

ATTENTION: THE INFORMATION PROVIDED ON PAGES 4 THROUGH 8 OF THIS SUMMARY PERTAIN TO THE TURNOVER OF THE DESERT MOUNTAIN CLUB AND OTHER AMENITIES TO THE EQUITY MEMBERS PURSUANT TO A PROPOSED TRANSACTION THAT IS UNDER NEGOTIATION AND ONGOING REFINEMENT. ACCORDINGLY, MUCH OF THIS INFORMATION IS FLUID AND SUBJECT TO CHANGE. PLEASE BE CERTAIN TO INQUIRE ABOUT UPDATES TO THIS SUMMARY THAT MAY BE AVAILABLE BETWEEN OCTOBER 28, 2010 AND THE PROPOSED DECEMBER 31, 2010 TURNOVER.

DESERT MOUNTAIN

Scottsdale, Arizona

**Summary Project Description
(Updated October 28, 2010)**

*(For distribution to purchasers of homes and homesites at Desert Mountain
as well as to prospective members of The Desert Mountain Club)*





DESERT MOUNTAIN

SUMMARY PROJECT DESCRIPTION AND GENERAL INFORMATION

(Updated 10/28/10)

This Summary provides general information about Desert Mountain, both for prospective purchasers of Desert Mountain homes and homesites from the developer, and for prospective resale purchasers. Specific areas of interest are addressed, including general development, the golf courses, clubhouses and other aspects of The Desert Mountain Club, land use planning, design guidelines, fees, utilities, and the infrastructure of the development.

The information that follows is intended only to provide general information regarding Desert Mountain and should be regarded as a partial summary which may be helpful as background in reading the legal documents specified in your purchase contract and/or membership agreement, if a membership is part of your purchase transaction. This Summary is not a comprehensive discussion of all potentially relevant issues, and, although it specifically references legal documents that constitute binding commitments, this Summary should not be viewed as such. This Summary does not create any rights, privileges or obligations; modify, amend, limit, expand or affect in any other way the legal documents creating any such rights, privileges and obligations; or constitute a representation or warranty to any purchaser of property at Desert Mountain or any purchaser of a membership in The Desert Mountain Club.

DESERT MOUNTAIN

Community Information. Desert Mountain is a master-planned, mixed-use, predominantly residential and recreational community located in the northernmost part of Scottsdale, Arizona. The developer is Desert Mountain Properties Limited Partnership, d/b/a Desert Mountain Properties, and d/b/a The Desert Mountain Club. Desert Mountain Properties is a partnership between Desert Mountain Development Corporation, the general partner, and Sonora Partners Limited Partnership, the limited partner. Desert Mountain Development Corporation is wholly owned by Crescent Real Estate Equities Limited Partnership.¹ Sonora Partners Limited Partnership is a Scottsdale development company owned, through its general partner, by Lyle Anderson.

Desert Mountain consists of approximately 8,100 acres of land at elevations ranging from approximately 2,580 to 4,800 feet above sea level. The property contains mountains, wildlife,

¹ In late 2009, Crescent Real Estate Equities Limited Partnership was acquired by Crescent Real Estate Holdings LLC, a newly-formed joint venture composed of entities related to Goff Capital, Inc. and Barclays Capital. Barclays Capital is the investment banking division of Barclays Bank PLC.



and lush high Sonoran desert vegetation, with scattered juniper at the higher elevations. At the northern boundary of the development lies the Tonto National Forest, the second largest national forest in the United States, affording miles of wilderness for hiking and horseback riding. Over 2,000 acres of the more mountainous portions of Desert Mountain are restricted to remain substantially in their natural condition.

The master plan and zoning for Desert Mountain have been approved by the City of Scottsdale. The original conceptual land planning was done by Taliesin Associated Architects, the firm founded by Frank Lloyd Wright.

The master plan and zoning provide for a maximum of 4,500 residential units and six 18-hole golf courses. However, in its March 1, 1999 letter to all Desert Mountain owners, and reiterated in its May 26, 1999 letter to all owners, Desert Mountain Properties committed to develop no more than 2,665 residential units (lots and homes), which commitment Desert Mountain Properties has stipulated and agreed constitutes a binding legal covenant and representation. A restrictive covenant has been recorded against remaining unsubdivided property relative to this cap on residential development. Zoning has also been obtained for commercial, office, and community services, as well as for residential, recreational and "mixed use" purposes, on a large parcel, known as "Parcel 19," located at the southwest corner of the Desert Mountain project. There is no definitive plan as to the future of this parcel, much of which was subject to a purchase option in favor of the members of The Desert Mountain Club, which was exercised in early 2006. Subject to the required purchase price being paid by the members, the acreage subject to the purchase option will be conveyed to the member-owned Club at the turnover of the Club to the equity members, discussed later in this Summary.

There are two entrances into the Desert Mountain community—one at the intersection of Desert Mountain Parkway and Cave Creek Road, and the other at the intersection of Desert Hills Drive and Cave Creek Road. The Desert Mountain Parkway entrance features a 24-hour/7-day controlled-access gate that is also manned 24 hours a day, seven days a week. The Desert Hills Drive entrance has a 24-hour/7-day controlled-access gate, and currently is manned Monday through Saturday, during the day. The foregoing days and hours of operation are subject to change, at the direction of the Master Association Board of Directors. Each residential village outside The Saguaro Forest also has a 24-hour/7-day controlled-access gate along Desert Mountain Parkway or other common roadway (hours of operation are decided by each village). In addition, The Saguaro Forest at Desert Mountain, which includes lots and homes in the northwest portion of Desert Mountain, as well as the Chiricahua Golf Course and Clubhouse, has a 24-hour/7-day controlled-access gate, as part of a "Caretaker's Cottage." The Caretaker's Cottage generally is staffed every day, during the day, and typically during evening hours when Constantino's, the restaurant at the Chiricahua Clubhouse, is open. Any changes to these hours of operation are determined by the Saguaro Forest Association Board of Directors, in consultation with the Club.



The Desert Mountain Club's Amenities, Dues and Membership Caps. The six private 18-hole championship signature golf courses, "Renegade," "Cochise," "Geronimo," "Apache," "Chiricahua" and "Outlaw," are part of The Desert Mountain Club, as are the various clubhouses. All six courses have been designed personally by Jack Nicklaus to provide a wide and varied range of golfing experiences in a serene and natural setting. Through 2001, Cochise was the site of THE TRADITION, a major annual PGA Senior Tour event that received international television and media coverage.

The Cochise/Geronimo Clubhouse is an award-winning 52,000-square-foot private clubhouse, designed to serve the Cochise and Geronimo golf courses. It includes a golf pro shop, men's and ladies' locker areas, each of which has mahogany lockers, a steam room, and a library. The clubhouse also offers casual and elegant dining and social activities.

The Sonoran Clubhouse, a private swim and tennis facility, includes numerous tennis courts with hard, clay and grass surfaces, and a combination activity/lap pool, a separate "adults only" lap pool, a separate children's pool, an outdoor basketball/sport court, a sand volleyball court, barbecues and other facilities. The Sonoran Clubhouse, which includes over 23,000 enclosed square feet, also features a tennis pro shop integrated into the "Sonoran Boutique," men's and ladies' locker rooms, an expanded fitness center with cardiovascular and weight training equipment, as well as an aerobics room. Various spa services, including massages, are currently offered.

The private clubhouse facilities that serve the Renegade golf course have undergone numerous expansions and renovations since it first opened during the early years of Desert Mountain. Today, the expanded facilities include changing areas, restrooms, a pro shop, and a casual dining area.

Serving the Apache golf course is a full-service private clubhouse featuring a complete pro shop and men's and women's locker rooms, and offering American cuisine served in expansive indoor and outdoor dining areas. This clubhouse, comprising over 17,000 square feet of enclosed area, together with over 6,000 square feet of patios, is best known for its friendly "steakhouse" environment.

A private 22,000 square-foot clubhouse serves the Chiricahua course. It includes its own pro shop and locker rooms. Nestled into the northern foothills of Desert Mountain, this spectacular Tuscan-influenced clubhouse offers authentic Italian cuisine in an intimate "old world" setting. The restaurant, Constantino's, features an impressive wine tower, bar, private dining rooms and outdoor terraces.

Designed as an early 1900s Arizona-style ranch house, Desert Mountain's newest addition is the Outlaw clubhouse. Exuding warmth and comfort, the colors and materials used in the clubhouse restaurant, The Arizona Grill, provide an inviting ambiance for enjoying the Southwestern menu. This private venue offers an ideal environment for informal gatherings or a relaxing dinner for two.



The six golf courses and all clubhouses and golf maintenance facilities are operated as The Desert Mountain Club and are presently owned by Desert Mountain Properties. With the purchase of a home or homesite directly from Desert Mountain Properties, an owner, by separate agreement, and subject to membership application approval, will enjoy membership rights in the Club under a "Deferred Equity Golf" Membership (full golf privileges) or, at the discretion of Desert Mountain Properties, a "Deferred Equity Club" Membership (limited golf privileges). Many, but not all, owners of properties listed for resale at Desert Mountain have a Deferred Equity Membership that could be made available for their respective resale purchaser, by reissuance through the Club, and subject to membership application approval and the Club's other requirements, including the payment of required membership transfer fees. Prospective resale purchasers are cautioned to confirm directly with the Club's authorized representative to determine what form of membership, if any, may be available in connection with any particular resale property at Desert Mountain. Detailed information about these memberships is found in the Bylaws of the Club, in the Deferred Equity Membership Plan, and in the membership agreement for each category of membership.

Under the terms of the current Bylaws, up to 2375 Deferred Equity Golf Memberships (i.e., perpetual full-golf privilege equity memberships), may be issued, which translates to less than 396 such memberships per course across all six courses. Desert Mountain Properties has amended the Bylaws of the Club to bind itself to such membership limitation for so long as it owns the Club. The current Bylaws also limit the number of Deferred Equity Club Memberships (i.e., perpetual limited-golf privilege equity memberships) that may be issued to 290.

For Deferred Equity Golf members, monthly dues for 2010 are \$849.63 (\$509.78 for Deferred Equity Club members), scheduled to increase thereafter (see Footnote 2). A Schedule of Dues and Charges is available from the Club, providing additional information pertaining to guest fees, locker rental fees, food and beverage minimum charge (\$1,500 annually, in 2010, subject to change thereafter), and other fees, charges and costs associated with the use of the Club's amenities.

Turnover of The Desert Mountain Club. The Club's existing Deferred Equity Membership Plan and Bylaws provide for the Club to be turned over to the equity members no later than 60 days following December 31, 2010. *Based upon a "global transaction" agreement in principle reached with the Advisory Board in October 2010, outlined below, however, it is presently anticipated that the turnover will be consummated as early as December 31, 2010.* As the turnover of the Club approaches, several existing and prospective members have inquired as to what they should expect at that time, both in terms of the transition process itself, as the Club changes from being developer-owned to equity member-owned, and as to financial liabilities of the equity members following the turnover. Specifically, some prospective members have asked about the extent of any assessment payable upon the turnover. Subject to the assumptions and caveats addressed below, and assuming the "global transaction" agreed to in principle by Desert Mountain Properties and the Advisory Board is ratified by the Deferred Equity Members and is consummated, the assessment at turnover is presently projected to be in the estimated amount of



\$16,500 per Deferred Equity Golf Membership.² The following discussion describes how this projection was calculated, but certainly cannot anticipate every contingency or issue that could arise in implementing the “global transaction” agreement in principle; nevertheless, it may prove helpful in forecasting what is likely to occur at the turnover. All members are reminded that the governing documents of the Club, specifically the Bylaws (inclusive of amendments to implement the “global transaction”) and the Deferred Equity Membership Plan, and not this Summary, constitute the sole binding legal commitments relative to the turnover.

Between now and the turnover of the Club, Desert Mountain Properties will continue to meet frequently with the Advisory Board, as it does today, and the Advisory Board will continue to communicate with the members. The Advisory Board is composed of nine members, elected by both Deferred Equity and non-equity members. The role of the Advisory Board, as defined under the current Bylaws, is to render advice to Club management on Club activities and policies prior to the turnover and, as the turnover approaches, to help plan for the turnover. In terms of post-turnover governance, the Club will continue to be governed by Bylaws (likely replaced with new Bylaws effective upon the turnover under the “global transaction”). The members of the Advisory Board in place at the time of the turnover will become the initial Club Board at turnover, and the Advisory Board will be dissolved. Thereafter, new members will be selected for the Club Board pursuant to the election procedure set forth in the new Bylaws then in effect. In addition to the anticipated replacement of the Bylaws to become effective upon the closing of the turnover transaction, the new Bylaws may be further amended at any time following the turnover, in accordance with such Bylaws’ amendment provisions. The Deferred Equity Membership Plan, when adopted in 1994, was the first document to describe the various rights and obligations of Deferred Equity members. The Bylaws were amended at that time, and subsequently, to make certain the rights and obligations of Deferred Equity members (as well as the remaining non-equity members) were fully addressed in the Bylaws (e.g., in Sections 6.1 through 6.3, and elsewhere). The anticipated replacement Bylaws to become effective upon the turnover are designed to take into account such rights and obligations.

With respect to assets to be conveyed upon turnover, under the original governing documents pertinent to Deferred Equity Memberships, adopted in 1994, the developer committed to sell the Club’s assets to the equity members in the future (hence, the term “Deferred” Equity Memberships, signifying the deferral of the actual acquisition of the Club’s facilities by such members). Membership Contributions paid in acquiring the Deferred Equity Memberships themselves did not include the purchase price of the Club’s facilities, but, rather, reflected the price of the memberships and the enhanced features associated with them, such as a mechanism for perpetual transferability through the resale of Desert Mountain lots and homes, and a guaranty that the equity members would have the right to own and control the Club within an established timeframe, subject to the terms and conditions of the governing documents. Those

² As detailed in the discussion that follows, this projected assessment (which is no more than an estimate) does not include the mortgage to be in place at turnover, which is addressed in the following pages, and which will be paid over time through dues (which, according to Advisory Board projections announced in “town hall” meetings with numerous members on October 18, 2010, likely will increase to approximately \$1,175 to \$1,200 per month in January 2011), membership transfer fees and other post-turnover revenue.



Club facilities to be purchased by the equity members at the turnover include all of the clubhouses and golf courses described above, together with practice areas and other ancillary improvements, as well as inventory and receivables.

In March 2004, the governing documents were amended, following extensive discussions over several years between the developer and the member-elected Advisory Board, to make additional assets available for acquisition by the equity members, should they wish to acquire them for additional consideration. Such additional assets include: (a) approximately 65 acres in Parcel 19, briefly described at page 2 of this Summary, together with associated water rights for turf irrigation purposes; (b) the developer's fifty percent interest in the Fairway Office building, located near the Desert Hills Drive community entrance; (c) the Sales Center building, located at the Desert Mountain Parkway entrance into the Desert Mountain community and currently used by Desert Mountain Real Estate, a subsidiary of the developer, together with the real estate brokerage business of Desert Mountain Real Estate; and (d) any Deferred Equity Memberships the developer offers to sell to the equity members, and they agree to purchase. In early 2006, the equity members voted to exercise their purchase option as to the Parcel 19 acreage and associated water rights, the costs of which must be paid upon the turnover of the Club. In recommending that the equity members exercise such option, the Advisory Board stated that the land could be used for an additional golf or practice facility, rezoned and developed as a residential portion of Desert Mountain, sold to a third party with extensive deed restrictions, or just left vacant, and that the water rights (water capacity for turf irrigation) would provide partial insurance against possible future water shortages and resulting reduced allocations for irrigating the Club's golf courses. By exercising the option, the equity members did not commit themselves to any particular development plan for Parcel 19, but, rather, upon purchasing the acreage and water rights, they will retain considerable flexibility in this regard, subject to existing zoning and any potential rezoning, as well as other governmental entitlements. The Bylaws and the Deferred Equity Membership Plan were amended, effective March 31, 2006, to reflect such option exercise. The equity members, as of this writing (October 2010), are not obligated to purchase the assets identified in (b) through (d) above, but the "global transaction" agreement in principle anticipates the entity to be composed of the equity members will purchase all such assets, as well as additional assets outlined below.

Some members and prospective members occasionally ask for monetary estimates regarding the financial liabilities the equity members will take on at or following turnover to pay for the Club facilities, originally committed to the equity members under the 1994 Deferred Equity Membership Plan, as well as the additional assets identified above. Based on the "global transaction" agreement in principle recently reached between the developer and the Advisory Board, assuming it is ratified by the equity members and closes successfully, the equity member entity upon turnover will acquire all of the following assets:

- The Club facilities committed under the 1994 governing documents:
 - All six golf courses and related practice areas, lakes, clubhouses and other ancillary improvements;



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- The Sonoran Clubhouse and related tennis, swimming and fitness amenities;
 - Club equipment (whether leased or owned), inventory and supplies;
 - Parcel 19 acreage and associated water rights and obligations (previously committed through the equity members' exercise of their purchase option);
 - Additional water rights and obligations associated with the City of Scottsdale's golf course irrigation supply systems;
 - Undeveloped real estate:³
 - Parcel 1, composed of approximately 347 acres of undeveloped property located in the most northwestern portion of the community, which is undeveloped but zoned for residential development;
 - Parcel 10, composed of 14 acres of undeveloped property located near the Cochise Golf Course, which is currently undeveloped, but zoned for residential development, with a subdivision plat currently pending but not yet finalized;
 - Approximately 2,750 undeveloped acres that are not zoned for development (most of which is natural area open space and/or conservation area), situated in the northern foothills of Desert Mountain;
 - The Sales/Information Center located near the main entrance into Desert Mountain, together with its ongoing real estate brokerage business;⁴
 - The developer's 50% interest in the venture that owns the Fairway Office Building (in which much of the Club's operations and accounting personnel and the owner associations' staff maintain their respective offices);⁵
 - Saguro Forest Lot 369, also known as "The Ranch" lot;

³ Some or all of this undeveloped real estate may be deeded as common area to The Desert Mountain Master Association, or other owners association at Desert Mountain, at or sometime following the turnover, instead of being owned by the equity member entity, pursuant to whatever arrangement may be agreed upon between the Advisory Board, equity member entity and the applicable owners association(s).

⁴ This building and the associated real estate brokerage business might be owned by an entity related to the equity member entity, or may be sold to a third party, as the equity member entity may elect at or sometime following the turnover.

⁵ The developer's 50% partner in the office building venture recently communicated his willingness to permit the equity member entity to continue with its lease (and the owners association staff to continue with its sublease) of the building through the life of the venture, which is through December 31, 2017, subject to a few conditions recently communicated to the Advisory Board.



- The developer's remaining Deferred Equity Golf and Deferred Equity Club Memberships, excluding those Deferred Equity Golf Memberships necessary to "cover" each of the developer's remaining lots and homes in inventory (these remaining memberships, net of such memberships retained by the developer of its remaining real estate inventory, total 261 Deferred Equity Club Memberships and, conservatively, at least 140 Deferred Equity Golf Memberships,⁶ which will belong to the equity member entity to sell/issue (including sales in satisfaction of reservations), retain temporarily and/or retire indefinitely, following the turnover); and
- Miscellaneous leases, contracts, licenses, trademarks, trade names and other intellectual property and other assets (some of the intellectual property to be shared with the developer until all remaining developer inventory of lots and homes are sold; the developer has only approximately 40 subdivided lots and homes in its inventory, available for purchase).

The purchase price under the "global transaction" agreement in principle, which includes the purchase of the assets outlined above, totals \$73,500 million, \$43,500 million of which is to be financed by one or more lenders to be identified and engaged by the equity member entity. Assuming such transaction is ratified by the equity members and is consummated, subject to the caveat that these are estimates only, the Advisory Board has projected, tentatively, that each Deferred Equity Golf Membership will be assessed approximately \$16,500, to cover, among other things, the \$30 million portion of the purchase price that is not financed. The relatively few (29) issued Deferred Equity Club Memberships (limited-golf privileges form of membership) will be required to bear their proportional share of this projected assessment.

Regarding the timing of the projected \$16,500 Deferred Equity Golf Membership assessment associated with the "global transaction" turnover, such assessment likely will be payable in advance of the turnover closing, in order to fund a portion of the turnover purchase price. In resale lot or home transactions at Desert Mountain where Deferred Equity Memberships are being reissued to the property buyer, it is strictly a matter between the seller and buyer whether, and to what extent, such assessment should be paid by seller or buyer, or should be apportioned on some basis as between the two parties, regardless of when the resale transaction is scheduled to close escrow, or when it actually closes escrow. Neither Desert Mountain Properties nor its subsidiary, Desert Mountain Real Estate, shall have any responsibility for making such decision, or any liability to either party with respect thereto.

⁶ This estimated number of net remaining Deferred Equity Golf Memberships will increase (the Advisory Board has recently forecast as many as 219), at no additional cost to the equity members in terms of the turnover purchase price, due to non-conversions. Many of the non-equity members with a right of conversion conferred by Desert Mountain Properties (which expires upon the turnover) may not elect to convert their respective memberships (there are 80 members who may convert to Deferred Equity Golf Membership status, 63 of whom must pay between \$81,250 and \$325,000 to do so, not counting their respective assessments that would become payable at the turnover). While there is good reason to presume that those members who may convert without paying a conversion cost may elect to do so, the majority of those who must pay to convert likely will not do so, because they have not done so in years past, when their respective costs of conversion were significantly lower, tied to a lower Membership Contribution amount.



Master Declaration, Association and Association Fees. Each of the existing residential villages in Desert Mountain is subject to the Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements which provides, among other things, for a master owners' association; project architectural and landscape control; maintenance of roads and facilities that are common areas in or adjacent to the project; and controlled access for the project as a whole. Assessments under the Master Declaration will be an obligation of each owner in the project and the payment will be secured by such owner's property. It is anticipated that all of the property in Desert Mountain that is developed by Desert Mountain Properties for residential use will be made subject to the Master Declaration.

The owner of each homesite is obligated to pay regular assessments to the Master Association in accordance with the Master Declaration, payable as the board of directors of the Master Association may determine. Regular assessments are currently payable in semi-annual installments and are calculated so that each homesite is allocated a pro rata share of the Master Association's common expenses. Desert Mountain Properties pays regular assessments at a reduced rate on homesites that it owns for a period of time described in the Master Declaration. Subject to certain limitations in the Master Declaration, regular assessments may not be increased by greater than five percent during any fiscal year or by greater than 20 percent from one fiscal year to the next. The Master Association assessments may be used for gated access and roving patrol, road and landscape maintenance, and other purposes described in the Master Declaration.

Village Declarations, Associations and Association Fees. The homesites and homes in each village are subject to a village declaration of covenants, conditions, restrictions and easements, as well as the Master Declaration. Several village declarations provide for an owners' association (called "village associations"), which may include one or more villages. Many of the villages do not have village associations, but are managed by the Master Association. The village declarations also provide, among other things, for village architectural and landscape control, maintenance of roads and landscaping for the village, and for assessments, as an obligation of owners in the village, secured by their property.

The owner of each homesite in each village is obligated to pay regular assessments in accordance with the applicable village declaration, payable as the board of directors of the applicable association may determine. Regular assessments are currently payable in semi-annual or other periodic installments and are calculated so that each homesite is allocated a pro rata share of the village's common expenses. Desert Mountain Properties pays regular assessments at a reduced rate on homesites that it owns for a period of time described in the village declaration. At the time a residence is completed on a homesite (except for the villages of Gambel Quail (including Gambel Quail Preserve), Sunrise and Eagle Feather), the regular assessment on that homesite will increase by 50 percent. Regular village assessments may be used for the cost of village landscaping and maintenance; gated access and roving patrol; road maintenance; and other purposes described in the village declarations. With respect to the villages composed of



attached homes, regular assessments may also cover periodic repainting of the exterior walls of residential units and maintenance of specified landscaping and related improvements on the lots, as well as for other purposes described in the respective village declaration.

Building Envelope. A key element of Desert Mountain land use planning is the use of the "building envelope" concept. For each single-family homesite, except for the lots with homes constructed by Desert Mountain Properties, a building envelope has been identified, locating a permissible building area for the home and related improvements (whether the entire area within the envelope may be developed with improvements is subject to City of Scottsdale requirements at the time home plans are processed through the City for its approval). For lots involving homes constructed by Desert Mountain Properties, other limitations on additional construction have been established.

As a general rule, changes to the building envelope size, location, or configuration will not be permitted, and exceptions will require the approval of the design review committee for the village and/or the master design committee and possibly the City of Scottsdale. Immediately neighboring lot owners also have input. In some cases, it is possible that no changes will be permitted. There is no guaranty, however, that a neighboring lot's building envelope will not change. In any event, changes, if approved, generally should not result in more than minimal increases in envelope size.

The area outside each building envelope is intended to remain in its natural state, free from any improvement. The desire of the City of Scottsdale and Desert Mountain Properties to preserve the natural condition of this area is further evidenced in their mutual requirement that a natural area open space easement be created at the time a building permit is issued. In addition, all plant materials introduced to the project or to individual homesites are to be from an approved plant list which will include indigenous and non-indigenous, low water use plants which the design review committees deem compatible.

Design Review. The Master Declaration, the village declarations, and the design guidelines under each declaration,⁷ provide for supervision over the architectural elements of home construction in each village, and for the village design review committee, where applicable, as well as the master design committee, to review and approve all residential development. The applicable village review committees and the master design committee are empowered to enforce a comprehensive set of design standards and guidelines. These design guidelines govern building heights and massing, the use of exterior colors and materials, and other key elements pertaining to the residential site development and architecture. In all events, the committees have the right to disapprove any building plans which they feel are inconsistent with the project's quality objectives or which would be out of character with other homes within the village. Tennis courts are not permitted on residential lots in the present existing villages,

⁷ A consolidation of all village-level design guidelines is presently underway, under the direction of the Master Association, such that the Master Design Guidelines will become the primary, if not exclusive, set of design guidelines.



except within Saguaro Forest Lot 369 (also called "The Ranch" lot), located in the extreme northwest portion of the Desert Mountain community, near the termination of Chiricahua Pass.

Because of their detailed nature, the Master Declaration, village declarations, and the design guidelines under each declaration should be reviewed carefully.

Utilities. Domestic water is provided by the City of Scottsdale's municipal water system. Water and sewer charges are established by the City. Telephone, internet and cable television service generally are available from Cox Communications and/or Qwest; electrical service, from Arizona Public Service; and natural gas, from Southwest Gas Company.

Roads. It is expected that streets and roads within Desert Mountain will remain private. Completed streets and roads within Desert Mountain typically are conveyed to the respective owners associations following completion. The use of golf carts on the streets and roads within Desert Mountain is prohibited (except at designated crossings to connect golf course cart paths).

Arizona Public Report. Please consult the most recently issued consolidated Public Report issued by the Arizona Department of Real Estate for further information.

We welcome you to the Desert Mountain community, and to The Desert Mountain Club!