Club.

3.4 Honorary Membership. The Board reserves the right to issue a limited number of Memberships in the Club with Immediate Family usage of all Club Facilities and certain special benefits, which will be granted to select individuals for their contribution to the Club, and/or the community or for other activities, as determined by the Board (the "Honorary Memberships"). Honorary Memberships may be non-dues paying, may have no Membership Contribution requirement, will be appointed annually and shall not count toward any Membership maximum number determined by the Club. Honorary Memberships will not be subject to assessments but may be subject to the food and beverage minimum as determined by the Board. There shall be no more than six (6) Honorary Memberships outstanding in the Club at any one time.

3.5 Other Memberships. The Board is authorized from time to time to amend these Bylaws to (i) establish other categories and classifications of Memberships and (ii) supplement the privileges of any category of members, in the sole discretion of the Board, in order to facilitate the changing needs and desires of the Club's Membership. For example, the Board may create junior memberships, senior memberships, social memberships, or similar other specialized offerings, in the Board's sole discretion. In no event, however, shall the modified or new Membership category have golf privileges equal to or greater than Equity Golf Memberships or exceed the maximum number of members in the Equity Golf or Equity Club category without the required vote of the Members set forth in the Bylaws. 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 Southwest United States, however, the final decision shall be at the Board's sole discretion. Furthermore, in the event additional recreational facilities are added to the Club, the Board may amend these Bylaws to provide for an appropriate category and the number of additional Memberships.

3.6 Other Club Affiliations. Club privileges may be extended and other affiliations with the Club offered to certain classes of persons such as military personnel, PGA members, persons desiring only to use the Club for social purposes or the like, at the discretion of the Board, which shall prescribe the extent to which such persons shall be entitled to exercise or continue to exercise Club privileges and the restrictions and limitations thereto. The extension of Club privileges shall not include voting privileges or any ownership interest in the Club. Any usage by such parties shall be subject to the Club's Rules and Regulations and may be terminated at any time by the Board upon written notice to the party.

3.7 Policies. In addition to the Rules and Regulations, and other terms and conditions recited herein and in the Member's Membership Agreement, the following policies shall apply for the Members:

3.7.1 Application for Membership. Any person may submit an application for Membership. Applicants must be financially qualified persons of good character, who are at least twenty-one (21) years of age. Each applicant must complete an application in the form established by the Board (the "Membership Agreement and Application" or "Membership Agreement"). All Membership Agreements and Applications must be submitted to the Membership Director for consideration and review.

3.7.1.1 Screening of Applicants. The Membership Committee will evaluate all applicants who submit a completed Membership Agreement and Application. Evaluations will be conducted with the intent and purpose of securing the optimum number of Members with compatible social, vocational and professional attainment from all segments of the community. All evaluations shall be made without regard to race, color, national origin, sex, sexual orientation, religious preference, creed or any disabilities of the applicant.

3.7.1.2 Membership Acceptance and Notification. If a decision is made to accept an application by the Club, through the Board, after review and approval by the Membership Committee, the Membership Director shall notify the applicant within thirty (30) days of receipt of the applicant's Membership Agreement and Application. Upon notification, the applicant shall pay the applicable Membership Contribution to the Club for the Membership selected and be responsible for all dues, fees and charges and shall then be entitled to the rights and privileges of the applicable Membership category.

3.7.1.3 Declination of Application. The Club, through the Board, may accept or reject any applicant in its sole and absolute discretion, and the decision of the Club on any application shall be final. If an applicant has been considered for Membership and the applicant's application is denied, the Chief Operating Officer/General Manager shall notify the applicant of such decision within thirty (30) days of its receipt of the applicant's Membership Agreement and Application. The applicant may not be

further considered for Membership in the Club for a period ending one (1) year following the date of the Club's notice to the applicant of the declination.

3.7.1.4 Waiting List. The Board may establish a separate waiting list for new applicants in each category of Membership at the time that the Club contains the full complement of Members in each such category, as determined by the Board in its sole discretion. The Board, in its discretion, may charge a non-refundable deposit for applicants to be placed on the wait list. In addition, the Board may allow applicants on the wait list to have limited privileges to the Club, subject to the fees, terms and conditions established by the Board. Each waiting list shall be maintained on a first-come (determined by date of application), first-issued basis, provided that Memberships shall be reissued from the waiting list in the following priority: (i) to Members who desire to upgrade their Memberships, (ii) to the residents within the Desert Mountain Community, and (iii) to all other persons desiring a Membership. Except for Members on a waiting list to upgrade their Membership, persons shall have no obligation to pay dues until such time as a Membership is available. The purchase of a residence or lot within the Desert Mountain Community is not a guarantee that a Membership in the Club will be available or that an application for Membership will be accepted. The Club may revise the waiting list priority as determined by the Board in its sole discretion. The Board shall establish procedures regarding the ability of waiting list candidates to access the Club Facilities.

3.7.2 Membership Held in Name of Legal Entity. For the convenience of Members, a Membership may be held in the name of a viable partnership, corporation, trust or other bona fide form of business entity, approved by the Club, with one individual designee (the "Designated Member"). The legal entity will be the Primary Member for the purposes of voting. The legal entity and the Designated Member will be jointly and severally liable for any dues, fees, charges and/or assessments incurred on behalf of the Membership. The Designated Member may be changed, pursuant to the rules established by the Board from time to time, upon the full payment of the then-current transfer fee. The Designated Member shall have Immediate Family privileges.

3.7.3 Upgrades. At the discretion of the Board, an Equity Club Member may become an Equity Golf Member, by requesting such status and by paying, as a Membership Contribution, the difference between the Membership Contribution paid by the Member at the time he or she was accepted and the Membership Contribution for an Equity Golf Membership in effect at the time the Member upgrades. Any Equity Golf or Equity Club Member who surrenders his or her status and is subsequently proposed for Membership to the Club shall, upon approval for Membership by the Club, pay the then current Membership Contribution for the Equity Membership, unless otherwise revised by the Board. Upgrades will not be counted against the Surrender List as sales of new Memberships in the Club.

3.7.4 Downgrades. Downgrades shall not be permitted by the Club. However, the Board reserves the right, on a limited basis due to exceptional circumstances as determined by the Board in its sole discretion, to allow a downgrade of a Membership.

3.7.5 Voting Rights. Equity Members shall be eligible to vote at official Club meetings and any other electronic or paper ballot elections the Board may authorize as follows: each Equity Golf Member vote shall count as two (2) votes; and each Equity Club Member shall have one (1) vote. No other members have the right or authority to vote, including but not limited to, any Non-Equity Member. To be eligible to vote, Members must be in good standing and current on all obligations to the Club. Posted Members, i.e., delinquent or suspended Members, may not vote at official Club meetings.

3.7.6 Membership Cards. The Board has the authority to issue Membership cards indicating the Member's name, photograph, Club account number, type of Membership, and the name of the authorized user (the "Membership Card") to each Member and to the members of his or her Immediate

Family, if applicable. In the event Membership Cards are issued, Club Members and their Immediate Families must have his/her card with them at all times while using the Club Facilities. In the event Membership Cards are issued, Membership Cards will not be issued to children under the age of ten (10). The rules regarding Membership Card use shall be set forth in the Rules and Regulations for the Club.

3.7.7 Starting Time Policy. Members with golfing privileges may reserve advance starting times in accordance with the policy set forth in the current Rules and Regulations. For the consideration of the entire Membership, and the orderly operation of the Club; the Board reserves the right to change the starting time reservation policy and/or to change the number of reservations per Membership in the reservation system at any one time.

3.7.8 Leave of Absence. Leaves of absence concerning a Membership are not permitted at the Club.

3.8 Rules and Regulations. The Board has the authority and shall adopt, establish and publish on a periodic basis, rules and regulations concerning the operation of the Club and the usage of the Club Facilities by the Members, their Immediate Family and their guests, as determined in the Board's sole discretion (the "Rules and Regulations").

3.9 Immediate Family. A Members' legal Spouse or Significant Other and unmarried children under the age of twenty-five (25) living at home, or who are full-time students, or serving in the U.S. Armed Forces (collectively, "Immediate Family") shall have privileges equal to those afforded by the Club to the Member (excluding only voting rights and the right to share in liquidation proceeds), subject to these Bylaws and the Club Rules and Regulations. A Member may terminate (or reinstate following termination) the Club privileges of any one or more of the Member's Immediate Family by written notice, effective seven (7) days following receipt of the notice by the Club.

3.10 Developer Memberships. Pursuant to the Prior Plan, Desert Mountain Properties Limited Partnership, a Delaware limited partnership ("DMP") has retained ownership of the thirty eight (38) unissued Equity Golf Memberships in the Club as of the Effective Date (collectively, the "Developer Retained Memberships") in conjunction with the residential lots retained by DMP within the Desert Mountain development located in Scottsdale, Arizona ("Developer Retained Lots"). The subsequent transfer or sale of a Developer Retained Membership is not a sale by the Club of an Equity Golf Membership pursuant to Section 4.2 and that sale is not subject to the provisions of Article 4 of these Bylaws.

ARTICLE 4. Surrender, Reissuance and Refund

4.1 Surrender of Membership. A Member in good standing may surrender his or her Membership by written notice to the Club (the "Surrendering Member"). If the surrender notice is received by the Club before the sixth (6th) day of the month, the surrender shall be effective the last day of the same month. If the surrender notice is received by the Club on the sixth (6th) day of the month or after, then the surrender shall be effective on the last day of the month succeeding the month of receipt. To be effective, the notice of surrender must be accompanied by tender to the Club of the Membership Certificate held by the Member, if any, properly endorsed to the Club (or if lost, a "Lost Certificate Affidavit" in the form provided by the Club), and payment in full of all obligations and open accounts with the Club, after which the surrender shall become effective and all privileges of the Club shall terminate upon the reissuance of the Membership.

4.2 Transfer of Memberships via Surrender List. A Surrendering Member may transfer his or her Membership only to the Club. The Club shall maintain two (2) Surrender Lists, one for Equity Golf Members and one for Equity Club Members (each a "Surrender List"). In the event the Member has met the requirements under Section 4.1, the Member shall be placed on the applicable Surrender List. A Surrendering Member in all events shall continue to be obligated to pay dues, fees, charges, and assessments until the Membership is reissued by the Club, except in the event of the death of the Surrendering Member, in which event, pursuant to Section 4.5.1, the estate of the deceased Member shall not be required to pay dues while on the Surrender List, however, the Membership shall have no usage rights or voting rights. Surrendering of a Membership is irrevocable, unless otherwise determined by the Club. The Club will reissue Memberships of Surrendering Members on a first-surrendered, first-reissued basis by category of Membership as follows:

4.2.1 At any time the Club does not have a full complement of Memberships within a Membership category, as determined by the Board in its sole discretion, the Club will reissue one (1) Membership of a Surrendering Member off the Surrender List after three (3) Memberships are sold by the Club in that category. Notwithstanding anything to the contrary, the Board has established a temporary reduction in its reissuance ratio to a ratio of one (1) out of two (2) sales, being one (1) Membership sold by the Club and then one (1) Membership off the Surrender List to be sold by the Club, which temporary reduction is to be continued for such period as determined in the Board's sole discretion. Furthermore, the Board reserves the right to adopt other programs for the sale of Memberships on the Surrender List, in the Board's sole discretion, which have the objective to reduce the number of members on the Surrender List.

4.2.2 During the period, the Club has a full complement of Memberships within a Membership category, as determined by the Board in its sole discretion, each Membership issued in that category will be a Membership of a Surrendered Member.

4.2.3 In the event a Member on a Surrender List is delinquent in paying the dues, fees, charges and assessments for sixty (60) days; the Membership shall be suspended by the Club and the Member and his/her Immediate Family shall have no usage rights or voting rights at the Club until the Member's account is current.

4.2.4 In the event a Member on a Surrender List is delinquent in paying the dues, fees, charges and assessments for one hundred and twenty (120) days, the Board shall have the option to (i) bring suit for the collection of the delinquent dues while maintaining the Member's continued obligation to pay dues until the Membership is reissued off the Surrender List, or (ii) terminate the Member's Membership and the terminated Member's name shall be removed from the Surrender List and the Member's refund rights shall be rendered null and void, and/or (iii) pursue any other remedies at law or in equity due to the default by the Member.

4.3 Transfer to Subsequent Purchaser. In lieu of being placed on the applicable Surrender List, Equity Members who own property in the Desert Mountain Community may transfer their Membership through the Club to the subsequent purchaser of the Member's residence or lot, subject to the approval of such purchaser for Membership and the payment by such purchaser, within thirty (30) days of the closing of the sale of the then current Membership Contribution as established by the Club, for the same category of Membership as the current Equity Member. The transfer of an Equity Membership to the subsequent purchaser of the Member's residence or lot shall not be subject to any waiting list, but the applicable Transfer Fee will be due and payable to the Club upon transfer. In the event the subsequent purchaser of the current Equity Member's residence or lot does not wish to acquire the Membership or is not approved by the Club for Membership, the current Equity Member has the option to either (i) retain the Membership, or (ii) place the Membership on the applicable Surrender List to be reissued by the Club pursuant to the terms recited herein. In the event Equity Members with property in the Desert Mountain

Community purchase another property within the Desert Mountain Community, the same Equity Member who purchases the second residence in the Desert Mountain Community who already owns a membership may retain their respective Membership, without being subject to the Transfer Fee. Non-Equity Members may only transfer their Non-Equity Membership pursuant to the transfer terms, if any, set forth in the Non-Equity Member's Membership Agreement with the Club.

4.4 Legacy Transfer to Spouse, Adult Child or Adult Grandchild. In lieu of being placed on the applicable Surrender List, Equity Members are entitled, on a one time basis, to transfer their Memberships during their lifetimes to a Spouse, an adult child, or an adult grandchild who is approved by the Club for Membership without the payment of any additional Membership Contribution or a Transfer Fee. The transfer shall not be subject to any waiting list. No refund shall be paid to the Equity Member or otherwise in connection with such a transfer. A Membership transferred under this section cannot be transferred again through this provision. For the purposes of calculating number of transfers, the original Equity Membership may be transferred once during the original Equity Member's lifetime or at death to a Spouse, an adult child, or an adult grandchild who is approved for Membership, but may not be transferred an additional time.

4.5 Transfer Upon Death.

4.5.1 Transfer Upon Death For Equity Members. Upon the death of an Equity Member, the surviving Spouse, if any, may elect, by giving notice to the Club within ninety (90) days of the Member's death, to (i) continue the Membership privileges without having to pay any additional Membership Contribution, (ii) surrender the Membership and be placed on the applicable Surrender List, or (iii) have the Membership reissued to an adult child pursuant to this Section. If a Membership of a deceased Member is surrendered pursuant to the terms of these Bylaws, it will not be subject to the obligation to pay dues and assessments after the date of death of the deceased Member, however, the Membership shall have no usage or voting rights. In lieu of being placed on the applicable Surrender List, the Membership may be reissued to an adult child of the deceased Member, subject to the approval of the adult child for Membership in the Club and the payment of the then current Membership Contribution for the Equity Membership by the adult child to the Club. Upon receipt of the then current Membership Contribution for Equity Memberships from the adult child and reissuance of the Equity Membership to the adult child, the Club shall pay to the deceased Member's estate the refund of the Membership Contribution in an amount equal to one hundred percent (100%) of the Membership Contribution paid by the new Equity Member for the Membership, without interest, within thirty (30) days after the reissuance of the Membership by the Club to a new Equity Member, less the applicable Transfer Fee. The adult child must acquire the Membership within ninety (90) days after the death of the Member. The transfer of the Membership to a surviving Spouse or adult child shall not be subject any waiting list. Memberships not transferred to the surviving Spouse or reissued to an adult child, pursuant to the above provisions, shall be placed on the applicable Surrender List for reissuance pursuant to the provisions of these Bylaws. If a surviving Spouse elects to continue the Membership, the Membership shall still be eligible for a one time transfer pursuant to Section 4.4.

4.5.2 Transfer Upon Death For Non-Equity Members. Upon the death of a Non-Equity Member, the terms of the individual Membership Agreement with the Club will control as to whether the Membership may or may not be transferred or extended.

4.6 Refund of Membership Contribution.

4.6.1 Refund for Equity Golf Members. Upon the surrender and reissuance of an Equity Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less

the Equity Golf Transfer Fee, established by the Board, and all amounts owed to the Club. As of the Effective Date, the current transfer fee for Equity Golf Members is an amount equal to the greater of (i) twenty percent (20%) of the Membership Contribution received by the Club from the new Equity Golf Member, or (ii) Sixty Five Thousand Dollars (\$65,000.00) (the "Equity Golf Transfer Fee"). The refund amount will be paid to the Surrendering Member within thirty (30) days of the actual receipt by the Club of the Membership Contribution paid by the new Member. This section shall not apply to Equity Memberships reissued pursuant to Section 4.7.

4.6.2 Refund for Equity Club Members. Upon the surrender and reissuance of an Equity Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Club Membership, less the Equity Club Transfer Fee established by the Board and all amounts owed to the Club. As of the Effective Date, the current transfer fee for Equity Club Members is an amount equal to the greater of (i) twenty percent (20%) of the Membership Contribution received by the Club from the new Equity Member, or (ii) Twenty Thousand Dollars (\$20,000.00) (the "Equity Club Transfer Fee"). The refund amount will be paid to the Surrendering Member within thirty (30) days of the actual receipt by the Club of the Membership Contribution, paid by the new Member. This section shall not apply to Equity Memberships reissued pursuant to Section 4.7.

4.6.3 Conflict. In the event of a conflict between the above provisions and an individual Member's Membership Agreement with the Club regarding the refund amount to be paid; the refund to such Member, upon the surrender and reissuance of the Membership, shall be paid in accordance with the terms and conditions set forth in such Member's individual Membership Agreement with the Club.

4.6.4 Timing of Refund. Refund amounts shall be payable within thirty (30) days of the reissuance of the Membership and the Club's actual receipt of the Membership Contribution paid by the new Member. In the event the Membership Contribution to be received by the Club from the new Member is financed by the Club on such terms as determined by the Club, if any, in its sole discretion, the refund shall be paid prorate to the Surrendering Member as the Membership Contribution proceeds are received by the Club. The Club will deduct, from the amount to be refunded to a Surrendering Equity Member, any amount which the Equity Member owes the Club.

4.7 Optional Refund Programs. The Board reserves the right to offer other reissuance programs for Equity Members on the Surrender List, in the Board's sole discretion, on a temporary or permanent basis. For example, at any time the Board deems it in the Club's best interest to do so, the Board may implement the "Market-based Pricing Policy." The details of the Market-based Pricing Policy shall be adopted and revised by the Board from time to time, but generally shall include a procedure whereby Equity Members on the Surrender List can notify the Club on an occasional basis the price at which such Equity Member will agree to have his/her Membership reissued by the Club. The Market-based Pricing Policy shall provide for Equity Members on the Surrender List to notify the Club of such Member's price preference. The Club will identify Equity Members on the Surrender List whose Memberships will be sold next according to price and any other guidelines included in that Market-based Pricing Policy as established by the Board. The Market-based Pricing Policy may, in the Board's discretion, include a minimum Membership Contribution and the Equity Golf Transfer Fee or Equity Club Transfer Fee, as applicable.

4.8 Tax Consequences. The Club makes no representations and expresses no opinions regarding the federal, state or local tax consequences of acquiring an Equity Membership or with respect to any Membership Contributions, dues, fees, charges, assessments or other amounts paid to the Club. All Memberships shall be acquired subject to all applicable tax laws, as the same may be amended from

time to time. Accordingly, Members should consult with their own tax advisors with respect to the tax consequences of any Membership Contributions, dues, fees, charges, assessments or other amounts paid to the Club.

4.9 No Advertising. A Member's or a Member's agent or assigns use of the internet, texting, websites, magazines, newspapers, posters, billboards and other forms of media, as may be determined by the Board, that are used to communicate a public solicitation of Membership transfers, is strictly prohibited, except for specific references to the sale or transfer of a Membership that may be associated with the sale of a residence or lot in the Desert Mountain Community pursuant to the terms of the Bylaws and the specific language approved by the Board in writing in advance. Such public advertising or solicitation for the sale or transfer of a Membership will result in the disallowance of a transfer or reissuance of such Membership and may result in termination of the Membership and forfeiture of all Membership rights and refund rights and privileges thereunder, as determined in the sole discretion of the Board.

4.10 Legal Separation or Divorce. In the event a Member is legally separated or divorced from his or her Spouse, title to the Membership, including all rights and benefits to the holder thereof, shall remain in the Member's name. In the event a final, non-appealable order of a court having jurisdiction awards the Membership to the Member's Spouse, the Member shall become a Surrendering Member and the Club will seek to reissue the Membership on the same basis as any other Surrendered Membership. Upon reissuance of the Membership, the Member's Spouse awarded the Membership shall be entitled to the refund of the Membership Contribution, subject to the terms and conditions recited herein, unless a court order directs otherwise. A Member shall be required to give written notice to the Club of a divorce or legal separation and shall remain responsible for the payment of all dues, fees, charges and assessments associated with Membership, including, but not limited to, any charges incurred by a Member's Spouse or Significant Other. In the case of legal separation, the Member may, in his or her discretion, restrict use of the Club Facilities by members of the Club Member's Immediate Family, designated by the Member.

4.11 Repurchase of Memberships. The Club may, in its sole and absolute discretion, repurchase a Surrendering Member's Membership under any circumstances which the Club and Surrendering Member determine appropriate. In any event, the Surrendered Membership shall be subject to the Transfer Fee established by the Board.

ARTICLE 5

Fees, Dues, Charges, Assessments and Late Fees

5.1 Fees, Dues and Charges. Membership fees, Membership Contributions, Transfer Fees, initiation fees, deposits, charges and dues for each classification of Membership, and the time for payment thereof; shall be as established by the Board. The Board shall maintain and publish a current list of dues, fees, charges, Membership Contributions and Transfer Fees (the "Schedule of Dues, Fees and Charges"). All monetary transactions between a Member and the Club shall be charged to the Member's account, except as specifically provided by the Membership Documents and policies as established by the Board from time to time.

5.2 Assessments and Capital Reserve Fund. After the Conversion Date, all Equity Members and Non-Equity Members (if as to Non-Equity Members, allowed pursuant to their Non-Equity Membership Agreements) shall be subject to assessments as determined and levied by a majority vote of the Board. Provided however, any assessment of the Non-Equity Members shall be subject to obtaining the required affirmative vote of the class of Non-Equity Members pursuant to the Prior Plans. The Board has the authority to operate the Club on an annual balanced operating budget basis and has the power to assess the Members the amount necessary to cover any annual operating deficit as determined by the

Board. Notwithstanding anything to the contrary, an annual balanced operating budget includes, but is not limited to: (i) all operating expenses, (ii) any debt service payments or lender debt service requirements, including but not limited to the Debt Service Fund, as defined in Section 5.3, capital reserve escrow accounts, sinking funds and other requirements of the lender associated with the purchase of the Club Facilities or improvements to the Club Facilities or other debt incurred by the Club (subject to Section 5.2.2), including the refinancing of any debt of the Club, and (iii) payments to the Capital Reserve Fund. The Equity Club Members shall be assessed sixty percent (60%) of the amount the Equity Golf Memberships are assessed.

5.2.1 Capital Reserve Fund. The Board shall establish and maintain a separate capital reserve fund (the "Capital Reserve Fund") which shall be funded by either (i) an allocation of the Club's gross revenue, or (ii) a separate capital reserve charge to be paid by the Members. The annual amount funded to the Capital Reserve Fund shall not exceed five percent (5%) of the Club's annual gross revenue, which revenue shall include Transfer Fees, subject to the provision below. The Capital Reserve Fund shall be utilized for expenditures for repairs and replacements to the Club Facilities or as may be required, as determined by the Board for the IWDS water infrastructure facilities and related obligations. However, to the extent the funds in the Capital Reserve Fund are not sufficient for the required capital repairs and replacements to the Club Facilities due to unforeseen circumstances or casualty loss, the Board is authorized to assess the members the necessary amount to cover the deficit for the required repairs and replacements. The Board may not borrow from the Capital Reserve Fund to cover operating shortfalls.

5.2.2 New Capital Improvements or Expanded Facilities. Any assessments or debt incurred by the Board for new capital improvements and expanded facilities or as may be required, or as determined by the Board, for the IWDS water infrastructure facilities and related obligations for the Club that are (i) not capital repair and replacement items and (ii) are in excess of five percent (5%) on an annual basis of the then current Club's annual gross revenues, which revenue shall include Transfer Fees, shall be a Major Decision and require the prior approval by the Members for Major Decisions as set forth in Section 11.1.

5.2.3 Turnover Assessment. Pursuant to the Amended Membership Plan adopted by the required vote of the Deferred Equity Members, the Equity Members are required to pay the assessment set forth in the Amended Membership Plan (the "Turnover Assessment"). To the extent the Turnover Assessment is not paid by December 17, 2010, the Turnover Assessment shall be subject to a late fee charge and shall accrue interest at a rate equal to the lesser of (i) twelve percent (12%) or (ii) the highest rates allowed by law. The delinquent Member will be subject to the provisions of Article 6 as the "Turnover Assessment" is an assessment under the terms of these Bylaws. The Board reserves the right to include the Turnover Assessment, plus an interest charge established by the Board on new Membership Contributions established by the Board after December 31, 2010.

5.3 Debt Service Fund. The Board shall have the authority to establish and maintain a separate Debt Service Fund (the "Debt Service Fund") which shall be funded by either (i) a monthly allocation of the Club's gross revenue, or (ii) a separate debt service reserve charge to be paid by the Members monthly to cover the prorated monthly cost of both principal and interest on all third party debt obligations. Provided, however, any assessment to the Non-Equity Members for the Debt Service Fund shall be subject to obtaining the required affirmative vote of the class of Non-Equity Members pursuant to the Prior Plans. The monthly amount funded to the Debt Service Fund shall not be less than the prorated monthly amount to meet the annual or the scheduled amount due to the lenders for principal and interest. The Debt Service Fund shall be utilized exclusively for the timely payment of all third party debt obligations. However, to the extent the funds in the Debt Service Fund are not sufficient for the required principal and interest payments to the third party lenders, the Board is authorized to assess the members

for the necessary amount to cover the deficit. The Board may not borrow from the Debt Service Fund to cover operating shortfalls.

5.4 Payment Terms. All fees, dues, charges, assessments and Membership Contributions (if deferred payment) are due and payable immediately on receipt of billing pursuant to the payment methods set forth in the Rules and Regulations. Any Member who fails to pay the statement of account on or before the close of business on the 25th day of the following month shall be considered delinquent.

5.5 Late-Fee Charges. A late-fee charge of ten percent (10%) of the late amount may be levied by the Club for each month or portion thereof that the account remains delinquent. On the last day of the month following the month in which the account is deemed late, the Club shall send a letter notifying the delinquent Member to provide information and detail to the Club, not earlier than fifteen (15) days from the date of the notice, why the Member should not be suspended for non-payment of the account. However, the Board will allow Club management to communicate with the delinquent Member and try to resolve the delinquency and prevent further action by the Board. Any Member who is delinquent three times (meaning the Member has received three (3) separate 30-day, written late notices of non-payment) within any twelve month (12) period shall be fined an amount determined by the Board, and deemed financially irresponsible, thus subjecting such Member to suspension or expulsion.

5.6 Returned-Check Fee. There shall be a charge, as determined by the Board, for checks returned for insufficient funds. Any member giving or endorsing a check to the Club which is not paid on presentation will be notified of such non-payment. If the amount of the check is not paid to the Club within ten (10) days from the mailing of the notice of non-payment, the member will be suspended forthwith, without further action, from all Club privileges until the amount of the check is paid. Written notice of such suspension, including the reason for such action, will be immediately given to the member.

5.7 Facilities Unavailable. Even though certain Club Facilities may be unavailable for Member's use due to renovation, capital improvements, fire, hurricane, casualty or other similar occurrence beyond the Club's control, the Members will continue to be liable for the timely payment of all dues, fees, charges and assessments.

5.8 Other Charges. The Board shall have the power to establish fines or other appropriate charges for infractions of the Bylaws and Rules and Regulations of the Club.

5.9 Account Charges. The Club shall render a statement of account to each Member following the last day of each month. The statement of account shall be deemed received by the Member three (3) days after the mailing date.

ARTICLE 6. Suspension, Expulsion and Collection

6.1 Suspension or Expulsion. Any Member (including the Member's Immediate Family or Significant Other) may be suspended by the Board as provided below for non-payment of dues, fees, charges and/or assessments to the Club for over sixty (60) days, at the sole discretion of the Board, or be expelled by the Board for non-payment of dues, fees, charges and/or assessments to the Club for over one hundred and twenty (120) days. For any other Cause, a Member (or any member of the Member's Immediate Family or the Member's Significant Other or guest) may be expelled or suspended or other appropriate action may be taken (including, but not limited to, fines or reprimands, after review by the Disciplinary Committee) by a vote of a majority of the members of the Board. Notwithstanding anything to the contrary, at the sole discretion of the Board, the Member's Membership, including any right to be placed on or remain on the Surrender List, may be terminated, and the Member's refund rights shall be

rendered null and void, if a nonpayment of dues, fees, charges and/or assessments continues for one hundred and twenty (120) days after the due date.

6.2 "Cause" Defined. The term "Cause" for purposes of Section 6.1 hereof shall include, but not be limited to: (i) disorderly conduct at the Club; (ii) conduct endangering the good order, welfare or character of the Club; (iii) violation of these Bylaws or the Rules and Regulations promulgated by the Board; (iv) being deemed financially irresponsible; (v) violations of international or domestic laws and/or injunctions; (vi) false information on a Membership Agreement and Application or information provided for guest or Immediate Family privileges; (vii) abusive treatment of staff or other Members; or (viii) any other action deemed to have an adverse effect on the Club or its Members, as determined by the Board, in its sole discretion.

6.3 Hearings. A hearing by the Board or the Disciplinary Committee, as determined by the Board, shall be required for suspension or expulsion, except for a suspension or expulsion for nonpayment of dues, fees, charges and/or assessments for which no hearing is required or allowed. The Board must give notice, in writing, of such hearing at least five (5) days in advance of the hearing date to the Member stating the reason for the proposed suspension or expulsion, and notifying such Member that he or she has a right to be heard orally or in writing at the hearing. The hearing date shall be not less than five (5) days before the effective date of the proposed expulsion or suspension by the Board. The written notice shall be delivered to the Member via certified mail with a return receipt requested or by email with confirmation of receipt to the Member's last known address or email address shown on the records of the Club. The Board, by a majority vote, may rescind any such action and reinstate the Member, upon or without conditions, at its discretion.

6.4 Appeals. Any Member may appeal suspension or expulsion, except for a suspension or expulsion for nonpayment of dues, fees, charges and/or assessments for which no appeal hearing is allowed, by written notice to the Board and a subsequent hearing will be conducted by the Board. The notice of appeal must be delivered to the Club office within ten (10) days after such action by the Board. If a fine has been imposed, payment thereof shall constitute a condition precedent to the right of appeal. Upon appeal, the Board will review at the hearing on such terms as established by the Board, the action taken and will conduct a second vote to uphold or rescind the initial suspension or expulsion by a majority vote of all the Members of the Board. Upon expulsion, all Membership rights shall terminate and the Member's Membership, at the Board's sole option, (i) shall be placed on the applicable Surrender List and the Member shall continue to be responsible for the payment of all dues and assessments until the membership is reissued, or (ii) the Member's right to be placed on the applicable Surrender List and the Member's refund rights shall be rendered null and void. In the event the expelled Membership is placed on the Surrender List and then reissued, upon reissuance the Transfer Fee and any amounts, charges, fines and fees shall be retained by the Club and the balance paid to the expelled Member.

6.5 Dues, Fees, Charges and Assessments during Suspension or Expulsion. During a period of suspension, the suspended Member shall continue to be responsible for applicable dues, fees, charges and/or assessments but shall not have any Club privileges, including but not limited to, the right to vote on matters submitted for a Member vote. If a Member is expelled by the Board and upon appeal to the Board, the Board's decision to expel the Member is overturned, then a condition precedent to the reinstatement shall be the immediate payment of all dues, fees, charges and/or assessments applicable to the temporary period of expulsion.

6.6 Collection. In the event of any default or breach by a Member in the (i) payment of any dues, fees, assessments or charges or (ii) the terms of the Bylaws or Membership Agreement, the Club reserves the right to file suit to recover the amount owed and such any and all other remedies allowed by law, plus all other costs, expenses and reasonable attorney fees.

ARTICLE 7.
Complaint and Grievance Procedure

7.1 *Written Complaints Acceptable.* Member complaints and grievances regarding matters not concerning employees shall be held in strictest confidence, submitted in writing, signed and dated by the complainant, and appropriately addressed to the Disciplinary Committee and submitted to the Chief Operating Officer/General Manager.

7.2 *Bylaws and Rules and Regulations Infractions.* The chief operating officer/general manager of the Club ("Chief Operating Officer/General Manager") shall forward all complaints to the Disciplinary Committee. Any infractions of the Bylaws and Rules and Regulations of the Club shall be reported to the Board by the (i) Disciplinary Committee or (ii) Chief Operating Officer/General Manager, if assigned to the Chief Operating Officer/General Manager for review and investigation by the Disciplinary Committee. The Disciplinary Committee shall investigate the charge or review the Chief Operating Officer/General Manager's report and report the findings to the Board at its next regular meeting. If the Disciplinary Committee or the Chief Operating Officer/General Manager (if assigned to the Chief Operating Officer/General Manager) cannot resolve the issue independently, the Board shall determine the appropriate action to be taken, if any, and the Club Secretary shall report the Board action, if any, to the complainant.

7.3 *Procedure Regarding Employees.* Complaints concerning employees of the Club shall be made only to the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall investigate the complaint and determine the action to be taken by the Club. The Chief Operating Officer/General Manager shall advise the complainant of the action taken, if any. Repeated complaints against the same employee shall be brought to the attention of the Board by the Chief Operating Officer/General Manager. Complaints against the Chief Operating Officer/General Manager shall be made directly to the Club President who will investigate and report to the Board at its next regular or special meeting, the President's recommendation. With the approval of the Board, the President will resolve the complaint with the Chief Operating Officer/General Manager and report to the complainant the action taken, if any.

ARTICLE 8.
Guests

Guests shall be welcome at the Club when accompanied by a sponsoring Member. The amount of the guest fees and the circumstances under which guests may use the various facilities of the Club shall be established by the Board from time to time. Unless paid directly by the guest, all guest fees shall be charged to and be the responsibility of the sponsoring Member. Guests shall be subject to the Bylaws and Rules and Regulations of the Club, as amended from time to time by the Board. The sponsoring Member shall at all times be responsible for the conduct, charges attributable to, and actions of the Member's guests and the Member may be fined, disciplined, suspended or other remedies as provided in the Bylaws for improper conduct of the Member's guest. Only Members in good standing may sponsor accompanied guests. Guest privileges may only be extended to the use of Club Facilities the sponsoring Member is entitled to use pursuant to his or her particular Membership category. The Club, through the Board, may establish a separate set of rules and restrictions to be included in the Rules and Regulations for usage of the Club Facilities by renters of residences within the Desert Mountain Community. The Board may establish restrictions to be set forth in the Rules and Regulations on guest usage to protect usage and access rights of the Members. Guests will also include DMP's employees and agents for the purposes of sales of DMP's remaining lots within the Desert Mountain Development until the earlier of: (i) the date DMP does not

have title to one or more lots within Desert Mountain Development, or (ii) ten (10) years following the date of the Closing.

ARTICLE 9. Governance and General Management

9.1 Board of Directors. The governance and general management of the Club shall be vested in a Board of Directors (herein the "Board") consisting of nine (9) elected members, which will currently include the four (4) Officers of the Club, namely, a President, Vice President, a Secretary, and a Treasurer (and such other Officers as the Board determines). The initial Board of the Club shall consist of the board members of the DM Members Advisory Board as of the Effective Date and the Board members shall serve for the balance of their respective terms. Thereafter, each member of the Board shall be elected for a three (3) year term. No Member may run for more than two (2) consecutive three (3) year terms, except that those Members of the first elected Board who serve in a term of one (1) or two (2) years may run for consecutive terms not to exceed a total of six (6) consecutive years. Except as otherwise provided by a resolution adopted by the Members, the term of a newly elected Board member shall begin at the conclusion of the Annual Meeting at which his/her election is announced. Officers shall each serve one (1) year terms, with a limit of three consecutive terms in the same office. The Board shall have the authority to invite the outgoing President and any other outgoing Board members, on a case by case basis, to participate as an ex-official non-voting participant at Board meetings to assist in an orderly transition. The participation of the outgoing President or outgoing Board members shall be at the sole discretion of the Board and for such time period as determined by the Board.

9.1.1 Powers. The Board shall have full power and authority to do any and all things that it deems to be necessary and in the best interests of the Club, except the specific actions set forth in Section 5.2, and Article 15 which require the prior approval by a majority of the votes cast of the voting Equity Members of the required quorum set forth in Section 11.1 for the specific matter set forth in the Bylaws. The Board will have the authority to delegate certain managerial and operating functions to professional management, which shall report to the Board. The Board's powers include, but are not limited to, the establishment of the Club's Rules and Regulations, establishing the amount of Membership Contributions, dues (including revised dues payments based on a prepayment dues provision), fees, charges and assessments (subject to the limitation set forth in Section 5.2) arranging and securing loans for the Club and pledging and encumbering the Club Facilities (subject to Section 5.2.2), hiring and firing of Club employees (delegated to the appropriate Department heads and the General Manger), review of financial accounting, establishing Club operating hours, Club services, capital improvements, maintenance and repair reserves, working capital reserves, reserves for water infrastructure or related water obligations, the Club's budgets and operating policies, obtaining directors and officers liability insurance for the Board and Club officers, approval of new Members, member grievance, suspension and expulsion and all other powers and authority granted to the Board in these Bylaws and by law. The Board shall have general supervision and control over all officers, committees and employees. The decisions of the Board shall be final in all matters. The Board may adopt such policies and rules for the conduct of their meetings and the general management of the Club as they deem proper.

9.1.2 Meetings. All members of the Board shall be voting Members of the Club in good standing. The Board shall meet at least once each calendar month. At each regular meeting of the Board, the date, time and location of the next regular Board meeting shall be designated, unless previously established.

9.1.3 No Remuneration. No elected Officer or Board member shall receive any remuneration for his or her official services, but may be reimbursed for reasonable expenses incurred, if approved by the Board.

9.1.4 Conflict of Interest. No Officer or Board member shall use his or her position for personal gain. Such activity shall be deemed a conflict of interest and shall be a cause for removal under Section 9.1.5 of this Article.

9.1.5 Removal of Officers and Board Members. Officers and Board members may be removed for cause by an affirmative vote of two-thirds of the full Board (currently, a vote of six (6) Board members) or by an affirmative vote of a majority of the votes cast of a quorum of the Equity Members eligible to vote at any annual or special meeting. The inability of an elected Board member to qualify for bonding shall be deemed as cause, but not the only cause, for removal. Other causes for removal of an officer or Board member include, but are not necessarily limited to: (i) failure to attend three (3) consecutive Board meetings without excuse, (ii) breach of the standards of conduct prescribed in the Bylaws and Rules and Regulations (including but not limited to the suspension or expulsion provisions in Section 6.1 and the Causes defined in Section 6.2), (iii) a breach of confidentiality, (iv) a breach of any fiduciary duty, and (v) surrender, suspension or expulsion of the Board Member's Equity Membership in the Club.

9.2 Rules and Regulations and Quorum. The Board may adopt such rules and regulations for the conduct of their meetings and the general management of the Club as they deem proper. A quorum for the conduct of any business by the Board is a majority of the Board members in person or by telephonic conference call. The Board may authorize committees of the Club as the Board determines may be helpful or have unique experience in the transaction of the Club's business.

9.3 President. The President shall be the Chief Executive Officer of the Club and shall preside at all meetings of the Board and the Membership. The President shall, with the Secretary, sign all obligations, contracts, deeds, mortgages, promissory notes, and other instruments as approved by the Board unless otherwise provided by the Bylaws. The President, on behalf of the Board, shall supervise the activities of the Club's Chief Operating Officer/General Manager or any professional management company involved in the management of the Club in accordance with the policies of the Club, as set forth by the Board. The President, under the direction of the Board, shall, with approval of the Board, appoint chairmen for the various committees authorized by the Board and such other committees as the President or the Board shall deem necessary. The President shall be an ex-officio member of all committees.

9.4 Vice President. The Vice President shall perform the duties of the President when the President is absent or unable to perform such duties and shall perform such other duties as may, from time to time, be assigned by the President. In the absence of both the President and Vice President, the Board shall appoint from among the Board members, an Acting President.

9.5 Secretary. It shall be the duty of the Secretary to keep a record of the proceedings of the Club and, with the President, to sign all obligations, contracts, deeds, mortgages, promissory notes, and other instruments, and to discharge such other duties as may be entrusted by the Board. In addition, the Secretary shall have such other duties and responsibilities as prescribed by the Board. The Secretary may delegate any of the foregoing duties to the Chief Operating Officer/General Manager acting as Assistant Secretary as the Board approves.

9.6 Treasurer. The Treasurer shall be Chairman or a member of the Finance Committee. The Treasurer shall cause to be collected, held, controlled and disbursed, subject to policies approved by the Board, all monies of the Club; and it shall be the Treasurer's duty to issue and control Membership Certificates and collect monies due the Club from such issuance, as well as dues, fees, charges and assessments from Members. The Treasurer shall have such other duties as are prescribed by the Board.

The Treasurer may delegate any of the foregoing duties to the Chief Operating Officer/General Manager or Controller, acting as Assistant Treasurer or otherwise, as the Board approves.

9.7 Vacancies. Any vacancy occurring in the Board shall be filled by the Board at a Board meeting called for that purpose by the affirmative vote of a majority of the remaining Board members, though the remaining Board members may constitute less than a quorum of the Board (or, if there be only one remaining Board member, by that Board member). A Board member elected to fill a vacancy shall be elected for the remainder of the year until the next election. At the next election, there will be open elections to fill the previously vacated seat for the unexpired term of the previously vacated seat, if any. Any Board member appointed or elected to office for a less than full term; shall not have the less than full term counted towards the restriction on term limits. A majority of the Equity Members may, with Cause, terminate the term of office of all or any of the Board members by an affirmative vote of a majority of the votes cast of a quorum of the Equity members eligible to vote at any annual or special meeting called for that purpose. Such removal shall be effective immediately upon such action of the Members even if successors are not elected simultaneously, and the vacancies on the Board, caused by such action shall be filled only by election by the Members.

9.8 Chief Operating Officer/ General Manager. Reference to the title of Chief Operating Officer/General Manager will designate the responsible party who may from time to time have a different corporate title but in any event shall be responsible for managing the affairs, and direct the work and employees of the Club, subject to, and in accordance with, the direction of the Board, acting through the President, who will exercise supervisory authority on behalf of the Board over the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall prepare budgets of expenses and capital refurbishment and replacement for approval of the Board, and shall be authorized to incur expenses and capital expenditures in accordance with the approved budgets, or as directed by the Board. The Chief Operating Officer/General Manager shall attend all meetings of the Board and shall be an ex-officio member of the Standing Committees. The Chief Operating Officer/General Manager shall make reports of work and affairs of the Club to the President, to the Board and to Members at Membership meetings, as requested by the President. Each year, the Chief Operating Officer/General Manager shall provide the Board with the Chief Operating Officer/General Manager's goals and objectives for the following year, along with a self-assessment of the preceding year.

9.9 Bond. The Board may require that any one or more Officers, Board members or other Club employees be bonded in amounts determined by the Board. The cost thereof shall be paid by the Club.

ARTICLE 10. Committees

10.1 Committees. The Board shall create the following standing committees: (1) Disciplinary Committee, (2) Finance Committee (to include the Club's Treasurer and the Chief Financial Officer), (3) Membership Committee, and (4) Nominating Committee (collectively, the "Standing Committees"). The members of the Standing Committees will serve three (3) year terms. The appointed Chairperson shall serve for one (1) year, but may be reappointed for consecutive terms up to three (3) consecutive years. The Board will appoint the members of the Standing Committees based on Board member recommendations. A Board member will either (i) serve as Chairperson of each of the Standing Committees, or (ii) be a Member of the Committee to be able to report to the Board on a minimum of a quarterly basis on the status, recommendations and progress of the Standing Committee. Other Committees may be created by the President, upon Board approval or at the Board's discretion. All committees may have sub-committees, subject to Board approval. Chairpersons shall determine the number of Members on each committee, subject to Board approval. All committee members must be in good standing and approved by the Board.

10.2 Disciplinary Committee. The Disciplinary Committee shall receive all complaints submitted in accordance with Section 7.1 and Section 7.2, in addition to matters raised by the Board. The Disciplinary Committee shall screen, review and attempt to resolve all complaints or forward to the Chief Operating Officer/General Manager for handling and report and shall make recommendations to the Board in connection with the provisions of Article 5.

10.3 Finance Committee. The Finance Committee shall receive and review the proposed budget for the succeeding year (January 1 to December 31), and, if applicable, recommend any suggested revisions. In addition, the Finance Committee shall advise and assist the Board in (i) negotiations of contracts, (ii) determining the amounts and places of all investments, savings accounts, and checking accounts, (iii) reviewing the annual salaries of the Chief Operating Officer/General Manager and other employees and recommending appropriate salary adjustments, (iv) recommending disbursements, (v) reviewing various dues, fees, charges, assessments and the amount of Membership Contributions, (vi) identifying financial matters that should be brought to the attention of the Membership, (vii) reviewing loan and debt service requirements and options for financing, and (viii) preparing a summary of the Club's annual financial report for publication in the newsletter. The Finance Committee must be chaired by a Board Member. The Finance Committee shall approve all salary levels for all executive level staff that report to the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall provide the Finance Committee with recommendations for increases in salary for members of the staff. The Finance Committee may have separate subcommittees to handle insurance and audit issues as necessary.

10.4 Membership Committee. The Membership Committee shall review and process all Membership Applications and no Membership Application will be formally voted upon by the Board until the application has been reported upon by the Membership Committee. The Membership Committee shall strive to meet the Club's goals for new Members. The Membership Committee must be chaired by a Board Member.

10.5 The Nominating Committee. Each year, nominations for election to the Board shall be made by a Nominating Committee (the "Nominating Committee"). The Nominating Committee shall consist of a chairperson, who shall be a member of the Board, three (3) or more other members of the Board and three (3) or more other Equity Members of the Club (non-Board). The Nominating Committee shall be appointed by the Board not less than sixty (60) days prior to each election to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the expertise, experience and diversity which exist within the pool of potential candidates. Further nominations may be made by petition of voting Members, addressed to the chairperson of the Nominating Committee, containing the signatures of seventy-five (75) or more Equity Members and requesting that a particular Member or Members therein named be nominated and included in the previous nominations. Such petitions must be received by the chairperson of the nominating committee at least thirty (30) days before the voting package is distributed and must contain the written consent and resume of each nominee named. Such nominations shall also be posted on the Club website. All nominees must be dues paying and in good standing Equity Members of the Club. In addition to being responsible for the nominating procedure, the Nominating Committee will be responsible for all voting procedures and protocols, including the coordination of elections. However, in any event, the votes shall be counted by an independent third party, which may be the Club's third party accounting firm.

10.5.1 The Nominating Committee shall prepare the list of nominees for election to the Board, not more than thirty-five (35) days prior to each Annual Meeting, the Nominating Committee shall make a written report to the voting Membership of nominations by mailing or emailing a copy to each Club voting Member and by posting copies thereof on the Club bulletin board or website. Accompanying the report will be a listing of current members of all Standing Committees, Board members, and Officers of the Club.

10.5.2 The Nominating Committee may not nominate one (1) of its own members as candidates for election.

10.5.3 The above provisions are the only means by which a nomination for the Board can be made.

10.6 Committee Members. All committee members shall be Equity Members in good standing and shall serve at the discretion and with the approval of the Board. All committees, excepting only the Nominating Committee and the Executive Committee, if authorized, are advisory to the Board.

ARTICLE 11. **Membership Meetings**

11.1 Annual Member Meeting / Quorum. The annual meeting (the "Annual Meeting") shall be held at the Club during the first quarter of each calendar year at a time and place designated in the notice of such meeting. Twenty-five percent (25%) of the Equity Members entitled to vote, whether in attendance, in person, by absentee ballot or by proxy (if applicable), shall constitute a quorum, except for meetings where Major Decisions are made. The term "Major Decisions" shall be defined as: (a) a major capital expenditure for new capital improvements and expanded facilities or as may be required, as determined by the Board, for IWDS water facilities and related obligations that are not capital repair and replacement items and are in excess of five percent (5%) of the then current Club annual gross revenue, including Transfer Fees as provided in Section 5.2.2, (b) a sale of the Club Facilities or any individual Club Facility, (c) a material adverse change to the Membership refund amount to be paid to existing Members, (d) a change or addition to the Membership categories or changes in existing Membership categories that result in an increase in the maximum number of Equity Golf or Equity Club Members above the caps stated in the Bylaws, and (e) an amendment to the Bylaws pursuant to Article 15. For these meetings where Major Decisions are to be voted upon, fifty percent (50%) of all the Equity Members entitled to vote and whether in attendance, in person by absentee ballot, or by proxy (if applicable), shall constitute a quorum. Each voting Member shall have voting rights as defined in Section 3.7.5. If the required quorum provided above is present for the vote issue, the affirmative vote of a majority of votes cast at the meeting in person or by proxy (if applicable) and entitled to vote on the subject matter shall be the act of the Club, except as otherwise provided by law, by the Articles of Incorporation, or Bylaws of the Club. Notwithstanding the above, any proposed amendment to the Bylaws shall be governed by the provisions of Article 15.

11.2 Special Member Meetings/Quorum. Special meetings of Club Members may be called by the Board upon giving at least fifteen (15) days' written notice to the Members, and such notice shall specify the purpose of the meeting. Further, the Board shall call a special meeting of the Club Membership upon written request of at least ten percent (10%) of all the Equity Members entitled to vote. The quorum required for an action taken at a special meeting shall be the same as the quorum required at an Annual Meeting.

11.3 Election of Board Members. At each Annual Meeting, Board members shall be elected pursuant to the provisions in the Bylaws. In addition, any Board vacancies for which an unexpired term remains shall be filled by election.

11.4 Absentee Ballots. Members in good standing and eligible to vote who are unable to attend a meeting of the Membership shall be allowed to vote by absentee ballot. An absentee ballot shall be included with the notification of any meeting of the Membership and shall also be available at the Club. The number of the ballot shall be written on the ballot and on the return envelope and the name of the Member and the number of the ballot sent shall be registered in an absentee ballot register. Absentee ballot shall be retained until after the validation of the election by the election judges established by the Board. Absentee ballots shall be returned to the Club in the sealed and numbered return envelope provided, no later than the close of business on the day prior to the scheduled meeting date. The Chief Operating Officer/General Manager shall be responsible for safeguarding absentee ballots until the Membership meeting and shall deliver them to the election judges at the Membership meeting.

11.5 Proxies. At the discretion of the Board, at any meeting of the Members, any Member in good standing having the right to vote shall be entitled to vote in person, by absentee ballot or by proxy, provided that the proxy is given to the President or another voting Member in good standing. In the event proxies are permitted, the Member holding the other Member's proxy must attend the meeting in person to be entitled to vote the proxy. No voting Member shall be entitled to vote more than one proxy on behalf of another voting Member, except for the proxies provided to the President for which there is no limitation. There shall be no proxy voting at meetings of the Board, except for a written proxy as to a specific agenda item to be voted on.

11.6 Organization of New Board. Immediately after each Annual Meeting of the Club Membership, an organizational meeting of the new Board (the "Executive Session") shall be called to elect from that body the Officers to serve for terms of one (1) year each. The Officers and Board Members shall take office at the Executive Session or the first day of the month succeeding the election month. The Board shall consist of nine (9) Board members. Upon conversion of the Club to an Equity Club, the board of DM Members Advisory Board as of the Effective Date shall become the initial Board of the Corporation as provided in Section 9.1.

11.7 Conduct of Meetings. The conduct of all Membership meetings shall be governed by Roberts Rules of Order except as they may conflict with these Bylaws, in which case these Bylaws shall prevail.

ARTICLE 12. Notices and Consents

12.1 Notices. Unless otherwise provided herein, written notice required for meetings of the Membership, or the Board, as applicable, stating the place, day and hour of the meeting, and if a special meeting the purposes thereof, shall be forwarded by email and posted on the website, or delivered to each voting Member or Director, as applicable, or deposited in the United States Mail addressed to each voting Member at the address shown by the books of the Club, with postage prepaid, not less than three (3) days (for a Board meeting) or five (5) days (for a Members' meeting), nor more than thirty (30) days before such meeting. A voting Member or Director, either before or after a meeting, may waive notice of any meeting, and such waiver shall be deemed the equivalent of giving notice. Attendance in person by a voting Member at a meeting shall constitute waiver of notice of the meeting, unless he or she attends for the express purpose of objecting to the notice.

12.2 Consent in Lieu of Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if written consent describing the action taken is signed by the unanimous

written consent of all members of the Board and is delivered to the Club for inclusion in the minutes for filing with the corporate records reflecting the action taken. Such consents will have the same effect as a vote at a meeting of the Board and may be described as such in any document.

**ARTICLE 13.
Non-Liability and Indemnification**

To the fullest extent permitted by law and the Arizona Nonprofit Corporation Act, the (i) Board and members thereof, (ii) any committee of the Club and members thereof, and (iii) any officer of the Club (collectively, the "Indemnified Parties"), while acting in their applicable capacity shall not be liable to any member, any class or class action of members, to the owner of any Membership or to anyone else for any damage, loss, or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act (including resignation), inaction, omission, error, negligence or the like made in good faith in connection with the Club, the Club Facilities, these Bylaws, the Rules and Regulations or the negotiation, execution or performance of any agreement entered into between the Club and any unrelated third party. The Club shall indemnify, defend and hold each and every one of the Indemnified Parties harmless for, from and against any such claim or liability arising out of events described in this Article 13, including all costs and expenses incurred in connection therewith (including any legal or administrative proceedings or orders arising therefrom), including without limitation, all court costs and attorneys' fees, all of which the Club shall pay as and when due (as opposed to reimbursing following payment by any indemnitee) with respect to members of the Board or non-salaried officers of the Club, the individuals serving in said capacities shall not be liable to any Member, to the owner of any membership or to anyone else for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act (including resignation), inaction, omission, error, negligence or the like made in good faith in connection with the Club, the Club Facilities, these Bylaws, or the Rules and Regulations. With respect to members of the Board and any non-salaried Officers of the Club, all conduct shall be deemed to be in good faith. In the event that claims covered by the foregoing indemnity are asserted, the Club's choice of counsel to defend against such claims shall be subject to approval by the Indemnified Parties against whom such claims have been asserted, such approval not to be unreasonably withheld or delayed.

**ARTICLE 14.
Fiscal Year**

The fiscal year of the Club shall be defined by the Board.

**ARTICLE 15.
Amendments**

The Bylaws may be amended at the Annual Meeting or any special meeting of the Membership provided written notice is given at least thirty (30) days prior to the regular or called meeting at which the vote is taken. An amendment of the Bylaws is a Major Decision and fifty percent (50%) of all of the Equity Members eligible to vote, by a vote in person, absentee ballot or proxy, shall be the required quorum and a majority vote of the votes cast of the quorum shall be required to amend the Bylaws. Provided, however, any amendment that is (i) necessary to correct or clarify an existing provision of the Bylaws that is not materially adverse to the Members or (ii) required by new governmental regulations or statutes may be approved by a two-thirds (2/3) vote of the Board, without a vote of the Equity Members. Notwithstanding the above, any amendment to the Bylaws that (i) discriminates or imposing greater obligations or fewer rights that apply solely against the Developer Retained Memberships compared to other Equity Golf Memberships in the Club, or (ii) modifies any of the rights and privileges of the Non-Equity Memberships in the Club not otherwise amendable under the applicable terms and provisions of the

Prior Club or the Prior Plans, or (iii) revise any of the rights of DMP granted in these Bylaws, shall require the prior written approval of DMP in each instance, not to be unreasonably withheld.

ARTICLE 16.

Miscellaneous

16.1 Gender and Number. All pronouns in these Bylaws shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

16.2 Captions. Captions and headings contained in these Bylaws are as a matter of convenience. In no way should they be construed to define, limit or extend their scope, intent or any provision hereof.

16.3 Maintenance and Other Uses. The Club may permit prospective purchasers of Memberships in the Club to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club. The Club reserves the right, in its sole and absolute discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, and for tournament or other special events, from time to time. Private events and functions are permitted only with prior permission of the Club.

16.4 Membership Directory and Lists. No member may disclose or furnish the Membership directory or Membership lists to any non-member. The Membership directory and lists may not be used for solicitations or business purposes of any kind or for any purpose which would be in conflict with or in violation of Section 5.2 of these bylaws.

ARTICLE 17.

Interpretation

The interpretation of these Bylaws shall rest with the Board unless and until superseded by a two-thirds (2/3) majority vote of the votes cast of the quorum of Members required for a Major Decision at an Annual Meeting or special meeting of the Membership.

ARTICLE 18.

Liquidation

18.1 Dissolution. A sale or disposition of substantially all of the property and assets of the Club or the dissolution of the Club shall require the affirmative vote of two-thirds (2/3) of all the Equity Members entitled to vote.

18.2 Procedure and Rights. Upon a dissolution and liquidation of the Club for any reason, the Board shall cause the Club's independent accountants to make a full and proper accounting of the assets, liabilities and operations of the Club, as of and including the last day of the month in which the dissolution occurs, and shall liquidate the assets as promptly as is consistent with obtaining the fair value thereof, and shall apply and distribute the proceeds therefrom as follows and in the following order of priority:

18.2.1 All liabilities and obligations of the Club shall be paid and discharged, or adequate provisions shall be made therefor.

18.2.2 Assets held by the Club upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements.

18.2.3 Equity Members in good standing will be entitled to receive a pro rata share of such remaining assets, as determined by the Board. Non-Equity Members are not entitled to receive any portion of the Club's remaining assets in the event of dissolution and liquidation of the Club.

18.3 Rights. Members shall look solely to the assets of the Club for any refund of their Membership Contribution that is provided pursuant to the terms of these Bylaws. If the Club's assets remaining after the payment or discharge of all debts and liabilities of the Club are insufficient to return their deposit either in part or in full, they shall have no recourse against the Club, the Officers, the Board, or the employees.

Exhibit A

Definitions

Annual Meeting. "Annual Meeting" shall have the meaning set forth in Section 11.1.

Board. "Board" shall have the meaning set forth in Section 9.1.

Bylaws. "Bylaws" shall have the meaning set forth in the Keypoints Section.

Capital Reserve Fund. "Capital Reserve Fund" shall have the meaning set forth in Section 5.2.1.

Cause. "Cause" shall have the meaning set forth in Section 6.2.

Chief Operating Officer/General Manager. "Chief Operating Officer/General Manager" shall have the meaning set forth in Section 7.2.

Club. "Club" shall mean "The Desert Mountain Club" as set forth in Section 1.1.

Club Facilities. "Club Facilities" shall have the meaning set forth in Section 2.1.

Corporation. "Corporation" shall have the meaning set forth in Section 1.1.

Debt Service Fund. "Debt Service Fund" shall have the meaning set forth in Section 5.3.

Desert Mountain Community. "Desert Mountain Community" shall include all lots and residences subject to the Desert Mountain Master Association.

Designated Member. "Designated Member" shall have the meaning set forth in Section 3.7.2.

Developer Membership Agreement. "Developer Membership Agreement" shall have the meaning set forth in Section 3.10.

Developer Retained Memberships. "Developer Retained Memberships" shall have the meaning set forth in Section 3.10.

DMP. "DMP" shall have the meaning set forth in Section 3.10.

Effective Date. "Effective Date" shall have the meaning set forth in the Keypoints Section.

Equity Club Memberships. "Equity Club Memberships" shall have the meaning set forth in Section 3.2.2.

Equity Club Transfer Fee. "Equity Club Transfer Fee" shall have the meaning set forth in Section 4.6.2.

Equity Golf Memberships. "Equity Golf Memberships" shall have the meaning set forth in Section 3.2.1.

Equity Golf Transfer Fee. "Equity Golf Transfer Fee" shall have the meaning set forth in Section 4.6.1.

Equity Members. "Equity Members" shall mean the Members who hold an Equity Golf Membership or an Equity Club Member and are entitled to vote, hold office, and share in liquidation proceeds pursuant to the terms of the Bylaws.

Equity Memberships. "Equity Memberships" shall mean (i) Equity Golf Membership and (ii) Equity Club Memberships.

Executive Session. "Executive Session" shall have the meaning, set forth in Section 11.6.

Honorary Memberships. "Honorary Memberships" shall have the meaning set forth in Section 3.4.

Immediate Family. "Immediate Family" shall have the meaning set forth in Section 3.9.

Indemnified Parties. "Indemnified Parties" shall have the meaning set forth in Article 13.

Major Decisions. "Major Decisions" shall have the meaning set forth in Section 11.1.

Market-based Pricing Policy "Market-based Pricing Policy" shall have the meaning set forth in Section 4.7.

Members. "Members" shall mean individuals that hold a membership in good standing at the Club. Members shall have privileges and obligations as set forth in these Bylaws and the Club Rules and Regulations. Each Member shall be at least 21 years of age. In the case of a married couple, only one Spouse will be deemed to be the Primary Member as designated on the Membership Agreement, but rights and privileges of each Member's Membership classification (excluding only voting rights and right to share in liquidation proceeds) are extended to members of their Immediate Family.

Membership. "Membership" shall mean a license to utilize the Club Facilities in accordance with the individual Member's Membership Agreement and Application and the Membership Documents. This term may also be used to refer to the collective group of all Members (i.e. the Membership).

Membership Agreement. "Membership Agreement" shall have the meaning set forth in Section 3.7.1.

Membership Agreement and Application. "Membership Agreement and Application" shall have the meaning set forth in Section 3.7.1.

Membership Card. "Membership Card" shall have the meaning set forth in Section 3.7.6.

Membership Contribution. "Membership Contribution" shall mean the amount required to be paid to the Club by an Equity Member for a Membership in the Club.

Membership Documents. "Membership Documents" shall have the meaning set forth in the Keypoints Section.

Non-Equity Members. "Non-Equity Members" shall have the meaning set forth in Section 3.3.

Non-Equity Memberships. "Non-Equity Memberships" shall have the meaning set forth in Section 3.3.

Peak Season. "Peak Season" shall have the meaning set forth in Section 3.2.2.

Primary Member. "Primary Member" shall have the meaning set forth in the Member's Membership Agreement.

Prior Club. "Prior Club" shall mean the "Desert Mountain Club" owned and operated by Desert Mountain Properties Limited Partnership pursuant to the Prior Plan.

Prior Plans. "Prior Plans" shall have the meaning set forth in the Keypoints Section.

Rules and Regulations. "Rules and Regulations" shall have the meaning set forth in Section 3.8.

Schedules of Dues, Fees and Charges. "Schedule of Dues, Fees and Charges" shall have the meaning set forth in Section 5.1.

Spouse. "Spouse" shall mean the legal husband or wife of the Member.

Surrender List. "Surrender List" shall have the meaning set forth in Section 4.2.

Surrendering Member. "Surrendering Member" shall have the meaning set forth in Section 4.1.

Significant Other. "Significant Other" shall mean to qualify as a significant other, the Member and the proposed significant other must not be related by blood, must be unmarried, must reside in the same household and must be in a personal couple relationship and be capable of legal marriage under the laws of the State of Arizona ("Significant Other"). Upon written request of a Member designating a Significant Other and furnishing such information as the Board requires, the Board may authorize, in its sole and absolute discretion, the use of the Club Facilities by a designated Significant Other without the payment of additional dues or guest fees, and without regard to these Bylaws and any other Membership Documents limiting the number of times a nonmember guest may use the Club Facilities. However, a Significant Other must at all times be accompanied by the Member when using the Club Facilities. A Member may not request a change in the designation of a Significant Other more than once in any two (2) calendar years. The Club may issue a guest card to a designated Significant Other for purpose of identification.

Transfer Fee. "Transfer Fee" shall mean the (i) Equity Golf Transfer Fee and (ii) the Equity Club Transfer Fee, as applicable based on the classification of the Membership being reissued by the Club.

Turnover Assessment. "Turnover Assessment" shall have the meaning set forth in Section 5.2.3.

EXHIBIT A-3



**Desert Mountain Club
Bylaws
March 19, 2012**

BYLAWS KEYPOINTS

THE CLUB FACILITIES

The Desert Mountain Club (the "Club") is located within the Desert Mountain community, Scottsdale, Arizona. The Desert Mountain Club offers golf, tennis, swimming, health and fitness, dining and social facilities.

The facilities of the Club (the "Club Facilities") currently include the following:

- Six 18-hole Jack Nicklaus Signature golf courses, including four practice ranges:
 - . Cochise course
 - . Geronimo course
 - . Renegade course
 - . Apache course
 - . Chiricahua course
 - . Outlaw course
- The Sonoran Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Fitness center
 - . Cardiovascular & weight training equipment
 - . Aerobics room
 - . Men's and women's locker rooms
 - . Outdoor terraces
 - . Tennis pro shop
 - . Children's play areas
 - . Nine tennis courts (hard, clay and grass surfaces)
 - . Lap and play swimming pool and spa
- The Cochise/Geronimo Clubhouse, which includes:
 - . Dining facilities
 - . Golf shop
 - . Bar and lounge
 - . Men's and women's locker rooms
 - . Steam room
 - . Terraces
- The Apache Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Golf shop
 - . Men's and women's locker rooms
 - . Terraces
- The Renegade Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Golf shop
 - . Men's and women's locker rooms
 - . Terraces

	<ul style="list-style-type: none"> • The Chiricahua Clubhouse, which includes: <ul style="list-style-type: none"> . Dining facilities . Bar and lounge . Golf shop . Men's and women's locker rooms . Terraces • The Outlaw Clubhouse, which includes: <ul style="list-style-type: none"> . Dining facilities and bar . Golf shop . Men's and women's locker rooms • Any other necessary buildings, equipment and adjacent real property, as determined by the Club, for recreational use by Members, upkeep and maintenance of the facilities and such additions, modifications or deletions of the facilities, as determined by the Club from time to time (collectively, the "Club Facilities").
<p><u>BYLAWS</u></p>	<p>These bylaws dated March 19, 2012 (the "Bylaws") supersede, amend and replace all prior bylaws (including the bylaws dated March 31, 2006) and membership plans of any nature (including but not limited to the membership plan dated March 31, 2006 and December 31, 2010) for the Club, however titled (collectively, the prior membership plans and prior bylaws the "Prior Plans"), and sets forth the current membership benefits and opportunities to be provided to the Members of the Club. March 19, 2012 shall be referred to as the Effective Date of these Bylaws. All defined terms used in this section titled "Bylaws Keypoints" shall have the meanings ascribed to them in the Bylaws.</p>
<p><u>MEMBERSHIP CATEGORIES</u></p>	<p><u>Equity Memberships:</u> The following Equity Membership categories are currently offered by the Club:</p> <ul style="list-style-type: none"> • Equity Golf Membership <ul style="list-style-type: none"> ➢ Access to all facilities, unlimited golf and tennis • Equity Club Membership <ul style="list-style-type: none"> ➢ Access to all facilities, with a specified number of rounds of golf, on the Club's golf courses, upon payment of a greens fee, and as periodically determined by the Board. <p><u>Non-Equity Memberships:</u> Certain existing Non-Equity Memberships that were issued prior to December 31, 2010 pursuant to the Prior Plans will be honored by the Club pursuant to the specific terms of their new Membership Agreement with the Club. After December 31, 2010, the Club will no longer issue Memberships in these specific Non-Equity Membership categories.</p>
<p><u>MEMBERSHIP BENEFITS HIGHLIGHTS</u></p>	<ul style="list-style-type: none"> • Refundable Membership Contribution. Equity Members are eligible to receive a refund of their Membership Contribution, without interest, upon the earlier to occur of (i) the surrender and reissuance of the Membership through the Surrender List pursuant to the terms recited herein, or (ii) the transfer and reissuance of the

Membership by other means authorized in the Bylaws, as summarized below:

➤ **Refund Upon Surrender and Reissuance of Equity Golf Membership.** Upon the surrender and reissuance of an Equity Golf Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Golf Transfer Fee periodically established by the Board and any outstanding amount owed to the Club. The refund amount will be paid to the Surrendering Member within thirty (30) days of actual receipt by the Club of the Membership Contribution as paid by the new Member.

➤ **Refund Upon Surrender and Reissuance of Equity Club Membership.** Upon the surrender and reissuance of an Equity Club Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Club Transfer Fee (currently \$65,000) periodically established by the Board and any outstanding amount owed to the Club. The refund amount will be paid to the Surrendering Member within thirty (30) days of actual receipt by the Club of the Membership Contribution as paid by the new Member. Notwithstanding anything to the contrary, the reissuance procedure may be modified at the sole discretion of the Board for specific programs and procedures implemented to manage the membership roster and reduce the number of Members on the Surrender List.

- **Surrendered Equity Memberships Reissued Prior to Membership Sell-Out.** As provided in the Bylaws, a Surrendering Member is not required to wait until all new Memberships in the Club have been issued before their Membership is reissued.
- **Resale Procedure.** There will be two Surrender Lists for Equity Memberships: one for Equity Golf Memberships and one for Equity Club Memberships. Prior to reaching the Membership cap for the applicable category of Membership, Membership sales will alternate between sales of unissued Memberships and Membership sales off the applicable Surrender List, based on the ratios as detailed in the Bylaws. Once the Club reaches the Membership cap in a category of membership, each new Membership issued will be off the applicable Surrender List, as detailed in the Bylaws.
- **Transfer Upon Sale of Property.** Equity Members who own a residence or lot in the Desert Mountain Community may arrange for the transfer of their Membership through the Club to the subsequent purchaser of their residence or lot, subject to the approval and

	<p>admission of the subsequent purchaser for Membership and the payment of the then current Membership Contribution by the subsequent purchaser to the Club within thirty (30) days of closing. Such transfer will not be subject to the Surrender List or any buyer's wait list. The Equity Member shall be paid one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the applicable Transfer Fee to be retained by the Club.</p> <ul style="list-style-type: none"> • Legacy Transfer. Equity Members may transfer their Membership during the Equity Member's lifetime, through the Club, to the Member's Spouse, Significant Other, an adult child or adult grandchild of the Equity Member, who is approved for Membership. Such transfer will be permitted one time without the payment of the applicable Transfer Fee. Therefore, the next legacy transfer, to the then Member Spouse, adult child or adult grandchild at the time of transfer, must pay the then current Membership Contribution and the Surrendering Member shall be paid one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the applicable Transfer Fee to be retained by the Club. • Inheritability. Upon the death of an individual Equity Member, the Membership can be transferred to the Equity Member's surviving Spouse or Significant Other (under certain circumstances), without the payment of the Transfer Fee. In the alternative, Equity Memberships may be reissued to an adult child or adult grandchild of a deceased Equity Member or placed on the Surrender List as provided in the Bylaws. • Immediate Family Privileges. All Equity Memberships have Immediate Family Privileges. • Golf Course Access. The current total number of Equity Golf Memberships that may be issued by the Club with full golfing privileges is two thousand three hundred and seventy-five (2,375), subject to the terms of the Bylaws. The total number of Equity Club Memberships that may be issued by the Club with limited golfing privileges is two hundred ninety (290), subject to the terms of the Bylaws. • Club Newsletter. The Club will provide, either by mail or by electronic transmission, a newsletter containing information about events and activities at the Club, as well as other items of interest to Equity Members.
<p><u>CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS</u></p>	<p>Every person who desires to obtain a Membership should carefully read the Bylaws, Membership Agreement with the Club, Rules and Regulations, and Schedule of Dues, Fees and Charges (collectively, the</p>

	<p>"Membership Documents"), and should seek professional advice to evaluate the Membership Documents. The Bylaw Key Points are summary provisions only and the Bylaws control in the event of a conflict.</p>
<p><u>RELY ONLY ON INFORMATION IN THE MEMBERSHIP DOCUMENTS</u></p>	<p>THE MEMBERSHIP DOCUMENTS SET FORTH ALL REPRESENTATIONS AND TERMS CONCERNING MEMBERSHIPS IN THE CLUB. NO PERSON HAS THE AUTHORITY TO MAKE ANY ADDITIONAL REPRESENTATION, MODIFICATION OR CONDITION, OR PROVIDE ADDITIONAL INFORMATION CONCERNING THE MEMBERSHIP DOCUMENTS AND, IF PROVIDED, THE INFORMATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH OTHER PRINTED MATERIALS INCLUDING THIS SUMMARY OR ANY OTHER DOCUMENT OR ORAL STATEMENTS, THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH THE CLUB SHALL STRICTLY GOVERN.</p>
<p><u>MEMBERSHIPS AT THE CLUB ARE OFFERED ONLY FOR RECREATIONAL PURPOSES</u></p>	<p>MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB. THE BOARD MAKES NO REPRESENTATIONS CONCERNING ANY TAX ISSUES INVOLVING THE MEMBERSHIPS. THE MEMBERSHIP IN THE CLUB IS NOT INCLUDED IN ANY RESIDENTIAL LOT AND IS A SEPARATE AGREEMENT SOLELY BETWEEN THE CLUB AND THE MEMBER AS PROVIDED IN THE MEMBERSHIP DOCUMENTS. NOR DOES THE PURCHASE OF REAL ESTATE GUARANTEE THE PURCHASER A MEMBERSHIP.</p> <p>NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE BYLAWS, OTHER MEMBERSHIP DOCUMENTS, OR ANY RECORDED DOCUMENT REFERENCED HEREIN.</p>
<p><u>APPLICATION PROCEDURE</u></p>	<p>Any person shall be eligible to apply for Membership in the Club, subject to the terms of the Bylaws. An applicant may become a Member by submitting, to the Membership Director, a fully completed and signed application for Membership. Applicants must be financially qualified persons of good character who are at least twenty-one (21) years of age. The Club may accept or reject any applicant's application</p>

	for Membership in its sole and absolute discretion, and the decision of the Club on any application shall be final and not associated with the purchase of real property.
<u>INQUIRIES AND QUESTIONS TO MEMBERSHIP DIRECTOR</u>	All inquiries or questions regarding Membership in the Club, the Bylaws or other Membership Documents should be directed to the Chief Operating Officer/General Manager at the Club by phone at (480) 595-4000, or by visiting the Membership Office.

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BYLAWS

ARTICLE 1. Name and Purpose

1.1 **Name.** The corporate name of the Club shall be Desert Mountain Club, Inc., an Arizona nonprofit corporation (the "Corporation"). It shall also be known as "The Desert Mountain Club" and is referred to in these Bylaws as the "Club."

1.2 **Purpose.** The purpose of the Corporation is to own and operate The Desert Mountain Club and any related property associated with it, as a private member owned golf, tennis, athletic, dining and social club; and to have all rights, privileges and powers as may be conferred upon nonprofit corporations under the laws of the State of Arizona, including, but not limited to, establishing bylaws for and conducting the management, regulation and government of its affairs and property, the transaction of its business, entering into contracts, loan agreements and related documentation, buying, holding and selling real and personal property, and the calling and holding of meetings of its Equity Members; provided, however, that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any activities that are not in furtherance of the primary purpose of the Corporation. No part of the Club's net earnings shall inure to the benefit of any Member.

ARTICLE 2. Property

2.1 **Facilities.** The property of the Club currently consists of six 18-hole Jack Nicklaus Signature golf courses, including four practice ranges (Cochise Course, Geronimo Course, Renegade Course, Apache Course, Chiricahua Course, Outlaw Course), the Sonoran Clubhouse, the Cochise/Geronimo Clubhouse, the Renegade Clubhouse, the Chiricahua Clubhouse, the Outlaw Clubhouse, and such other buildings, equipment, and adjacent real property as are necessary for the operation, management, recreational use of the Members, upkeep and maintenance of the facilities and such additions, modifications or deletions of the facilities as determined by the Club from time to time (the "Club Facilities").

2.2 **Responsibility for Non-Club Property.** The Club will not, under any circumstances, be responsible for the property belonging to the Members, visitors, guests or other persons, brought to the Club for any purpose whatsoever.

2.3 **Removal of Club Property.** Property belonging to the Club shall not be loaned or removed from the Club, or put to any use other than that for which it was intended, except when expressly permitted in writing by the Board.

2.4 **Damage.** Members must pay for all breakage or damage to any property owned or leased by the Club caused by the Members, their Immediate Family or their guests.

2.5 **Property Rights.** No Member or any other person shall have or acquire any property rights or other interest of any nature in any property of the Club or the Club Facilities, except as provided in the Club's Articles of Incorporation or these Bylaws concerning a dissolution and liquidation of the Club.

**ARTICLE 3.
Membership**

3.1 Definitions. The defined terms used in these Bylaws shall have the meanings set forth on Exhibit A.

3.2 Equity Membership Categories.

3.2.1 Equity Golf Membership. An equity golf membership ("Equity Golf Membership") entitles the Member and the Member's Immediate Family to full use of all Club Facilities. Equity Golf Members are subject to dues, assessments and food and beverage minimums and will be required to pay golf cart fees, but will not be required to pay greens fees or court fees, for use of the golf course or tennis courts by the Member and/or his or her Immediate Family. Equity Golf Members have the highest priority sign-up privilege to reserve golf starting times and tennis court times and are currently eligible to reserve starting tee times up to seven (7) days in advance, tennis court reservations up to one (1) month in advance, and are eligible to participate in Member golf tournaments at the Club. The total number of Equity Golf Memberships shall be set by the Board and shall not exceed two thousand three hundred seventy-five (2,375), subject to the terms of the Bylaws.

3.2.2 Equity Club Member. An equity club membership ("Equity Club Membership") entitles the Member and the Member's Immediate Family to unlimited use of the tennis, swimming and social facilities of the Club. Equity Club Members are subject to assessments and food and beverage minimums and will be required to pay golf cart fees and greens fees. Each year Equity Club Members will have a specific number of rounds of golf as periodically determined by the Board, at the then prevailing guest rate. For purposes of this Section 3.2.2 "one round" shall mean the activity of teeing off (regardless of number of holes actually played) for a single player. Additionally, Equity Club Members are currently eligible to reserve starting tee times which occur after 9 AM and reservations may be made for tee times up to seven (7) days in advance, and tennis court reservations up to one (1) month in advance. The total number of Equity Club Members shall be set by the Board and shall not exceed two hundred ninety (290), subject to the terms of the Bylaws.

3.3 Non-Equity Membership Classifications: Certain categories of non-equity memberships issued to Members pursuant to the Prior Plans are available in the Club (collectively, the "Non-Equity Memberships" and individually, a "Non-Equity Membership") to those Members who elect to not convert to an Equity Membership in the Club (the "Non-Equity Members"). The Non-Equity Memberships are subject to the terms, conditions, restrictions, rights and privileges set forth in these Bylaws and their respective Non-Equity Membership Agreements. Non-Equity Members are not entitled to vote, hold office or participate in any share of liquidation proceeds of the Club, if any. After December 31, 2010, the Club shall no longer offer Non-Equity Memberships and Non-Equity Memberships are non-transferable except as may be specifically provided in the Non-Equity Member's Membership Agreement with the Club.

3.4 Honorary Membership. The Board reserves the right to issue a limited number of Memberships in the Club with Immediate Family usage of all Club Facilities and certain special benefits, which will be granted to select individuals for their contribution to the Club, and/or the community or for other activities, as determined by the Board (the "Honorary Memberships"). Honorary Memberships may be non-dues paying, may have no Membership Contribution requirement, will be appointed annually and shall not count toward any Membership maximum number determined by the Club. Honorary Memberships will not be subject to assessments but may be subject to the food and beverage minimum as determined by the Board. There shall be no more than six (6) Honorary Memberships outstanding in the Club at any one time.

3.5 Other Memberships. The Board is authorized from time to time to amend these Bylaws to (i) establish other categories and classifications of Memberships and (ii) supplement the privileges of any category of members, in the sole discretion of the Board, in order to facilitate the changing needs and desires of the Club's Membership. For example, the Board may create junior memberships, senior memberships, social memberships, or similar other specialized offerings, in the Board's sole discretion. In no event, however, shall the modified or new Membership category have golf privileges equal to or greater than Equity Golf Memberships or exceed the maximum number of members in the Equity Golf or Equity Club category without the required vote of the Members set forth in the Bylaws. 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 Southwest United States, however, the final decision shall be at the Board's sole discretion. Furthermore, in the event additional recreational facilities are added to the Club, the Board may amend these Bylaws to provide for an appropriate category and the number of additional Memberships.

3.6 Other Club Affiliations. Club privileges may be extended and other affiliations with the Club offered to certain classes of persons such as military personnel, PGA members, persons desiring only to use the Club for social purposes or the like, at the discretion of the Board, which shall prescribe the extent to which such persons shall be entitled to exercise or continue to exercise Club privileges and the restrictions and limitations thereto including those required by the Club's tax elections. The extension of Club privileges shall not include voting privileges or any ownership interest in the Club. Any usage by such parties shall be subject to the Club's Rules and Regulations and may be terminated at any time by the Board upon written notice to the party.

3.7 Policies. In addition to the Rules and Regulations, and other terms and conditions recited herein and in the Member's Membership Agreement, the following policies shall apply for the Members:

3.7.1 Application for Membership. Any person may submit an application for Membership. Applicants must be financially qualified persons of good character, who are at least twenty-one (21) years of age. Each applicant must complete an application in the form established by the Board (the "Membership Agreement and Application" or "Membership Agreement"). All Membership Agreements and Applications must be submitted to the Membership Director for consideration and review.

3.7.1.1 Screening of Applicants. The Membership Committee will evaluate all applicants who submit a completed Membership Agreement and Application. Evaluations will be conducted with the intent and purpose of securing the optimum number of Members with compatible social, vocational and professional attainment from all segments of the community. All evaluations shall be made without regard to race, color, national origin, sex, sexual orientation, religious preference, creed or any disabilities of the applicant.

3.7.1.2 Membership Acceptance and Notification. If a decision is made to accept an application by the Club, through the Board, after review and approval by the Membership Committee, the Membership Director shall notify the applicant within thirty (30) days of receipt of the applicant's Membership Agreement and Application. Upon notification, the applicant shall pay the applicable Membership Contribution to the Club for the Membership selected and be responsible for all dues, fees and charges and shall then be entitled to the rights and privileges of the applicable Membership category.

3.7.1.3 Declination of Application. The Club, through the Board, may accept or reject any applicant in its sole and absolute discretion, and the decision of the Club on any application shall be final. If an applicant has been considered for Membership and the applicant's application is denied, the Chief Operating Officer/General Manager shall notify the applicant of such decision within thirty (30)

days of its receipt of the applicant's Membership Agreement and Application. The applicant may not be further considered for Membership in the Club for a period ending one (1) year following the date of the Club's notice to the applicant of the declination.

3.7.1.4 Wait List. The Board may establish a separate wait list for new applicants in each category of Membership at the time that the Club contains the full complement of Members in each such category, as determined by the Board in its sole discretion. The Board, in its discretion, may charge a non-refundable deposit for applicants to be placed on the wait list. In addition, the Board may allow applicants on the wait list to have limited privileges to the Club, subject to the fees, terms and conditions established by the Board. Each wait list shall be maintained on a first-come (determined by date of application), first-issued basis, provided that Memberships shall be reissued from the wait list in the following priority: (i) to Members who desire to upgrade their Memberships, (ii) to the residents within the Desert Mountain Community, and (iii) to all other persons desiring a Membership. Except for Members on a wait list to upgrade their Membership, persons shall have no obligation to pay dues until such time as a Membership is available. The purchase of a residence or lot within the Desert Mountain Community is not a guarantee that a Membership in the Club will be available or that an application for Membership will be accepted. The Club may revise the wait list priority as determined by the Board in its sole discretion. The Board shall establish procedures regarding the ability of wait list candidates to access the Club Facilities.

3.7.2 Membership Held in Name of Family Trust. Subject to the requirements of the Club's tax elections and as determined by the Board, a Membership, for the convenience of the Members, may be held in the name of a viable family trust, approved by the Club, with one individual designee (the "Designated Member") under the Membership. The Designated Member will be the member for the purposes of voting. The family trust and the Designated Member will be jointly and severally liable for any dues, fees, charges and/or assessments incurred on behalf of the Membership. The Designated Member may be changed, pursuant to the rules established by the Board from time to time, upon the full payment of the then-current transfer fee. The Designated Member shall have Immediate Family privileges. Any Membership previously issued and held in a corporation prior to January 1, 2012 shall be treated in the same manner as a family trust under this Section.

3.7.3 Upgrades. At the discretion of the Board, an Equity Club Member may become an Equity Golf Member, by requesting such status and by paying, as a Membership Contribution, the difference between the Membership Contribution paid by the Member at the time he or she was accepted and the Membership Contribution for an Equity Golf Membership in effect at the time the Member upgrades. Any Equity Golf or Equity Club Member who surrenders his or her status and is subsequently proposed for Membership to the Club shall, upon approval for Membership by the Club, pay the then current Membership Contribution for the Equity Membership, unless otherwise revised by the Board. Upgrades will not be counted against the Surrender List as sales of new Memberships in the Club.

3.7.4 Downgrades. Downgrades shall not be permitted by the Club. However, the Board reserves the right, on a limited basis due to exceptional circumstances as determined by the Board in its sole discretion, to allow a downgrade to a lower category of Membership.

3.7.5 Voting Rights. Equity Members shall be eligible to vote at official Club meetings and any other electronic or paper ballot elections the Board may authorize as follows: each Equity Golf Member vote shall count as two (2) votes; and each Equity Club Member shall have one (1) vote. No other members have the right or authority to vote, including but not limited to, any Non-Equity Member. To be eligible to vote, Members must be in good standing and current on all obligations to the Club. Posted Members, i.e., delinquent or suspended Members, may not vote at official Club meetings.

3.7.6 Membership Cards. The Board has the authority to issue Membership cards indicating the Member's name, photograph, Club account number, type of Membership, and the name of the authorized user (the "Membership Card") to each Member and to the members of his or her Immediate Family, if applicable. In the event Membership Cards are issued, Club Members and their Immediate Families must have his/her card with them at all times while using the Club Facilities. In the event Membership Cards are issued, Membership Cards will not be issued to children under the age of ten (10). The rules regarding Membership Card use shall be set forth in the Rules and Regulations for the Club.

3.7.7 Starting Time Policy. Members with golfing privileges may reserve advance starting times in accordance with the policy set forth in the current Rules and Regulations. For the consideration of the entire Membership, and the orderly operation of the Club; the Board reserves the right to change the starting time reservation policy and/or to change the number of reservations per Membership in the reservation system at any one time.

3.7.8 Leave of Absence. Leaves of absence concerning a Membership are not permitted at the Club.

3.8 Rules and Regulations. The Board has the authority and shall adopt, establish and publish on a periodic basis, rules and regulations concerning the operation of the Club and the usage of the Club Facilities by the Members, their Immediate Family and their guests, as determined in the Board's sole discretion (the "Rules and Regulations").

3.9 Immediate Family. A Members' legal Spouse or Significant Other and unmarried children under the age of twenty-five (25) living at home, or who are full-time students, or serving in the U.S. Armed Forces (collectively, "Immediate Family") shall have privileges equal to those afforded by the Club to the Member (excluding only voting rights and the right to share in liquidation proceeds), subject to these Bylaws and the Club Rules and Regulations. A Member may terminate (or reinstate following termination) the Club privileges of any one or more of the Member's Immediate Family by written notice, effective seven (7) days following receipt of the notice by the Club.

3.10 Developer Memberships. Pursuant to the Prior Plans, Desert Mountain Properties Limited Partnership, a Delaware limited partnership ("DMP") retained ownership of the thirty eight (38) unissued Equity Golf Memberships in the Club as of December 31, 2010 (collectively, the "Developer Retained Memberships") in conjunction with the residential lots retained by DMP within the Desert Mountain development located in Scottsdale, Arizona ("Developer Retained Lots"). The subsequent transfer or sale of a Developer Retained Membership is not a sale by the Club of an Equity Golf Membership pursuant to Section 4.2 and that sale is not subject to the provisions of Article 4 of these Bylaws.

ARTICLE 4. Surrender, Reissuance and Refund

4.1 Surrender of Membership. A Member in good standing may surrender his or her Membership by written notice to the Club (the "Surrendering Member"). If the surrender notice is received by the Club before the sixth (6th) day of the month, the surrender shall be effective the last day of the same month. If the surrender notice is received by the Club on the sixth (6th) day of the month or after, then the surrender shall be effective on the last day of the month succeeding the month of receipt. To be effective, the notice of surrender must be accompanied by tender to the Club of the Membership Certificate held by the Member, if any, properly endorsed to the Club (or if lost, a "Lost Certificate Affidavit" in the form provided by the Club), and payment in full of all obligations and open accounts with the Club, after which the surrender shall become effective and all privileges of the Club shall terminate upon the reissuance of the Membership.

4.2 Transfer of Memberships via Surrender List. A Surrendering Member may transfer his or her Membership only to the Club. The Club shall maintain two (2) Surrender Lists, one for Equity Golf Members and one for Equity Club Members (each a "Surrender List"). In the event the Member has met the requirements under Section 4.1, the Member shall be placed on the applicable Surrender List. A Surrendering Member in all events shall continue to be obligated to pay dues, fees, charges, and assessments until the Membership is reissued by the Club, except in the event of the death of the Surrendering Member, in which event, pursuant to Section 4.5.1, the estate of the deceased Member shall not be required to pay dues while on the Surrender List, however, the Membership shall have no usage rights or voting rights. Surrendering of a Membership is irrevocable, unless otherwise determined by the Board. The Club will reissue Memberships of Surrendering Members on a first-surrendered, first-reissued basis by category of Membership as follows:

4.2.1 At any time the Club does not have a full complement of Memberships within a Membership category, as determined by the Board in its sole discretion, the Club will reissue one (1) Membership of a Surrendering Member off the Surrender List after three (3) Memberships are sold by the Club in that category. Notwithstanding anything to the contrary, the Board has established a temporary reduction in its reissuance ratio to a ratio of one (1) out of two (2) sales, being one (1) Membership sold by the Club and then one (1) Membership off the Surrender List to be sold by the Club, which temporary reduction is to be continued for such period as determined in the Board's sole discretion. Furthermore, the Board reserves the right to adopt other programs and/or procedures for the sale, redemption or transfer of Memberships on the Surrender List, in the Board's sole discretion, which have the objective to reduce the number of members on the Surrender List.

4.2.2 During the period the Club has a full complement of Memberships within a Membership category, as determined by the Board in its sole discretion, each Membership issued in that category will be a Membership of a Surrendered Member.

4.2.3 In the event a Member on a Surrender List is delinquent in paying the dues, fees, charges and assessments for sixty (60) days; the Membership shall be suspended by the Club and the Member and his/her Immediate Family shall have no usage rights or voting rights at the Club until the Member's account is current.

4.2.4 In the event a Member on a Surrender List is delinquent in paying the dues, fees, charges and assessments for one hundred and twenty (120) days, the Board shall have the option to (i) bring suit for the collection of the delinquent dues while maintaining the Member's continued obligation to pay dues until the Membership is reissued off the Surrender List, or (ii) terminate the Member's Membership and the terminated Member's name shall be removed from the Surrender List and the Member's refund rights shall be rendered null and void, and/or (iii) pursue any other remedies at law or in equity due to the default by the Member.

4.3 Transfer to Subsequent Purchaser. In lieu of being placed on the applicable Surrender List, Equity Members who own property in the Desert Mountain Community may transfer their Membership through the Club to the subsequent purchaser of the Member's residence or lot, subject to the approval of such purchaser for Membership and the payment by such purchaser, within thirty (30) days of the closing of the sale of the then current Membership Contribution as established by the Club, for the same category of Membership as the current Equity Member. The transfer of an Equity Membership to the subsequent purchaser of the Member's residence or lot shall not be subject to any wait list, but the applicable Transfer Fee will be due and payable to the Club upon transfer. In the event the subsequent purchaser of the current Equity Member's residence or lot does not wish to acquire the Membership or is not approved by the Club for Membership, the current Equity Member has the option to either (i) retain the

Membership, or (ii) place the Membership on the applicable Surrender List to be reissued by the Club pursuant to the terms recited herein. In the event Equity Members with property in the Desert Mountain Community purchase another property within the Desert Mountain Community, the same Equity Member who purchases the second residence in the Desert Mountain Community who already owns a membership may retain their respective Membership, without being subject to the Transfer Fee. Non-Equity Members may only transfer their Non-Equity Membership pursuant to the transfer terms, if any, set forth in the Non-Equity Member's Membership Agreement with the Club.

4.4 Legacy Transfer to Spouse, Significant Other, Adult Child or Adult Grandchild. In lieu of being placed on the applicable Surrender List, Equity Members are entitled, on a one time basis, to transfer their Memberships during their lifetimes to a Spouse, Significant Other, an adult child or an adult grandchild who is approved by the Club for Membership without the payment of any additional Membership Contribution or a Transfer Fee. The transfer shall not be subject to any wait list. No refund shall be paid to the Equity Member or otherwise in connection with such a transfer. A Membership transferred under this section cannot be transferred again through this provision. For the purposes of calculating number of transfers, the original Equity Membership may be transferred once during the original Equity Member's lifetime or at death to a Spouse, Significant Other, an adult child or an adult grandchild who is approved for Membership, but may not be transferred an additional time.

4.5 Transfer Upon Death.

4.5.1 Transfer Upon Death For Equity Members. Upon the death of an Equity Member, the surviving Spouse (or the Significant Other in the event that the Equity Member's will specifically bequeaths the membership to the Significant Other and the bequest is not challenged), if any, may elect, by giving notice to the Club within ninety (90) days of the Member's death, to (i) continue the Membership privileges without having to pay any additional Membership Contribution, (ii) surrender the Membership and be placed on the applicable Surrender List, or (iii) have the Membership reissued to an adult child or adult grandchild pursuant to this Section. If a Membership of a deceased Member is surrendered pursuant to the terms of these Bylaws, it will not be subject to the obligation to pay dues and assessments after the date of death of the deceased Member, however, the Membership shall have no usage or voting rights. In lieu of being placed on the applicable Surrender List, the Membership may be reissued to an adult child or adult grandchild of the deceased Member, subject to the approval of the adult child or adult grandchild for Membership in the Club and the payment of the then current Membership Contribution for the Equity Membership by the adult child or adult grandchild to the Club. Upon receipt of the then current Membership Contribution for Equity Memberships from the adult child or adult grandchild and reissuance of the Equity Membership to the adult child or adult grandchild, the Club shall pay to the deceased Member's estate the refund of the Membership Contribution in an amount equal to one hundred percent (100%) of the Membership Contribution paid by the new Equity Member for the Membership, without interest, within thirty (30) days after the reissuance of the Membership by the Club to a new Equity Member, less the applicable Transfer Fee. The adult child or adult grandchild must acquire the Membership within ninety (90) days after the death of the Member. The transfer of the Membership to a surviving Spouse, Significant Other (if applicable) or adult child or adult grandchild shall not be subject any wait list. Memberships not transferred to the surviving Spouse or reissued to an adult child or adult grandchild, pursuant to the above provisions, shall be placed on the applicable Surrender List for reissuance pursuant to the provisions of these Bylaws. If a surviving Spouse or Significant Other (if applicable) elects to continue the Membership, the Membership shall still be eligible for a one time transfer pursuant to Section 4.4.

4.5.2 Transfer Upon Death For Non-Equity Members. Upon the death of a Non-Equity Member, the terms of the individual Membership Agreement with the Club will control as to whether the Membership may or may not be transferred or extended.

4.6 Refund of Membership Contribution.

4.6.1 Refund for Equity Golf Members. Upon the surrender and reissuance of an Equity Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Golf Transfer Fee, established by the Board, and all amounts owed to the Club. As of the Effective Date, the current transfer fee for Equity Golf Members is an amount equal to the greater of (i) twenty percent (20%) of the Membership Contribution received by the Club from the new Equity Golf Member, or (ii) Sixty Five Thousand Dollars (\$65,000.00) (the "Equity Golf Transfer Fee"). The refund amount will be paid to the Surrendering Member within thirty (30) days of the actual receipt by the Club of the Membership Contribution paid by the new Member. This section shall not apply to Equity Memberships reissued pursuant to Section 4.7.

4.6.2 Refund for Equity Club Members. Upon the surrender and reissuance of an Equity Membership, the Equity Member will receive, when reached on the Surrender List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Club Membership, less the Equity Club Transfer Fee established by the Board and all amounts owed to the Club. As of the Effective Date, the current transfer fee for Equity Club Members is an amount equal to the greater of (i) twenty percent (20%) of the Membership Contribution received by the Club from the new Equity Member, or (ii) Twenty Thousand Dollars (\$20,000.00) (the "Equity Club Transfer Fee"). The refund amount will be paid to the Surrendering Member within thirty (30) days of the actual receipt by the Club of the Membership Contribution, paid by the new Member. This section shall not apply to Equity Memberships reissued pursuant to Section 4.7.

4.6.3 Conflict. In the event of a conflict between the above provisions and an individual Member's Membership Agreement with the Club regarding the refund amount to be paid; the refund to such Member, upon the surrender and reissuance of the Membership, shall be paid in accordance with the terms and conditions set forth in such Member's individual Membership Agreement with the Club.

4.6.4 Timing of Refund. Refund amounts shall be payable within thirty (30) days of the reissuance of the Membership and the Club's actual receipt of the Membership Contribution paid by the new Member. In the event the Membership Contribution to be received by the Club from the new Member is financed by the Club on such terms as determined by the Club, if any, in its sole discretion, the refund shall be paid prorate to the Surrendering Member as the Membership Contribution proceeds are received by the Club. The Club will deduct, from the amount to be refunded to a Surrendering Equity Member, any amount which the Equity Member owes the Club.

4.7 Optional Refund Programs. The Board reserves the right to offer other reissuance programs or procedures for the sale, redemption or transfer of Memberships on the Surrender List, as determined in the Board's sole discretion, on a temporary or permanent basis to manage the Membership roster and to reduce the number of Members on the Surrender List. For example, at any time the Board deems it in the Club's best interest to do so, the Board may implement the "Market-based Pricing Policy." The details of the Market-based Pricing Policy shall be adopted and revised by the Board from time to time, but generally shall include a procedure whereby Equity Members on the Surrender List can notify the Club on an occasional basis the price at which such Equity Member will agree to have his/her Membership reissued by or surrendered to the Club. The Market-based Pricing Policy shall provide for Equity Members on the Surrender List to notify the Club of such Member's price preference. The Club will identify Equity Members on the Surrender List whose Memberships will be sold or returned to the Club next according to price and any other guidelines included in that Market-based Pricing Policy as established by the Board. The Market-based Pricing Policy may, in the Board's discretion, include a

minimum Membership Contribution and the Equity Golf Transfer Fee or Equity Club Transfer Fee, as applicable.

4.8 Tax Consequences. The Club makes no representations and expresses no opinions regarding the federal, state or local tax consequences of acquiring an Equity Membership or with respect to any Membership Contributions, dues, fees, charges, assessments or other amounts paid to the Club. All Memberships shall be acquired subject to all applicable tax laws, as the same may be amended from time to time. Accordingly, Members should consult with their own tax advisors with respect to the tax consequences of any Membership Contributions, dues, fees, charges, assessments or other amounts paid to the Club.

4.9 No Advertising. A Member's or a Member's agent or assigns use of the internet, texting, websites, magazines, newspapers, posters, billboards and other forms of media, as may be determined by the Board, that are used to communicate a public solicitation of Membership transfers, is strictly prohibited, except for specific references to the sale or transfer of a Membership that may be associated with the sale of a residence or lot in the Desert Mountain Community pursuant to the terms of the Bylaws and the specific language approved by the Board in writing in advance. Such public advertising or solicitation for the sale or transfer of a Membership will result in the disallowance of a transfer or reissuance of such Membership and may result in termination of the Membership and forfeiture of all Membership rights and refund rights and privileges thereunder, as determined in the sole discretion of the Board.

4.10 Legal Separation or Divorce. In the event a Member is legally separated or divorced from his or her Spouse, the Membership, including all rights and benefits to the holder thereof, shall remain in the Member's name. In the event a final, non-appealable order of a court having jurisdiction awards the Membership to the Member's Spouse, the Member shall become a Surrendering Member and the Club will seek to reissue the Membership on the same basis as any other Surrendered Membership. Upon reissuance of the Membership and receipt of the applicable Membership Contribution, the Member's Spouse awarded the Membership shall be entitled to the refund of the Membership Contribution less the Transfer Fee, subject to the terms and conditions recited herein, unless a court order directs otherwise. A Member shall be required to give written notice to the Club of a divorce or legal separation and shall remain responsible for the payment of all dues, fees, charges and assessments associated with Membership, including, but not limited to, any charges incurred by a Member's Spouse or Significant Other. In the case of legal separation, the Member may, in his or her discretion, restrict use of the Club Facilities by members of the Club Member's Immediate Family, designated by the Member.

4.11 Repurchase of Memberships. The Club may, in its sole and absolute discretion, repurchase a Surrendering Member's Membership under any circumstances which the Club and Surrendering Member determine appropriate. In any event, the Surrendered Membership shall be subject to the Transfer Fee established by the Board.

ARTICLE 5

Fees, Dues, Charges, Assessments and Late Fees

5.1 Fees, Dues and Charges. Membership Contributions, Transfer Fees, initiation fees, other membership fees, deposits, charges and dues for each classification of Membership, and the time for payment thereof; shall be as established by the Board. The Board shall maintain and publish a current list of dues, fees, charges, Membership Contributions and Transfer Fees (the "Schedule of Dues, Fees and Charges"). All monetary transactions between a Member and the Club shall be charged to the Member's account, except as specifically provided by the Membership Documents and policies as established by the Board from time to time.

5.2 Assessments and Capital Reserve Fund. After December 31, 2010, all Equity Members and Non-Equity Members (if as to Non-Equity Members, allowed pursuant to their Non-Equity Membership Agreements) shall be subject to assessments as determined and levied by a majority vote of the Board. Provided however, any assessment of the Non-Equity Members shall be subject to obtaining the required affirmative vote of the class of Non-Equity Members pursuant to the Prior Plans. The Board has the authority to operate the Club on an annual balanced operating budget basis and has the power to assess the Members the amount necessary to cover any annual operating deficit as determined by the Board. Notwithstanding anything to the contrary, an annual balanced operating budget includes, but is not limited to: (i) all operating expenses, (ii) any debt service payments or lender debt service requirements, including but not limited to the Debt Service Fund, as defined in Section 5.3, capital reserve escrow accounts, sinking funds and other requirements of the lender associated with the purchase of the Club Facilities or improvements to the Club Facilities or other debt incurred by the Club (subject to Section 5.2.2), including the refinancing of any debt of the Club, and (iii) payments to the Capital Reserve Fund. The Equity Club Members shall be assessed sixty percent (60%) of the amount the Equity Golf Memberships are assessed.

5.2.1 Capital Reserve Fund. The Board shall establish and maintain a separate capital reserve fund (the "Capital Reserve Fund") which shall be funded by either (i) an allocation of the Club's gross revenue, or (ii) a separate capital reserve charge to be paid by the Members. The annual amount funded to the Capital Reserve Fund shall not exceed five percent (5%) of the Club's annual gross revenue, which revenue shall include Transfer Fees, subject to the provision below. The Capital Reserve Fund shall be utilized for expenditures for repairs and replacements to the Club Facilities or as may be required, as determined by the Board for the IWDS water infrastructure facilities and related obligations. However, to the extent the funds in the Capital Reserve Fund are not sufficient for the required capital repairs and replacements to the Club Facilities due to unforeseen circumstances or casualty loss, the Board is authorized to assess the members the necessary amount to cover the deficit for the required repairs and replacements. The Board may not borrow from the Capital Reserve Fund to cover operating shortfalls.

5.2.2 New Capital Improvements or Expanded Facilities. Any assessments or debt incurred by the Board for new capital improvements and expanded facilities or as may be required, or as determined by the Board, for the IWDS water infrastructure facilities and related obligations for the Club that are (i) not capital repair and replacement items and (ii) are in excess of five percent (5%) on an annual basis of the then current Club's annual gross revenues, which revenue shall include Transfer Fees, shall be a Major Decision and require the prior approval by the Members for Major Decisions as set forth in Section 11.1.

5.2.3 Turnover Assessment. Pursuant to the Amended Membership Plan adopted by the required vote of the Deferred Equity Members, the Equity Members are required to pay the assessment set forth in the Amended Membership Plan (the "Turnover Assessment"). To the extent the Turnover Assessment is not paid by December 17, 2010, the Turnover Assessment shall be subject to a late fee charge and shall accrue interest at a rate equal to the lesser of (i) twelve percent (12%) or (ii) the highest rates allowed by law. The delinquent Member will be subject to the provisions of Article 6 as the "Turnover Assessment" is an assessment under the terms of these Bylaws. The Board reserves the right to include the Turnover Assessment, plus an interest charge established by the Board on new Membership Contributions established by the Board after December 31, 2010.

5.3 Debt Service Fund. The Board shall have the authority to establish and maintain a separate Debt Service Fund (the "Debt Service Fund") which shall be funded by either (i) a monthly allocation of the Club's gross revenue, or (ii) a separate debt service reserve charge to be paid by the Members monthly to cover the prorated monthly cost of both principal and interest on all third party debt obligations. Provided, however, any assessment to the Non-Equity Members for the Debt Service Fund

shall be subject to obtaining the required affirmative vote of the class of Non-Equity Members pursuant to the Prior Plans. The monthly amount funded to the Debt Service Fund shall not be less than the amount required to meet the annual or the scheduled amount due to the lenders for principal and interest. The Debt Service Fund shall be utilized exclusively for the timely payment of all third party debt obligations. However, to the extent the funds in the Debt Service Fund are not sufficient for the required principal and interest payments to the third party lenders, the Board is authorized to assess the members for the necessary amount to cover the deficit. The Board may not borrow from the Debt Service Fund to cover operating shortfalls.

5.4 Payment Terms. All fees, dues, charges, assessments and Membership Contributions (if deferred payment) are due and payable immediately on receipt of billing pursuant to the payment methods set forth in the Rules and Regulations. Any Member who fails to pay the statement of account on or before the close of business on the 25th day of the following month shall be considered delinquent.

5.5 Late-Fee Charges. A late-fee charge of ten percent (10%) of the late amount may be levied by the Club for each month or portion thereof that the account remains delinquent. On the last day of the month following the month in which the account is deemed late, the Club shall send a letter notifying the delinquent Member to provide information and detail to the Club, not earlier than fifteen (15) days from the date of the notice, why the Member should not be suspended for non-payment of the account. However, the Board will allow Club management to communicate with the delinquent Member and try to resolve the delinquency and prevent further action by the Club. Any Member who is delinquent three times (meaning the Member has received three (3) separate 30-day, written late notices of non-payment) within any twelve month (12) period shall be fined an amount determined by the Board, and deemed financially irresponsible, thus subjecting such Member to suspension or expulsion.

5.6 Returned-Check Fee. There shall be a charge, as determined by the Board, for checks returned for insufficient funds. Any member giving or endorsing a check to the Club which is not paid on presentation will be notified of such non-payment. If the amount of the check is not paid to the Club within ten (10) days from the mailing of the notice of non-payment, the member will be suspended forthwith, without further action, from all Club privileges until the amount of the check is paid. Written notice of such suspension, including the reason for such action, will be immediately given to the member.

5.7 Facilities Unavailable. Even though certain Club Facilities may be unavailable for Member's use due to renovation, capital improvements, fire, hurricane, casualty or other similar occurrence beyond the Club's control, the Members will continue to be liable for the timely payment of all dues, fees, charges and assessments.

5.8 Other Charges. The Board shall have the power to establish fines or other appropriate charges for infractions of the Bylaws and Rules and Regulations of the Club.

5.9 Account Charges. The Club shall render a statement of account to each Member following the last day of each month. The statement of account shall be deemed received by the Member three (3) days after the mailing date.

ARTICLE 6.

Suspension, Expulsion and Collection

6.1 Suspension or Expulsion. Any Member (including the Member's Immediate Family or Significant Other) may be suspended by the Board as provided below for non-payment of dues, fees, charges and/or assessments to the Club for over sixty (60) days, at the sole discretion of the Board, or be expelled by the Board for non-payment of dues, fees, charges and/or assessments to the Club for over one

hundred and twenty (120) days. For any other Cause, a Member (including the Member's Immediate Family, Significant Other or guest) may be expelled or suspended or other appropriate action may be taken (including, but not limited to, fines or reprimands, as follows: (i) after review by the Disciplinary Committee or the Board or (ii) an immediate temporary suspension may be issued by the Disciplinary Committee due to a Material Liability Act, as defined below, by a Member. Member may appeal rulings by the Disciplinary Committee to the full Board as provided in Section 6.4. The rulings by the Disciplinary Committee may be confirmed, rescinded or modified by a vote of a majority of the Board. Notwithstanding anything to the contrary, the Member's Membership, including any right to be placed on or remain on the Surrender List, may be terminated, and the Member's refund rights shall be rendered null and void, if a nonpayment of dues, fees, charges and/or assessments continues for one hundred and twenty (120) days after the due date.

6.2 "Cause" and "Material Liability Act" Defined. The term "Cause" for purposes of Section 6.1 hereof shall include, but not be limited to: (i) disorderly conduct at the Club; (ii) conduct endangering the good order, welfare or character of the Club; (iii) violation of these Bylaws or the Rules and Regulations promulgated by the Board; (iv) being deemed financially irresponsible; (v) violations of international or domestic laws and/or injunctions; (vi) false information on a Membership Agreement and Application or information provided for guest or Immediate Family privileges; (vii) abusive treatment of staff or other Members; or (viii) any other action deemed to have an adverse effect on the Club or its Members, as determined by the Board, in its sole discretion. The term "Material Liability Act" is defined as any act conducted by a party that results in, or could result in (i) physical damage to the Club Facilities, (ii) abusive treatment of other Members or disruption of other Members' use of the Club Facilities, (iii) abusive treatment of employees, (iv) potential liability exposure to the Club, the Club's employees or other Members, or (v) such other acts of a comparable nature that may be established by the Board, in its sole discretion.

6.3 Hearings. A hearing by the Board or the Disciplinary Committee, as determined by the Board, shall be required for suspension or expulsion, except for a suspension or expulsion for nonpayment of dues, fees, charges and/or assessments (for which no hearing is required or allowed) or a temporary suspension due to a Material Liability Act. The Board or Disciplinary Committee, as applicable, shall give notice, in writing, of such hearing at least five (5) days in advance of the hearing date to the Member stating the reason for the proposed suspension or expulsion (excluding a temporary suspension due to a Material Liability Act), and notifying such Member that he or she has a right to be heard orally or in writing at the hearing. The hearing date shall be not less than five (5) days before the effective date of the proposed expulsion or suspension by the Board (excluding a temporary suspension due to a Material Liability Act). The written notice shall be delivered to the Member via certified mail with a return receipt requested or by email with confirmation of receipt to the Member's last known address or email address shown on the records of the Club. The Board, by a majority vote, may confirm, rescind or modify any suspension or expulsion, upon or without conditions, at its sole discretion. Notwithstanding anything to the contrary, in the event of a Material Liability Act, the Disciplinary Committee is authorized to act immediately without a hearing, so long as the maximum suspension without a hearing is a twenty one (21) day period and the matter is noticed and scheduled for a hearing prior to the expiration of the twenty one (21) day period.

6.4 Appeals. Any Member may appeal suspension or expulsion, except for a suspension or expulsion for nonpayment of dues, fees, charges and/or assessments for which no appeal hearing is allowed, by written notice to the Board and a subsequent hearing will be conducted by the Board. The notice of appeal must be delivered to the Club office within ten (10) days after such action by the Disciplinary Committee or the Board. If a fine has been imposed, payment thereof shall constitute a condition precedent to the right of appeal. Upon appeal, the Board will review at the hearing on such terms and procedures as established by the Board in the Board's sole discretion, the action taken and will

conduct a second vote to uphold, modify or rescind the initial suspension or expulsion by a majority vote of all the Members of the Board. Upon expulsion, all Membership rights shall terminate and the Member's Membership, at the Board's sole option, (i) shall be placed on the applicable Surrender List and the Member shall continue to be responsible for the payment of all dues and assessments until the membership is reissued, or (ii) the Member's right to be placed on the applicable Surrender List and the Member's refund rights shall be rendered null and void. In the event the expelled Membership is placed on the Surrender List and then reissued, upon reissuance, the Transfer Fee and any amounts, charges, fines and fees shall be retained by the Club and the balance paid to the expelled Member.

6.5 Dues, Fees, Charges and Assessments during Suspension or Expulsion. During a period of suspension, the suspended Member shall continue to be responsible for applicable dues, fees, charges and/or assessments and the Member, the Immediate Family and Significant Other (if any) shall not have any Club privileges, including but not limited to, the right to vote on matters submitted for a Member vote. If a Member is expelled by the Board and upon appeal to the Board, the Board's decision to expel the Member is overturned, then a condition precedent to the reinstatement shall be the immediate payment of all dues, fees, charges and/or assessments applicable to the temporary period of expulsion.

6.6 Collection. In the event of any default or breach by a Member in the (i) payment of any dues, fees, assessments or charges or (ii) the terms of the Bylaws or Membership Agreement, the Club reserves the right to file suit to recover the amount owed, as well as any and all other remedies allowed by law, plus all other costs, expenses and reasonable attorney fees. The Club reserves the right to charge the Member's account for any collection costs incurred to recover amounts owed.

ARTICLE 7. Complaint and Grievance Procedure

7.1 Written Complaints Acceptable. Member complaints and grievances regarding matters not concerning employees shall be held in strictest confidence, submitted in writing, signed and dated by the complainant, and appropriately addressed to the Disciplinary Committee and submitted to the Chief Operating Officer/General Manager.

7.2 Bylaws and Rules and Regulations Infractions. The chief operating officer/general manager of the Club ("Chief Operating Officer/General Manager") shall make an initial evaluation and refer complaints to the Disciplinary Committee, except for a Material Liability Act, in which event, the Disciplinary Committee, may at its sole discretion, after notification of a Material Liability Act, issue an immediate suspension action and set the matter for a hearing pursuant to Section 6.3. Any infractions of the Bylaws and Rules and Regulations of the Club shall be reported to the Board by the (i) Disciplinary Committee or (ii) Chief Operating Officer/General Manager, if assigned to the Chief Operating Officer/General Manager for review, investigation and possible resolution by the Disciplinary Committee. The Disciplinary Committee shall investigate the charge or review the Chief Operating Officer/General Manager's report and report the findings to the Board at its next regular or a special meeting called for that purpose. If the Disciplinary Committee or the Chief Operating Officer/General Manager (if assigned to the Chief Operating Officer/General Manager) cannot resolve the issue independently, the Board shall determine the appropriate action to be taken, if any, and the Club Secretary shall report the Board action, if any, to the complainant.

7.3 Procedure Regarding Employees. Complaints concerning employees of the Club shall be made only to the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall investigate the complaint and determine the action to be taken by the Club. The Chief Operating Officer/General Manager shall advise the complainant of the action taken, if any. Repeated complaints against the same employee shall be brought to the attention of the Board by the Chief

Operating Officer /General Manager. Complaints against the Chief Operating Officer/General Manager shall be made directly to the Club President who will investigate and report to the Board at its next regular or special meeting, the President's recommendation. With the approval of the Board, the President will resolve the complaint with the Chief Operating Officer/General Manager and report to the complainant the action taken, if any.

ARTICLE 8.

Guests

Guests shall be welcome at the Club when accompanied by a sponsoring Member. The amount of the guest fees and the circumstances under which guests may use the various facilities of the Club shall be established by the Board from time to time. Unless paid directly by the guest, all guest fees shall be charged to and be the responsibility of the sponsoring Member. Guests shall be subject to the Bylaws and Rules and Regulations of the Club, as amended from time to time by the Board. The sponsoring Member shall at all times be responsible for the conduct, charges attributable to, and actions of the Member's guests and the Member may be fined, disciplined, suspended or other remedies as provided in the Bylaws for improper conduct of the Member's guest. Only Members in good standing may sponsor accompanied guests. Guest privileges may only be extended to the use of Club Facilities the sponsoring Member is entitled to use pursuant to his or her particular Membership category. The Club, through the Board, may establish a separate set of rules and restrictions to be included in the Rules and Regulations for usage of the Club Facilities by renters of residences within the Desert Mountain Community. The Board may establish restrictions to be set forth in the Rules and Regulations on guest usage to protect usage and access rights of the Members. Guests will also include DMP's employees and agents for the purposes of sales of DMP's remaining lots within the Desert Mountain Development until the earlier of: (i) the date DMP does not have title to one or more lots within Desert Mountain Development, or (ii) ten (10) years following the date of the Closing.

ARTICLE 9.

Governance and General Management

9.1 Board of Directors. The governance and general management of the Club shall be vested in a Board of Directors (herein the "Board") consisting of nine (9) elected members, which will currently include the four (4) Officers of the Club, namely, a President, Vice President, a Secretary, and a Treasurer (and such other Officers as the Board determines). The initial Board of the Club shall consist of the board members of the DM Members Advisory Board as of December 31, 2010 and the Board members shall serve for the balance of their respective terms. Thereafter, each member of the Board shall be elected for a three (3) year term. No Member may run for more than two (2) consecutive three (3) year terms, except that those Members of the first elected Board who serve in a term of one (1) or two (2) years may run for consecutive terms not to exceed a total of six (6) consecutive years. Except as otherwise provided by a resolution adopted by the Members, the term of a newly elected Board member shall begin at the conclusion of the Annual Meeting at which his/her election is announced. Officers shall each serve one (1) year terms, with a limit of three consecutive terms in the same office. The Board shall have the authority to invite the outgoing President and any other outgoing Board members, on a case by case basis, to participate as an ex-official non-voting participant at Board meetings to assist in an orderly transition. The participation of the outgoing President or outgoing Board members shall be at the sole discretion of the Board and for such time period as determined by the Board.

9.1.1 Powers. The Board shall have full power and authority to do any and all things that it deems to be necessary and in the best interests of the Club, except the specific actions set forth in Section 5.2, and Article 15 which require the prior approval by a majority of the votes cast of the voting Equity Members of the required quorum set forth in Section 11.1 for the specific matter set forth in the

Bylaws. The Board will have the authority to delegate certain managerial and operating functions to professional management, which shall report to the Board. The Board's powers include, but are not limited to, the establishment of the Club's Rules and Regulations, establishing the amount of Membership Contributions, dues (including revised dues payments based on a prepayment dues provision), fees, charges and assessments (subject to the limitation set forth in Section 5.2) arranging and securing loans for the Club and pledging and encumbering the Club Facilities (subject to Section 5.2.2), hiring and firing of Club employees (delegated to the appropriate Department heads and the General Manger), review of financial accounting, establishing Club operating hours, Club services, capital improvements, maintenance and repair reserves, working capital reserves, reserves for water infrastructure or related water obligations, the Club's budgets and operating policies, obtaining directors and officers liability insurance for the Board and Club officers, approval of new Members, member grievance, suspension and expulsion and all other powers and authority granted to the Board in these Bylaws and by law. The Board shall have general supervision and control over all officers, committees and employees. The decisions of the Board shall be final in all matters. The Board may adopt such policies and rules for the conduct of their meetings and the general management of the Club as they deem proper.

9.1.2 Meetings. All members of the Board shall be voting Members of the Club in good standing. The Board shall meet at least once each calendar month. At each regular meeting of the Board, the date, time and location of the next regular Board meeting shall be designated, unless previously established.

9.1.3 No Remuneration. No elected Officer or Board member shall receive any remuneration for his or her official services, but may be reimbursed for reasonable expenses incurred, if approved by the Board.

9.1.4 Conflict of Interest. No Officer or Board member shall use his or her position for personal gain. Such activity shall be deemed a conflict of interest and shall be a cause for removal under Section 9.1.5 of this Article.

9.1.5 Removal of Officers and Board Members. Officers and Board members may be removed for cause by an affirmative vote of two-thirds of the full Board (currently, a vote of six (6) Board members) or by an affirmative vote of a majority of the votes cast of a quorum of the Equity Members eligible to vote at any annual or special meeting. The inability of an elected Board member to qualify for bonding shall be deemed as cause, but not the only cause, for removal. Other causes for removal of an officer or Board member include, but are not necessarily limited to: (i) failure to attend three (3) consecutive Board meetings without excuse, (ii) breach of the standards of conduct prescribed in the Bylaws and Rules and Regulations (including but not limited to the suspension or expulsion provisions in Section 6.1 and the Causes defined in Section 6.2), (iii) a breach of confidentiality, (iv) a breach of any fiduciary duty, and (v) surrender, suspension or expulsion of the Board Member's Equity Membership in the Club.

9.2 Rules and Regulations and Quorum. The Board may adopt such rules and regulations for the conduct of their meetings and the general management of the Club as they deem proper. A quorum for the conduct of any business by the Board is a majority of the Board members in person, or by telephonic conference call or other forms of electronic or internet voting. The Board may authorize committees of the Club as the Board determines may be helpful or have unique experience in the transaction of the Club's business.

9.3 President. The President shall be the Chief Executive Officer of the Club and shall preside at all meetings of the Board and the Membership. The President (or such officer delegated by the President) shall, with the Secretary, sign all obligations, contracts, deeds, mortgages, promissory notes,

and other instruments as approved by the Board unless otherwise provided in these Bylaws. The President, acting on behalf of the Board, and with their direct input shall oversee the activities of the Club's Chief Operating Officer/General Manager. Specifically, the President shall be responsible for properly communicating to the Chief Operating Officer/General Manager, the direction, decisions and policies set forth by the Board for implementation by Club management. The President, with prior Board input, shall also be responsible for preparing and delivering to the Chief Operating Officer/General Manager an annual review of his/her performance together with goals and objectives for the coming year as set forth by the Board, along with the approval of the annual compensation for the Chief Operating Officer/General Manager. The President shall also be responsible for appointing committee chairpersons with approval by the Board, for the various committees so authorized by the Board or required by the Bylaws.

9.4 Vice President. The Vice President shall perform the duties of the President when the President is absent or unable to perform such duties and shall perform such other duties as may, from time to time, be assigned by the President. In the absence of both the President and Vice President, the Board shall appoint from among the Board members, an Acting President.

9.5 Secretary. It shall be the duty of the Secretary to keep a record of the proceedings of the Club and, with the President, to sign all obligations, contracts, deeds, mortgages, promissory notes, and other instruments, and to discharge such other duties as may be entrusted by the Board. In addition, the Secretary shall have such other duties and responsibilities as prescribed by the Board. The Secretary may delegate any of the foregoing duties to the Chief Operating Officer/General Manager acting as Assistant Secretary as the Board approves.

9.6 Treasurer. The Treasurer shall be chairman or a member of the Finance Committee. The Treasurer shall cause to be collected, held, controlled and disbursed, subject to policies approved by the Board, all monies of the Club; and it shall be the Treasurer's duty to issue and control Membership Certificates and collect monies due the Club from such issuance, as well as dues, fees, charges and assessments from Members. The Treasurer shall have such other duties as are prescribed by the Board. The Treasurer may delegate any of the foregoing duties to the Chief Operating Officer/General Manager or Controller, acting as Assistant Treasurer or otherwise, as the Board approves.

9.7 Vacancies. Any vacancy occurring in the Board shall be filled by the Board at a Board meeting called for that purpose by the affirmative vote of a majority of the remaining Board members, though the remaining Board members may constitute less than a quorum of the Board (or, if there be only one remaining Board member, by that Board member). A Board member elected to fill a vacancy shall be elected for the remainder of the year until the next election. At the next election, there will be open elections to fill the previously vacated seat for the unexpired term of the previously vacated seat, if any. Any Board member appointed or elected to office for a less than full term shall not have the less than full term counted towards the restriction on term limits. A majority of the Equity Members may, with Cause, terminate the term of office of all or any of the Board members by an affirmative vote of a majority of the votes cast of a quorum of the Equity members eligible to vote at any annual or special meeting called for that purpose. Such removal shall be effective immediately upon such action of the Members even if successors are not elected simultaneously, and the vacancies on the Board, caused by such action shall be filled only by election by the Members.

9.8 Chief Operating Officer/ General Manager. Reference to the title of Chief Operating Officer/General Manager will designate the responsible party who may from time to time have a different corporate title but in any event shall be responsible for managing the affairs, and direct the work and employees of the Club, subject to, and in accordance with, the direction of the Board, acting through the President, who will exercise supervisory authority on behalf of the Board over the Chief Operating

Officer/General Manager. The Chief Operating Officer/General Manager shall prepare budgets of expenses and capital refurbishment and replacement for approval of the Board, and shall be authorized to incur expenses and capital expenditures in accordance with the approved budgets, or as directed by the Board. The Chief Operating Officer/General Manager shall attend all meetings of the Board and shall be an ex officio and non-voting member of the Standing Committees. The Chief Operating Officer/General Manager shall make reports of work and affairs of the Club to the President, to the Board and to Members at Membership meetings, as requested by the President. Each year, the Chief Operating Officer/General Manager shall provide the Board with the Chief Operating Officer/General Manager's goals and objectives for the following year, along with a self-assessment of the preceding year.

9.9 Bond. The Board may require that any one or more Officers, Board members or other Club employees be bonded in amounts determined by the Board. The cost thereof shall be paid by the Club.

ARTICLE 10. Committees

10.1 Committees. The Board shall be required to create the following standing committees: (1) Disciplinary, (2) Finance (to include the Club's Treasurer and the Chief Financial Officer), (3) Audit, (4) Membership, and (5) Nominating (collectively, the "Standing Committees"). Each year, as soon after the Annual Meeting as practical, the President shall appoint or re-appoint a chairperson for each Standing Committee. The President shall also appoint the members of the Standing Committees subject to approval by the full Board. Although non-Board members may serve on such Standing Committees, a Board member must be appointed as a Standing Committee chairperson in order to report to the Board, no less than on a quarterly calendar basis, the status, recommendations and progress of each Standing Committee. Other committees may be created by the President from time to time as needed, subject to approval by the Board. Chairpersons shall be responsible for determining the composition of their respective committee, subject to Board approval. All committee members must be members in good standing. Committee meetings (except for Executive Session) shall be open to any non-committee Board member who may attend and participate, with the exception of committee business requiring a vote. Guidelines for expenditure of funds necessary to conduct committee business shall be established by the Board. Funds in excess of such guidelines must be reviewed and approved by the Board prior to such expenditure.

10.2 Other Committees. Other committees may be created by the President from time to time as needed, subject to approval by the Board. Chairpersons shall be responsible for determining the composition of their respective committee, subject to Board approval. All committee members must be members in good standing. Committee meetings (except for Executive Sessions) shall be open to any non-committee Board member who may attend and participate, with the exception of committee business requiring a vote. Guidelines for expenditure of funds necessary to conduct committee business shall be established by the Board. Funds in excess of such guidelines must be reviewed and approved by the Board prior to such expenditure.

10.3 Disciplinary Committee. The Disciplinary Committee shall receive all complaints submitted in accordance with Article 6, Section 7.1 and Section 7.2, in addition to matters raised by the Board. The Disciplinary Committee shall screen, review and attempt to resolve all complaints or forward to the Chief Operating Officer/General Manager for handling and report and shall make recommendations to the Board in connection with the provisions of Article 6.

10.4 Finance Committee. The Finance Committee shall receive and review the proposed budget for the succeeding year (January 1 to December 31), and, if applicable, recommend any suggested revisions. In addition, the Finance Committee shall advise and assist the Board in (i) negotiations of

contracts, (ii) determining the amounts and places of all investments, savings accounts, and checking accounts, (iii) reviewing and approving the annual salaries of the Chief Operating Officer/General Manager and other employees and recommending appropriate salary adjustments, (iv) review all expenditures/projects above \$100,000 and recommending disbursements, (v) reviewing various dues, fees, charges, assessments and the amount of Membership Contributions, (vi) identifying financial matters that should be brought to the attention of the Membership, (vii) reviewing loan and debt service requirements and options for financing, and (viii) preparing a summary of the Club's annual financial report for publication in the newsletter. The Finance Committee must be chaired by a Board Member. The Finance Committee shall approve all salary levels for all executive level staff that report to the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall provide the Finance Committee with recommendations for increases in salary for members of the staff. The Finance Committee may have separate subcommittees to handle insurance and other issues, as necessary.

10.5 Audit Committee. The Audit Committee will be comprised of members of the Board or Members in good standing appointed by the Board with specific expertise in the Audit Committee's assignment area. The Audit Committee shall have the sole responsibility of selecting, evaluating and approving the Club's independent auditors. They must also approve all non audit services to ensure independence of the external auditor and control "opinion shopping". The Audit Committee will also investigate any "Whistle Blower" claims of fraudulent behavior on the part of Club Management or others, and any other claims of inappropriate financial activity. Employees of the Club, the Treasurer and Chief Financial Officer shall not be members of the Audit Committee.

10.6 Membership Committee. The Membership Committee shall review and process all Membership Applications and no Membership Application will be formally voted upon by the Board until the application has been reported upon by the Membership Committee. The Membership Committee shall strive to meet the Club's goals for new Members. The Membership Committee must be chaired by a Board Member.

10.7 The Nominating Committee. Each year, nominations for election to the Board shall be made by a Nominating Committee (the "Nominating Committee"). The Nominating Committee shall consist of a chairperson, who shall be a member of the Board, three (3) or more other members of the Board and three (3) or more other Equity Members of the Club (non-Board). The Nominating Committee shall be appointed by the Board not less than sixty (60) days prior to each election to serve a term of generally one (1) year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the expertise, experience and diversity which exist within the pool of potential candidates. Further nominations may be made by petition of voting Members, addressed to the chairperson of the Nominating Committee, containing the signatures of seventy-five (75) or more Equity Members and requesting that a particular Member or Members therein named be nominated and included in the previous nominations. Such petitions must be received by the chairperson of the nominating committee at least thirty (30) days before the voting package is distributed and must contain the written consent and resume of each nominee named. Such nominations shall also be posted on the Club website. All nominees must be dues paying and in good standing Equity Members of the Club. In addition to being responsible for the nominating procedure, the Nominating Committee will be responsible for all voting procedures and protocols, including the coordination of elections. However, in any event, the votes shall be counted by an independent third party, which may be the Club's third party accounting firm.

10.7.1 The Nominating Committee shall prepare the list of nominees for election to the Board, not more than thirty-five (35) days prior to each Annual Meeting, the Nominating Committee shall

make a written report to the voting Membership of nominations by mailing or emailing a copy to each Club voting Member and by posting copies thereof on the Club bulletin board or website. Accompanying the report will be a listing of current members of all Standing Committees, Board members, and Officers of the Club.

10.7.2 The Nominating Committee may not nominate one (1) of its own members as candidates for election.

10.7.3 The above provisions are the only means by which a nomination for the Board can be made.

10.8 Committee Members. All committee members shall be Equity Members in good standing and shall serve at the discretion and with the approval of the Board. All committees, excepting only the Nominating Committee are advisory to the Board.

ARTICLE 11. Membership Meetings

11.1 Annual Member Meeting / Quorum. The annual meeting (the "Annual Meeting") shall be held at the Club during the first quarter of each calendar year at a time and place designated in the notice of such meeting. Twenty-five percent (25%) of the Equity Members entitled to vote, whether in attendance, in person, by absentee ballot or by electronic or internet voting pursuant to procedures established by the Board, shall constitute a quorum, except for meetings where Major Decisions are made. The term "Major Decisions" shall be defined as: (a) a major capital expenditure for new capital improvements and expanded facilities or as may be required, as determined by the Board, for IWDS water facilities and related obligations that are not capital repair and replacement items and are in excess of five percent (5%) of the then current Club annual gross revenue, including Transfer Fees as provided in Section 5.2.2, (b) a sale of the Club Facilities or any individual Club Facility, (c) a material adverse change to the Membership refund amount to be paid to existing Members, (d) a change or addition to the Membership categories or changes in existing Membership categories that result in an increase in the maximum number of Equity Golf or Equity Club Members above the caps stated in the Bylaws, and (e) an amendment to the Bylaws pursuant to Article 15. For these meetings where Major Decisions are to be voted upon, fifty percent (50%) of all the Equity Members entitled to vote and whether in attendance, in person by absentee ballot, or by electronic or internet voting pursuant to procedures established by the Board, shall constitute a quorum. Each voting Member shall have voting rights as defined in Section 3.7.5. If the required quorum provided above is present for the vote issue, the affirmative vote of a majority of votes cast at the meeting in person, absentee ballot or by electronic or internet voting pursuant to procedures established by the Board and entitled to vote on the subject matter shall be the act of the Club, except as otherwise provided by law, by the Articles of Incorporation, or Bylaws of the Club. Notwithstanding the above, any proposed amendment to the Bylaws shall be governed by the provisions of Article 15.

11.2 Special Member Meetings/Quorum. Special meetings of Club Members may be called by the Board upon giving at least fifteen (15) days' written notice to the Members, and such notice shall specify the purpose of the meeting. Further, the Board shall call a special meeting of the Club Membership upon written request of at least ten percent (10%) of all the Equity Members entitled to vote. The quorum required for an action taken at a special meeting shall be the same as the quorum required at an Annual Meeting.

11.3 Election of Board Members. At each Annual Meeting, Board members shall be elected pursuant to the provisions in the Bylaws. In addition, any Board vacancies for which an unexpired term remains shall be filled by election.

11.4 Absentee Ballots. Members in good standing and eligible to vote who are unable to attend a meeting of the Membership shall be allowed to vote by absentee ballot. An absentee ballot shall be included with the notification of any meeting of the Membership and shall also be available at the Club. The number of the ballot shall be written on the ballot and on the return envelope and the name of the Member and the number of the ballot sent shall be registered in an absentee ballot register. Absentee ballot shall be retained until after the validation of the election by the election judges established by the Board. Absentee ballots shall be returned to the Club in the sealed and numbered return envelope provided, no later than the close of business on the day prior to the scheduled meeting date. The Chief Operating Officer/General Manager shall be responsible for safeguarding absentee ballots until the Membership meeting and shall deliver them to the election judges at the Membership meeting.

11.5 Organization of New Board. Immediately after each Annual Meeting of the Club Membership, an organizational meeting of the new Board (the "Executive Session") shall be called to elect from that body the Officers to serve for terms of one (1) year each. The Officers and Board Members shall take office at the Executive Session or the first day of the month succeeding the election month. The Board shall consist of nine (9) Board members. Upon conversion of the Club to an Equity Club, the board of DM Members Advisory Board as of December 31, 2010 shall become the initial Board of the Corporation as provided in Section 9.1.

11.6 Conduct of Meetings. The conduct of all Membership meetings shall be governed by Roberts Rules of Order except as they may conflict with these Bylaws, in which case these Bylaws shall prevail.

ARTICLE 12. Notices and Consents

12.1 Notices. Unless otherwise provided herein, written notice required for meetings of the Membership, or the Board, as applicable, stating the place, day and hour of the meeting, and if a special meeting the purposes thereof, shall be forwarded by email and posted on the website, or delivered to each voting Member or Director, as applicable, or deposited in the United States Mail addressed to each voting Member at the address shown by the books of the Club, with postage prepaid, not less than three (3) days (for a Board meeting) or five (5) days (for a Members' meeting), nor more than thirty (30) days before such meeting. A voting Member or Director, either before or after a meeting, may waive notice of any meeting, and such waiver shall be deemed the equivalent of giving notice. Attendance in person by a voting Member at a meeting, providing an absentee ballot, or electronic or internet voting pursuant to procedures established by the Board shall constitute waiver of notice of the meeting, unless he or she attends for the express purpose of objecting to the notice.

12.2 Consent in Lieu of Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if written consent describing the action taken is signed by the unanimous written consent of all members of the Board and is delivered to the Club for inclusion in the minutes for filing with the corporate records reflecting the action taken. Such consents will have the same effect as a vote at a meeting of the Board and may be described as such in any document.

ARTICLE 13.
Non-Liability and Indemnification

To the fullest extent permitted by law and the Arizona Nonprofit Corporation Act, the (i) Board and members thereof, (ii) any committee of the Club and members thereof, and (iii) any officer of the Club (collectively, the "Indemnified Parties"), while acting in their applicable capacity shall not be liable to any member, any class or class action of members, to the owner of any Membership or to anyone else for any damage, loss, or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act (including resignation), inaction, omission, error, negligence or the like made in good faith in connection with the Club, the Club Facilities, these Bylaws, the Rules and Regulations or the negotiation, execution or performance of any agreement entered into between the Club and any unrelated third party. The Club shall indemnify, defend and hold each and every one of the Indemnified Parties harmless for, from and against any such claim or liability arising out of events described in this Article 13, including all costs and expenses incurred in connection therewith (including any legal or administrative proceedings or orders arising therefrom), including without limitation, all court costs and attorneys' fees, all of which the Club shall pay as and when due (as opposed to reimbursing following payment by any indemnitee) with respect to members of the Board or non-salaried officers of the Club, the individuals serving in said capacities shall not be liable to any Member, to the owner of any membership or to anyone else for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act (including resignation), inaction, omission, error, negligence or the like made in good faith in connection with the Club, the Club Facilities, these Bylaws, or the Rules and Regulations. With respect to members of the Board and any non-salaried Officers of the Club, all conduct shall be deemed to be in good faith. In the event that claims covered by the foregoing indemnity are asserted, the Club's choice of counsel to defend against such claims shall be subject to approval by the Indemnified Parties against whom such claims have been asserted, such approval not to be unreasonably withheld or delayed.

ARTICLE 14.
Fiscal Year

The fiscal year of the Club shall be defined by the Board.

ARTICLE 15.
Amendments

The Bylaws may be amended at the Annual Meeting or any special meeting of the Membership provided written notice is given at least thirty (30) days prior to the regular or called meeting at which the vote is taken. An amendment of the Bylaws is a Major Decision and fifty percent (50%) of all of the Equity Members eligible to vote, by a vote in person, absentee ballot or by electronic or internet voting pursuant to the procedures established by the Board, shall be the required quorum and a majority vote of the votes cast of the quorum shall be required to amend the Bylaws. Provided, however, any amendment that is (i) necessary to correct or clarify an existing provision of the Bylaws that is not materially adverse to the Members or (ii) required by new governmental regulations or statutes may be approved by a two-thirds (2/3) vote of the Board, without a vote of the Equity Members. Notwithstanding the above, any amendment to the Bylaws that (i) discriminates or imposing greater obligations or fewer rights that apply solely against the Developer Retained Memberships compared to other Equity Golf Memberships in the Club, or (ii) modifies any of the rights and privileges of the Non-Equity Memberships in the Club not otherwise amendable under the applicable terms and provisions of the Prior Club or the Prior Plans, or (iii) revise any of the rights of DMP granted in these Bylaws, shall require the prior written approval of DMP in each instance, not to be unreasonably withheld.

ARTICLE 16.
Miscellaneous

16.1 Gender and Number. All pronouns in these Bylaws shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

16.2 Captions. Captions and headings contained in these Bylaws are as a matter of convenience. In no way should they be construed to define, limit or extend their scope, intent or any provision hereof.

16.3 Maintenance and Other Uses. The Club may permit prospective purchasers of Memberships in the Club to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club. The Club reserves the right, in its sole and absolute discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, and for tournament or other special events, from time to time. Private events and functions are permitted only with prior permission of the Club.

16.4 Membership Directory and Lists. No member may disclose or furnish the Membership directory or Membership lists to any non-member. The Membership directory and all information on the "member's only" portion of the website may not be used for solicitations or business purposes of any kind or for any purpose which would be in conflict with or in violation of Section 5.2 of these bylaws.

ARTICLE 17.
Interpretation

The interpretation of these Bylaws shall rest with the Board unless and until superseded by a two-thirds (2/3) majority vote of the votes cast of the quorum of Members required for a Major Decision at an Annual Meeting or special meeting of the Membership.

ARTICLE 18.
Liquidation

18.1 Dissolution. A sale or disposition of substantially all of the property and assets of the Club or the dissolution of the Club shall require the affirmative vote of two-thirds (2/3) of all the Equity Members entitled to vote.

18.2 Procedure and Rights. Upon a dissolution and liquidation of the Club for any reason, the Board shall cause the Club's independent accountants to make a full and proper accounting of the assets, liabilities and operations of the Club, as of and including the last day of the month in which the dissolution occurs, and shall liquidate the assets as promptly as is consistent with obtaining the fair value thereof, and shall apply and distribute the proceeds therefrom as follows and in the following order of priority:

18.2.1 All liabilities and obligations of the Club shall be paid and discharged, or adequate provisions shall be made therefor.

18.2.2 Assets held by the Club upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements.

18.2.3 Equity Members in good standing will be entitled to receive a pro rata share of such remaining assets, as determined by the Board. Non-Equity Members are not entitled to receive any portion of the Club's remaining assets in the event of dissolution and liquidation of the Club.

18.3 Rights. Members shall look solely to the assets of the Club for any refund of their Membership Contribution that is provided pursuant to the terms of these Bylaws. If the Club's assets remaining after the payment or discharge of all debts and liabilities of the Club are insufficient to return their deposit either in part or in full, they shall have no recourse against the Club, the Officers, the Board, or the employees.

Exhibit A

Definitions

Annual Meeting. "Annual Meeting" shall have the meaning set forth in Section 11.1.

Board. "Board" shall have the meaning set forth in Section 9.1.

Bylaws. "Bylaws" shall have the meaning set forth in the Keypoints Section.

Capital Reserve Fund. "Capital Reserve Fund" shall have the meaning set forth in Section 5.2.1.

Cause. "Cause" shall have the meaning set forth in Section 6.2.

Chief Operating Officer/General Manager. "Chief Operating Officer/General Manager" shall have the meaning set forth in Section 7.2.

Club. "Club" shall mean "The Desert Mountain Club" as set forth in Section 1.1.

Club Facilities. "Club Facilities" shall have the meaning set forth in Section 2.1.

Corporation. "Corporation" shall have the meaning set forth in Section 1.1.

Debt Service Fund. "Debt Service Fund" shall have the meaning set forth in Section 5.3.

Desert Mountain Community. "Desert Mountain Community" shall include all lots and residences subject to the Desert Mountain Master Association.

Designated Member. "Designated Member" shall have the meaning set forth in Section 3.7.2.

Developer Membership Agreement. "Developer Membership Agreement" shall have the meaning set forth in Section 3.10.

Developer Retained Memberships. "Developer Retained Memberships" shall have the meaning set forth in Section 3.10.

DMP. "DMP" shall have the meaning set forth in Section 3.10.

Effective Date. "Effective Date" shall have the meaning set forth in the Keypoints Section.

Equity Club Memberships. "Equity Club Memberships" shall have the meaning set forth in Section 3.2.2.

Equity Club Transfer Fee. "Equity Club Transfer Fee" shall have the meaning set forth in Section 4.6.2.

Equity Golf Memberships. "Equity Golf Memberships" shall have the meaning set forth in Section 3.2.1.

Equity Golf Transfer Fee. "Equity Golf Transfer Fee" shall have the meaning set forth in Section 4.6.1.

Equity Members. "Equity Members" shall mean the Members who hold an Equity Golf Membership or an Equity Club Member and are entitled to vote, hold office, and share in liquidation proceeds pursuant to the terms of the Bylaws.

Equity Memberships. "Equity Memberships" shall mean (i) Equity Golf Membership and (ii) Equity Club Memberships.

Executive Session. "Executive Session" shall have the meaning, set forth in Section 11.5.

Honorary Memberships. "Honorary Memberships" shall have the meaning set forth in Section 3.4.

Immediate Family. "Immediate Family" shall have the meaning set forth in Section 3.9.

Indemnified Parties. "Indemnified Parties" shall have the meaning set forth in Article 13.

Major Decisions. "Major Decisions" shall have the meaning set forth in Section 11.1.

Market-based Pricing Policy "Market-based Pricing Policy" shall have the meaning set forth in Section 4.7.

Material Liability Act. "Material Liability Act" shall have the meaning set forth in Section 6.2.

Members. "Members" shall mean individuals that hold a membership in good standing at the Club. Members shall have privileges and obligations as set forth in these Bylaws and the Club Rules and Regulations. Each Member shall be at least 21 years of age. In the case of a married couple, only one Spouse will be deemed to be the Primary Member as designated on the Membership Agreement, but rights and privileges of each Member's Membership classification (excluding only voting rights and right to share in liquidation proceeds) are extended to members of their Immediate Family.

Membership. "Membership" shall mean a license to utilize the Club Facilities in accordance with the individual Member's Membership Agreement and Application and the Membership Documents. This term may also be used to refer to the collective group of all Members (i.e. the Membership).

Membership Agreement. "Membership Agreement" shall have the meaning set forth in Section 3.7.1.

Membership Agreement and Application. "Membership Agreement and Application" shall have the meaning set forth in Section 3.7.1.

Membership Card. "Membership Card" shall have the meaning set forth in Section 3.7.6.

Membership Contribution. "Membership Contribution" shall mean the amount required to be paid to the Club by an Equity Member for a Membership in the Club.

Membership Documents. "Membership Documents" shall have the meaning set forth in the Keypoints Section.

Non-Equity Members. "Non-Equity Members" shall have the meaning set forth in Section 3.3.

Non-Equity Memberships. “Non-Equity Memberships” shall have the meaning set forth in Section 3.3.

Primary Member. “Primary Member” shall have the meaning set forth in the Member’s Membership Agreement.

Prior Club. “Prior Club” shall mean the “Desert Mountain Club” owned and operated by Desert Mountain Properties Limited Partnership pursuant to the Prior Plans.

Prior Plans. “Prior Plans” shall have the meaning set forth in the Keypoints Section.

Rules and Regulations. “Rules and Regulations” shall have the meaning set forth in Section 3.8.

Schedules of Dues, Fees and Charges. “Schedule of Dues, Fees and Charges” shall have the meaning set forth in Section 5.1.

Spouse. “Spouse” shall mean the legal husband or wife of the Member.

Surrender List. “Surrender List” shall have the meaning set forth in Section 4.2.

Surrendering Member. “Surrendering Member” shall have the meaning set forth in Section 4.1.

Significant Other. “Significant Other” shall mean to qualify as a significant other, the Member and the proposed significant other must not be related by blood, must be unmarried, must reside in the same household and must hold themselves out to be in a personal couple relationship (“Significant Other”). Upon written request of a Member designating a Significant Other and furnishing such information as the Board requires, the Board may determine and authorize, in its sole and absolute discretion, whether the individual qualifies as a Significant Other and is entitled to the use of the Club Facilities by a designated Significant Other without the payment of additional dues or guest fees, and have the same privileges as other members of the Immediate Family. A Member may not request a change in the designation of a Significant Other more than once in any two (2) calendar years. The Club may issue a guest card to a designated Significant Other for purpose of identification.

Transfer Fee. “Transfer Fee” shall mean the (i) Equity Golf Transfer Fee and (ii) the Equity Club Transfer Fee, as applicable based on the classification of the Membership being reissued by the Club.

Turnover Assessment. “Turnover Assessment” shall have the meaning set forth in Section 5.2.3.

EXHIBIT A-4



**Desert Mountain Club
Bylaws**

July 1, 2013

BYLAWS KEYPOINTS

THE CLUB FACILITIES

The Desert Mountain Club (the "Club") is located within the Desert Mountain community, Scottsdale, Arizona. The Desert Mountain Club offers golf, tennis, swimming, health and fitness, dining and social facilities.

The facilities of the Club (the "Club Facilities") currently include the following:

- Six 18-hole Jack Nicklaus Signature golf courses, including four practice ranges:
 - . Cochise course
 - . Geronimo course
 - . Renegade course
 - . Apache course
 - . Chiricahua course
 - . Outlaw course
- The Sonoran Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Fitness center
 - . Cardiovascular & weight training equipment
 - . Aerobics room
 - . Men's and women's locker rooms
 - . Outdoor terraces
 - . Tennis pro shop
 - . Children's play areas
 - . Nine tennis courts (hard, clay and grass surfaces)
 - . Lap and play swimming pool and spa
- The Cochise/Geronimo Clubhouse, which includes:
 - . Dining facilities
 - . Golf shop
 - . Bar and lounge
 - . Men's and women's locker rooms
 - . Steam room
 - . Terraces
- The Apache Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Golf shop
 - . Men's and women's locker rooms
 - . Terraces
- The Renegade Clubhouse, which includes:
 - . Dining facilities
 - . Bar and lounge
 - . Golf shop
 - . Men's and women's locker rooms
 - . Terraces

	<ul style="list-style-type: none"> • The Chiricahua Clubhouse, which includes: <ul style="list-style-type: none"> • Dining facilities • Bar and lounge • Golf shop • Men's and women's locker rooms • Terraces • The Outlaw Clubhouse, which includes: <ul style="list-style-type: none"> • Dining facilities and bar • Golf shop • Men's and women's locker rooms • Any other necessary buildings, equipment and adjacent real property, as determined by the Club, for recreational use by Members, upkeep and maintenance of the facilities and such additions, modifications or deletions of the facilities, as determined by the Club from time to time (collectively, the "Club Facilities").
<p><u>BYLAWS</u></p>	<p>These bylaws dated July 1, 2013 (the "Bylaws") supersede, amend and replace all prior bylaws (including the bylaws dated March 31, 2006, December 31, 2010, and March 19, 2012) and membership plans of any nature (including but not limited to the membership plan dated March 31, 2006, December 31, 2010, and March 19, 2012) for the Club, however titled (collectively, the prior membership plans and prior bylaws the "Prior Plans"), and set forth the current membership benefits and opportunities to be provided to the Members of the Club. July 1, 2013 shall be referred to as the Effective Date of these Bylaws. All defined terms used in this section titled "Bylaws Keypoints" shall have the meanings ascribed to them in the Bylaws.</p>
<p><u>MEMBERSHIP CATEGORIES</u></p>	<p><u>Equity Memberships:</u> The following Equity Membership categories are currently offered by the Club:</p> <ul style="list-style-type: none"> • Equity Golf Membership <ul style="list-style-type: none"> ➤ Access to all facilities, unlimited golf and tennis • Equity Club Membership (Lifestyle) <ul style="list-style-type: none"> ➤ Access to all non-golf facilities <p><u>Non-Equity Memberships:</u> Certain existing Non-Equity Memberships that were issued prior to December 31, 2010 pursuant to the Prior Plans will be honored by the Club pursuant to the specific terms of their new Membership Agreement with the Club. After December 31, 2010, the Club will no longer issue Memberships in these specific Non-Equity Membership categories.</p>
<p><u>MEMBERSHIP BENEFITS HIGHLIGHTS</u></p>	<ul style="list-style-type: none"> • Refundable Membership Contribution. Equity Members are eligible to receive a refund of their Membership Contribution, without interest, upon the earlier to occur of (i) the reissuance of the Membership through the Membership Reissuance List pursuant to the terms recited herein, or (ii) the transfer and reissuance of the Membership by other means authorized in the Bylaws, as

summarized below:

- **Refund Upon Reissuance of Equity Golf Membership.** Upon the reissuance of an Equity Golf Membership, the Equity Member will receive, when reached on the Membership Reissuance List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Golf Transfer Fee (as set forth in Section 4.6 and periodically established by the Board) and any outstanding amount owed to the Club. The refund amount will be paid to the Member Pending Reissuance within thirty (30) days of actual receipt by the Club of the Membership Contribution as paid by the new Member.

- **Refund Upon Reissuance of Equity Club Membership (Lifestyle).** Upon the reissuance of an Equity Club Membership (Lifestyle), the Equity Member will receive, when reached on the Membership Reissuance List, one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the Equity Club (Lifestyle) Transfer Fee (as set forth in Section 4.6 and periodically established by the Board) and any outstanding amount owed to the Club. The refund amount, if any, will be paid to the Member Pending Reissuance within thirty (30) days of actual receipt by the Club of the Membership Contribution as paid by the new Member. Notwithstanding anything to the contrary, the reissuance procedure may be modified at the sole discretion of the Board for specific programs and procedures implemented to manage the membership roster and reduce the number of Members on the Membership Reissuance List.

- **Equity Memberships Pending Reissuance Prior to Membership Sell-Out.** As provided in the Bylaws, a Member Pending Reissuance is not required to wait until all new Memberships in the Club have been issued before their Membership is reissued.

- **Resale Procedure.** There will be two Membership Reissuance Lists for Equity Memberships: one for Equity Golf Memberships and one for Equity Club Memberships (Lifestyle). Prior to reaching the Membership cap for the applicable category of Membership, Membership sales will alternate between sales of unissued Memberships and Membership sales off the applicable Membership Reissuance List, based on the ratios as detailed in the Bylaws. Once the Club reaches the Membership cap in a category of membership, each new Membership issued will be off the applicable Membership Reissuance List, as detailed in the Bylaws.

- **Transfer Upon Sale of Property.** Equity Members who own a residence or lot in the Desert Mountain Community may arrange for the transfer of their Membership through the Club to the subsequent

purchaser of their residence or lot, subject to the approval and admission of the subsequent purchaser for Membership and the payment of the then current Membership Contribution by the subsequent purchaser to the Club within thirty (30) days of closing. Such transfer will not be subject to the Membership Reissuance List or any buyer's wait list. The Equity Member shall be paid one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the applicable Transfer Fee to be retained by the Club.

- **Legacy Transfer.** Equity Members may transfer their Membership during the Equity Member's lifetime, through the Club, to the Member's Spouse, Significant Other, an adult child or adult grandchild of the Equity Member, who is approved for Membership. Such transfer will be permitted one time without the payment of the applicable Transfer Fee. Therefore, the next legacy transfer, to the then Member Spouse, adult child or adult grandchild at the time of transfer, must pay the then current Membership Contribution and the Member Pending Reissuance shall be paid one hundred percent (100%) of the Membership Contribution received by the Club from the new Equity Member, less the applicable Transfer Fee to be retained by the Club.
- **Inheritability.** Upon the death of an individual Equity Member, the Membership can be transferred to the Equity Member's surviving Spouse or Significant Other (under certain circumstances), without the payment of the Transfer Fee. In the alternative, Equity Memberships may be reissued to an adult child or adult grandchild of a deceased Equity Member or placed on the Membership Reissuance List as provided in the Bylaws.
- **Immediate Family Privileges.** All Equity Memberships have Immediate Family Privileges.
- **Golf Course Access.** The current total number of Equity Golf Memberships that may be issued by the Club with full golfing privileges is two thousand three hundred and seventy-five (2,375), subject to the terms of the Bylaws. The total number of Equity Club Memberships (Lifestyle) (which includes Prior Equity Club Memberships as a sub-category) that may be issued by the Club with limited golfing privileges is two hundred ninety (290), subject to the terms of the Bylaws.
- **Club Newsletter.** The Club will provide, either by mail or by electronic transmission, a newsletter containing information about events and activities at the Club, as well as other items of interest to Equity Members.

<p><u>CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS</u></p>	<p>Every person who desires to obtain a Membership should carefully read the Bylaws, Membership Agreement with the Club, Rules and Regulations, and Schedule of Dues, Fees and Charges (collectively, the "Membership Documents"), and should seek professional advice to evaluate the Membership Documents. The Bylaw Key Points are summary provisions only and the Bylaws control in the event of a conflict.</p>
<p><u>RELY ONLY ON INFORMATION IN THE MEMBERSHIP DOCUMENTS</u></p>	<p>THE MEMBERSHIP DOCUMENTS SET FORTH ALL REPRESENTATIONS AND TERMS CONCERNING MEMBERSHIPS IN THE CLUB. NO PERSON HAS THE AUTHORITY TO MAKE ANY ADDITIONAL REPRESENTATION, MODIFICATION OR CONDITION, OR PROVIDE ADDITIONAL INFORMATION CONCERNING THE MEMBERSHIP DOCUMENTS AND, IF PROVIDED, THE INFORMATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH OTHER PRINTED MATERIALS INCLUDING THIS SUMMARY OR ANY OTHER DOCUMENT OR ORAL STATEMENTS, THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH THE CLUB SHALL STRICTLY GOVERN.</p>
<p><u>MEMBERSHIPS AT THE CLUB ARE OFFERED ONLY FOR RECREATIONAL PURPOSES</u></p>	<p>MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB. THE BOARD MAKES NO REPRESENTATIONS CONCERNING ANY TAX ISSUES INVOLVING THE MEMBERSHIPS. THE MEMBERSHIP IN THE CLUB IS NOT INCLUDED IN ANY RESIDENTIAL LOT AND IS A SEPARATE AGREEMENT SOLELY BETWEEN THE CLUB AND THE MEMBER AS PROVIDED IN THE MEMBERSHIP DOCUMENTS. NOR DOES THE PURCHASE OF REAL ESTATE GUARANTEE THE PURCHASER A MEMBERSHIP.</p> <p>NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE BYLAWS, OTHER MEMBERSHIP DOCUMENTS, OR ANY RECORDED DOCUMENT REFERENCED HEREIN.</p>
<p><u>APPLICATION PROCEDURE</u></p>	<p>Any person shall be eligible to apply for Membership in the Club, subject to the terms of the Bylaws. An applicant may request to become a Member by submitting, to the Membership Director, a fully completed</p>

	<p>and signed application for Membership. Applicants must be financially qualified persons of good character who are at least twenty-one (21) years of age. The Club may accept or reject any applicant's application for Membership in its sole and absolute discretion, and the decision of the Club on any application shall be final and not associated with the purchase of real property.</p>
<p><u>INQUIRIES AND QUESTIONS TO MEMBERSHIP DIRECTOR</u></p>	<p>All inquiries or questions regarding Membership in the Club, the Bylaws or other Membership Documents should be directed to the Chief Operating Officer/General Manager at the Club by phone at (480) 595-4000, or by visiting the Membership Office.</p>

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BYLAWS

ARTICLE 1.

Name and Purpose

1.1 **Name.** The corporate name of the Club shall be Desert Mountain Club, Inc., an Arizona nonprofit corporation (the "Corporation"). It shall also be known as "The Desert Mountain Club" and is referred to in these Bylaws as the "Club."

1.2 **Purpose.** The purpose of the Corporation is to own and operate The Desert Mountain Club and any related property associated with it, as a private member owned golf, tennis, athletic, dining and social club; and to have all rights, privileges and powers as may be conferred upon nonprofit corporations under the laws of the State of Arizona, including, but not limited to, establishing bylaws for and conducting the management, regulation and government of its affairs and property, the transaction of its business, entering into contracts, loan agreements and related documentation, buying, holding and selling real and personal property, and the calling and holding of meetings of its Equity Members; provided, however, that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any activities that are not in furtherance of the primary purpose of the Corporation. No part of the Club's net earnings shall inure to the benefit of any Member.

ARTICLE 2.

Property

2.1 **Facilities.** The property of the Club currently consists of six 18-hole Jack Nicklaus Signature golf courses, including four practice ranges (Cochise Course, Geronimo Course, Renegade Course, Apache Course, Chiricahua Course, Outlaw Course), the Sonoran Clubhouse, the Cochise/Geronimo Clubhouse, the Renegade Clubhouse, the Chiricahua Clubhouse, the Outlaw Clubhouse, and such other buildings, equipment, and adjacent real property as are necessary for the operation, management, recreational use of the Members, upkeep and maintenance of the facilities and such additions, modifications or deletions of the facilities as determined by the Club from time to time (the "Club Facilities").

2.2 **Responsibility for Non-Club Property.** The Club will not, under any circumstances, be responsible for the property belonging to the Members, visitors, guests or other persons, brought to the Club for any purpose whatsoever.

2.3 **Removal of Club Property.** Property belonging to the Club shall not be loaned or removed from the Club, or put to any use other than that for which it was intended, except when expressly permitted in writing by the Board.

2.4 **Damage.** Members must pay for all breakage or damage to any property owned or leased by the Club caused by the Members, their Immediate Family or their guests.

2.5 **Property Rights.** No Member or any other person shall have or acquire any property rights or other interest of any nature in any property of the Club or the Club Facilities, except as provided in the Club's Articles of Incorporation or these Bylaws concerning a dissolution and liquidation of the Club.

**ARTICLE 3.
Membership**

3.1 Definitions. The defined terms used in these Bylaws shall have the meanings set forth on Exhibit A.

3.2 Equity Membership Categories.

3.2.1 Equity Golf Membership. An equity golf membership ("Equity Golf Membership") entitles the Member and the Member's Immediate Family to full use of all Club Facilities. Equity Golf Members are subject to dues, assessments and food and beverage minimums and will be required to pay golf cart fees, but will not be required to pay greens fees or court fees, for use of the golf course or tennis courts by the Member and/or his or her Immediate Family. Equity Golf Members have the highest priority sign-up privilege to reserve golf starting times and tennis court times and are currently eligible to reserve starting tee times up to seven (7) days in advance, tennis court reservations up to one (1) month in advance, and are eligible to participate in Member golf tournaments at the Club. The total number of Equity Golf Memberships shall be set by the Board and shall not exceed two thousand three hundred seventy-five (2,375), subject to the terms of the Bylaws.

3.2.2 Equity Club Member (Lifestyle). An equity club membership (lifestyle) ("Equity Club Membership (Lifestyle)") entitles the Member and the Member's Immediate Family to unlimited use of the non-golf facilities of the Club. Equity Club Members (Lifestyle) are subject to assessments and food and beverage minimums. Equity Club Members (Lifestyle) are entitled to reserve tennis court reservations up to one (1) month in advance. The total number of Equity Club Members (Lifestyle) (which includes Prior Equity Club Memberships as a sub-category) shall be set by the Board and shall not exceed two hundred ninety (290), subject to the terms of the Bylaws.

3.2.2.1 Prior Equity Club Member. Prior to July 1, 2013, the Club offered Equity Club Memberships ("Prior Equity Club Membership") which had the same Club Facilities use privileges as Equity Club Members (Lifestyle) with the addition that each year Equity Club Members have a specific number of rounds of golf, as periodically determined by the Board, at the then prevailing guest rate and are required to pay golf cart fees and greens fees. For purposes of this Section 3.2.2.1, "one round" shall mean the activity of teeing off (regardless of number of holes actually played) for a single player. Additionally, Equity Club Members are currently eligible to reserve starting tee times which occur after 9 AM and reservations may be made for tee times up to seven (7) days in advance.

3.3 Non-Equity Membership Classifications. Certain categories of non-equity memberships issued to Members pursuant to the Prior Plans are available in the Club (collectively, the "Non-Equity Memberships" and individually, a "Non-Equity Membership") to those Members who elect to not convert to an Equity Membership in the Club (the "Non-Equity Members"). The Non-Equity Memberships are subject to the terms, conditions, restrictions, rights and privileges set forth in these Bylaws and their respective Non-Equity Membership Agreements. Non-Equity Members are not entitled to vote, hold office or participate in any share of liquidation proceeds of the Club, if any. After December 31, 2010, the Club shall no longer offer Non-Equity Memberships and Non-Equity Memberships are non-transferable except as may be specifically provided in the Non-Equity Member's Membership Agreement with the Club.

3.4 Honorary Membership. The Board reserves the right to issue a limited number of Memberships in the Club with Immediate Family usage of all Club Facilities and certain special benefits, which will be granted to select individuals for their contribution to the Club, and/or the community or for other activities, as determined by the Board (the "Honorary Memberships"). Honorary Memberships may be non-dues paying, may have no Membership Contribution requirement, will be appointed annually and