

DEFERRED EQUITY MEMBERSHIP PLAN
FOR
THE DESERT MOUNTAIN CLUB

(as revised effective March 31, 2006)

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I. INTRODUCTION

GENERAL

This Deferred Equity Membership Plan For The Desert Mountain Club (the “Membership Plan”) describes the terms on which Desert Mountain Properties Limited Partnership, a Delaware limited partnership (“DMP”), is offering Deferred Equity Memberships in The Desert Mountain Club (the “Club”). This Membership Plan also notes the key attributes of Deferred Equity Memberships, which are described in more detail in the Bylaws of The Desert Mountain Club (the “Club Bylaws”), and it states various obligations of DMP to the Club’s Deferred Equity Members.

PERPETUAL MEMBERSHIP PRIVILEGES FOR FUTURE RESALE BUYERS IN “UNBROKEN CHAIN”

This Membership Plan offers you an opportunity to acquire a Deferred Equity Membership in the Club, which is a private club offering golf, tennis, swimming and social facilities located within or adjacent to the Desert Mountain residential community (“Desert Mountain”). The owner of a Deferred Equity Membership acquired with a Desert Mountain home or home site may transfer the membership through the Club to the resale buyer of such home or home site, enabling successive owners of the Desert Mountain home or home site to enjoy continuing membership privileges, subject to the terms and conditions addressed more fully below. This arrangement applies so long as there is an “unbroken chain” of home or home site owners, each of whom acquires the Deferred Equity Membership held by their respective seller.

CLUB FACILITIES

The facilities available to Deferred Equity Members (the “Club Facilities”) 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

The Chiricahua Clubhouse, which includes:

- .. Dining facilities
- .. Bar and lounge
- .. Golf shop
- .. Men's and women's locker rooms
- .. Terraces

The Outlaw Clubhouse, which includes:

- .. Dining facilities and bar
- .. Golf shop
- .. Men's and women's locker rooms

The Club Bylaws provide that, in order to match the changing needs and desires of the Club's membership, the Board may decide from time to time to modify or eliminate existing Club Facilities and services, including times, days or seasons of operation, provided, however, that none of the Club Facilities existing as of March 31, 2004 will be eliminated before the Turnover. In addition to the Club Facilities existing as of March 31, 2004, other amenities may be added in the future.

OBLIGATION OF DMP TO
TRANSFER CLUB
FACILITIES TO DEFERRED
EQUITY MEMBERS

DMP is obligated under Section V of this Membership Plan to transfer ownership and control of all of the Club Facilities in the future to a new corporation or other single purpose business entity to be formed at the time of such transfer. The members in, or owners of, this entity (the "Equity Member Entity") will be the owners of Deferred Equity Memberships. This transfer is referred to below as the "Turnover," and the date on which the Turnover occurs is referred to as the "Turnover Date."

RESPONSIBILITY FOR CLUB FINANCIAL AFFAIRS While DMP owns the Club Facilities, DMP is obligated to pay any deficits, and entitled to retain any surpluses, realized by the Club. As a result, the Deferred Equity Members are not responsible today for any Club operating deficits, and will not be responsible for any such deficits which may occur prior to the Turnover.

MEMBERSHIP CATEGORIES AND PRIVILEGES DMP is offering two categories of Deferred Equity Membership: Golf Membership (full privileges) and Club Membership (limited golf privileges, but full privileges as to all other Club Facilities).

CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS This Membership Plan is a detailed description of the Deferred Equity Membership opportunities offered by the Club and is qualified by the definitive information set forth herein and in the Club Bylaws. Every person who desires to purchase a home or homesite in Desert Mountain or a membership in the Club should carefully read this Membership Plan and the Club Bylaws in their entirety and should consider seeking professional advice in evaluating such documents.

RELY ONLY ON INFORMATION IN SPECIFIED DOCUMENTS No person has been authorized to give any information or to make any representation not contained in this Membership Plan or in the Club Bylaws.

DEFERRED EQUITY MEMBERSHIPS ARE OFFERED ONLY FOR RECREATIONAL PURPOSES DEFERRED EQUITY MEMBERSHIPS ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING USE OF THE CLUB FACILITIES BY DEFERRED EQUITY MEMBERS, THEIR IMMEDIATE FAMILIES AND PERMITTED GUESTS, IN ACCORDANCE WITH THE CLUB BYLAWS AND THE RULES AND REGULATIONS. DEFERRED EQUITY MEMBERSHIPS SHOULD NOT BE VIEWED OR ACQUIRED AS AN INVESTMENT AND NO PERSON OR ENTITY PURCHASING A DEFERRED EQUITY MEMBERSHIP SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM THE DEFERRED EQUITY MEMBERSHIP.

NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PROGRAM.

II. DEFERRED EQUITY MEMBERSHIPS

A. AUTHORIZED NUMBER

MAXIMUM NUMBER OF
DEFERRED EQUITY
MEMBERSHIPS

The Club Bylaws authorize a total of 2,375 Golf Memberships, or just fewer than 396 Golf Memberships per course, with six courses. The Club Bylaws also authorize a total of 290 Club Memberships.

OTHER OUTSTANDING
MEMBERSHIPS

The Club also has a diminishing number of members who hold non-transferable non-equity memberships, most of which were issued pursuant to membership agreements entered into before this Membership Plan was initially adopted. The Club is no longer authorized to issue non-equity memberships with golf privileges, with a few limited exceptions noted in the Club Bylaws.

RIGHT TO ADD NEW
MEMBERSHIP CATEGORIES
AFTER TURNOVER

After the Turnover, the Club Board may add additional membership categories, and supplement the privileges of membership categories with limited privileges, in order to facilitate the changing needs and desires of the Club's membership. The Club Bylaws provide, however, that no new or supplemented membership category may have golf privileges equal to or greater than Golf Memberships.

B. ELIGIBILITY

ELIGIBILITY FOR
DEFERRED EQUITY
MEMBERSHIP

The Club Bylaws authorize the sale of a Deferred Equity Membership to the owner of any Desert Mountain home or home site. In addition, the Club Bylaws authorize the sale of Deferred Equity Memberships to individuals who do not own Desert Mountain homes or home sites, but DMP has agreed in the Club Bylaws that DMP will not sell its Deferred Equity Memberships to such individuals unless DMP has first given the Club's existing Deferred Equity Members, acting together, an opportunity to purchase such Deferred Equity Memberships.

In addition to the unissued Deferred Equity Memberships being offered by DMP, various members of the Club have also listed their Desert Mountain homes or home sites for resale, and have offered to provide Deferred Equity Memberships to their resale buyers. For more information on these resale opportunities, contact your real estate broker or the Desert Mountain sales office. Finally, there are a number of surrendered Deferred Equity Memberships on the Club's reissuance waiting list, available for reissuance to any eligible and approved applicant.

The number of authorized Deferred Equity Memberships is limited, and DMP is not required to offer any of its uncommitted Deferred Equity Memberships in the future. The purchase of a Deferred Equity Membership is thus subject to availability.

C. MEMBERSHIP PRIVILEGES

The privileges of Deferred Equity Members are stated in, and subject to, the Club Bylaws and the Rules and Regulations adopted pursuant to the Club Bylaws, which Rules and Regulations include (among other things) policies with respect to the booking of starting times for golf and tennis and the conduct of members, their immediate families and permitted guests. The Club Bylaws and the Rules and Regulations, which may be amended from time to time in accordance with their terms, currently confer on Deferred Equity Members the rights and privileges summarized below:

GOLF MEMBERS

Golf Members are entitled to use all of the golf, tennis, swimming and social facilities of the Club. Golf Members have the highest priority sign-up privilege, along with Regular Members and Honorary Members, to reserve golf starting times and tennis court times.

CLUB MEMBERS

Club Members are entitled to use all of the tennis, swimming and social facilities of the Club, with the same priority sign-up privilege as Golf Members to reserve tennis court times. Club Members have golf playing privileges, on a fee-paying basis, as determined each year by the Club Board, which must allow Club Members not less than 20 rounds each calendar year, eight of which will be available for use during the period commencing January 15 and ending May 15. For this purpose, a "round" is calculated on a "per-individual" basis, including the Club Member and each member of his or her immediate family participating as other than a paid guest of another member.

USE OF CLUB FACILITIES BY IMMEDIATE FAMILY OF DEFERRED EQUITY MEMBER

The immediate family of each Deferred Equity Member may use the Club Facilities, in accordance with the privileges granted by the Deferred Equity Member's category of membership. A Deferred Equity Member's immediate family is defined in the Club Bylaws as the member's spouse and any unmarried children of the member and/or spouse who are under the age of twenty-five.

DEFERRED EQUITY
MEMBERS MAY HAVE
GUESTS USE CLUB
FACILITIES

Deferred Equity Members may have guests use the Club Facilities, in accordance with the privileges granted by the member's category of membership and in accordance with the Rules and Regulations. The Club may establish limits from time to time on the amount of guest play, and the Club may impose more restrictive guest privileges, or eliminate guest privileges, for guests of members using the golf courses. The member sponsoring a guest is responsible for the payment of the applicable guest fees established by the Club from time to time as well as other Club charges incurred by the guest.

VOTING PRIVILEGES

Each Deferred Equity Member may vote on certain matters as provided in this Membership Plan and in the Club Bylaws. As to matters on which all Deferred Equity Members are entitled to vote, Golf Members generally have two votes per Golf Membership and Club Members generally have one vote per Club Membership. Except as otherwise provided in the Club Bylaws, DMP is entitled to vote with respect to all authorized but unissued Deferred Equity Memberships.

MEMBERSHIPS MAY BE
HELD BY CORPORATIONS
OR OTHER ENTITIES

Any corporation, partnership, limited liability company, trust or other bona fide legal entity may acquire a Deferred Equity Membership in connection with a Desert Mountain home or home site owned by such entity, but only one individual may be designated to have the rights of a member in relation to any Deferred Equity Membership held by an entity. Other than the designated individual, and the members of his or her immediate family, any other individuals using the Club Facilities in connection with an entity-owned membership will be guests, subject to the guest policies and guest fees set forth in the Rules and Regulations.

D. DUES, FEES AND ASSESSMENTS

Current dues, fees and charges for use of the Club Facilities are described on the current Schedule of Dues, Fees and Charges. In the Club Bylaws, the Club has reserved the right in the future to implement additional use-related fees in a manner then generally consistent with other comparable high quality clubs.

GOLF MEMBERS

The Club Bylaws provide that monthly dues and other charges to be paid by Golf Members are to be set annually by the Club Board prior to the commencement of each membership year, taking into account costs of operations, reasonable reserves (if any), cost of living increases, the level of dues, use fees and other charges at fine clubs throughout the world (while considering comparability of physical facilities and service levels), and such other matters as the Club Board deems relevant. Golf Members are not required to pay

green fees, but they do pay cart fees, when the Golf Member, members of his or her immediate family or guests use golf carts, and guest fees for permitted guests. The Club Bylaws impose limitations on DMP's authority to increase dues and fees prior to the Turnover.

CLUB MEMBERS

The Club Bylaws provide that monthly dues and other charges for Club Members are to be set annually by the Club Board and may not exceed 60% of the dues payable by Golf Members. Club Members are also required to pay green fees for any rounds played by them or by members of their immediate families. In addition, Club Members are required to pay cart fees, when the Club Member, members of his or her immediate family or guests use golf carts, and guest fees for permitted guests. Such green fees and cart fees are equal to those paid by accompanied guests of Golf Members.

ASSESSMENTS PRIOR TO
TURNOVER

Under the Club Bylaws, the Club may not assess Deferred Equity Members prior to the Turnover, except as otherwise provided in Section VI.E of this Membership Plan or as may be required to fund any purchase of Deferred Equity Memberships by the Deferred Equity Members as a group pursuant to the provisions described in the following subsection of this Membership Plan. After the Turnover, however, the Club Board may assess Deferred Equity Members.

MEMBER OPTIONS TO
PURCHASE NON-CLUB
ASSETS

DMP and its affiliates also own: (i) the Desert Mountain sales office, located at the main entrance to Desert Mountain, and the brokerage business conducted in this building; and (ii) all of the authorized but unissued Deferred Equity Memberships. The assets listed in the preceding sentence are not "Club Facilities," and thus they are not included in the assets which DMP is obligated to turn over to the Deferred Equity Members pursuant to this Membership Plan.

DMP has granted the Deferred Equity Members an option, acting together, to acquire the Desert Mountain sales office along with the associated brokerage business, and DMP may grant the Deferred Equity Members options, acting together, to purchase some of the authorized but unissued Deferred Equity Memberships. Under certain circumstances, a vote by the Club's Deferred Equity Members to exercise one or more of these options would result in assessments of the Club's Deferred Equity Members, before, as of or after the Turnover. The Club Bylaws contain additional information on these options to purchase non-Club assets.

E. TRANSFER OF DEFERRED EQUITY MEMBERSHIPS

The owners of Deferred Equity Memberships may not sell their memberships, but the Club Bylaws provide for surrender of such memberships to the Club for reissuance by the Club. Transfers through the Club are permitted on terms and conditions stated in the Club Bylaws, which include the following:

TRANSFER OF DEFERRED EQUITY MEMBERSHIPS THROUGH THE CLUB

Deferred Equity Membership owners who desire to transfer their memberships must give the Club written notice that they are surrendering their memberships for reissuance. In this notice, the membership owner may do the following:

1. If the membership was acquired to be held in connection with a Desert Mountain home or home site (only one membership may be held in connection with each Desert Mountain home or home site), and the owner of such membership is transferring such home or home site, the owner may direct the Club to reissue the membership to the real estate transferee, if the transferee has applied for the surrendered Deferred Equity Membership (whereupon the transferee shall have the same right to transfer the Deferred Equity Membership through the Club to the next succeeding transferee of such Desert Mountain home or home site); or

2. Direct the Club to place such membership on a waiting list to be reissued by the Club, on terms and conditions described in the Club Bylaws (which include the following: (a) memberships on the waiting list will be reissued in the order of surrender, (b) until DMP has sold all of the Deferred Equity Memberships that DMP is entitled to sell in a category of membership (i.e., Golf Memberships or Club Memberships), every fifth membership issued in that category (other than memberships reissued pursuant to paragraph 1 above and memberships issued to the Club's existing non-equity members or the resale buyers of their Desert Mountain homes or home sites) shall be taken from the waiting list, (c) after DMP has sold all of the Deferred Equity Memberships that DMP is entitled to sell in a category of membership, every membership issued in that category (other than memberships reissued pursuant to paragraph 1 above and memberships issued to the Club's existing non-equity members or the resale buyers of their Desert Mountain homes or home sites) will be a membership taken from the waiting list, and (d) when memberships are on this waiting list, such memberships must be

reissued, subject to the one-in-five rule stated above, when approved applicants are ready, willing and able to acquire such memberships. If a membership held in connection with a Desert Mountain home or home site is surrendered pursuant to this provision, the surrendering owner will have “broken the chain” linking such membership to the owner’s Desert Mountain home or home site, and there is no assurance whatsoever that a membership will be available to any future owner of such Desert Mountain home or home site.

Reissuance of a membership is subject in all cases to approval of the related membership application. Further, although the reissued membership will offer substantially comparable privileges as the surrendered membership, the Club may alter the specific terms and conditions of its membership agreements from time to time, subject to any applicable limitations in the Club Bylaws.

PAYMENT TO
SURRENDERING OWNER OF
PORTION OF THEN-
CURRENT MEMBERSHIP
CONTRIBUTION UPON
REISSUANCE OF DEFERRED
EQUITY MEMBERSHIP

Upon reissuance of a surrendered Deferred Equity Membership, the Club is required to collect from the new owner a Membership Contribution in the amount then charged by the Club for a Deferred Equity Membership of the type reissued. The Club will pay the surrendering membership owner 80% of such Membership Contribution, and the Club will retain the other 20% as a Transfer Fee. The Club will deduct from the amount payable to the surrendering owner any amounts owed to the Club with respect to the surrendered membership prior to its reissuance, and remit the balance to the surrendering membership owner within 30 days after the surrendered membership is reissued.

PAYMENT OF DUES AND
USE OF CLUB FACILITIES
PRIOR TO REISSUANCE OF
SURRENDERED
MEMBERSHIP

Until a surrendered membership is reissued, the Member designated in connection with such membership (and his or her immediate family) shall continue to have the use privileges associated with such membership and shall continue (together with the owner of such membership, if such membership is owned by an entity) to be responsible for all dues and any applicable fees, charges and assessments relating to such membership.

CLUB HAS OPTION TO
REPURCHASE
UNSURRENDERED
MEMBERSHIPS OF CERTAIN
NON-PROPERTY OWNERS

Any individual or entity who acquires a Deferred Equity Membership to hold in connection with a Desert Mountain home or home site may sell or otherwise transfer such home or home site without surrendering the Deferred Equity Membership to the Club, in which event the Club has the option (but not an obligation), exercisable at any time, to repurchase such Deferred Equity Membership by paying to the owner thereof 80% of the then-current Membership Contribution for that category of membership. This repurchase right does not apply to any Deferred Equity Memberships sold to individuals who are not acquiring their

memberships in connection with a Desert Mountain home or home site.

III. MEMBERSHIP CONTRIBUTIONS

The Club Bylaws require each successful applicant for a deferred equity membership to pay a Membership Contribution to the Club. In particular, the Club Bylaws currently provide as follows:

MEMBERSHIP
CONTRIBUTION REQUIRED
TO PURCHASE DEFERRED
EQUITY MEMBERSHIP

Any individual or entity desiring to purchase a Deferred Equity Membership must pay the then-current Membership Contribution for such Deferred Equity Membership. In the event that the applicant is purchasing a Desert Mountain home or home site from DMP, DMP may include the Membership Contribution in the price of the home or home site.

DMP MAY ESTABLISH
AMOUNT OF MEMBERSHIP
CONTRIBUTION

The Membership Contribution for each category of Deferred Equity Membership will be set by DMP, and may be changed by DMP from time to time or at any time, until the initial issuance of all Deferred Equity Memberships in such category, subject to limitations set forth in the Club Bylaws. Until DMP has sold all authorized Deferred Equity Memberships in a category, the Membership Contribution for Deferred Equity Memberships in such category that are available for reissuance through the Club will be equal to the Membership Contribution then currently established for a previously unissued membership in such category. After the initial issuance of all Deferred Equity Memberships in any category, the Membership Contribution for Deferred Equity Memberships in such category will be set by the Club Board and may be changed by the Club Board from time to time or at any time.

IV. MEMBERSHIP APPLICATION

APPLICATION FOR
MEMBERSHIP MUST BE
SUBMITTED TO APPLY FOR
MEMBERSHIP

Any individual or entity desiring to acquire a Deferred Equity Membership must do the following:

1. Fully complete and sign an Application for Membership; and
2. Deliver or mail the completed and signed Application for Membership to The Desert Mountain Club, 10550 East Desert Hills Drive, Scottsdale, Arizona 85262.

ALL APPLICANTS SUBJECT
TO APPROVAL

All applicants desiring a Deferred Equity Membership are subject to approval. Upon receipt of a duly completed Application for Membership, the Club will determine whether the applicant has satisfied the requirements for membership. If the applicant satisfies those requirements and is approved, the applicant will be notified in writing that the application has been approved.

MEMBERSHIP
AGREEMENTS

Each approved applicant (or, in the case of an approved entity applicant, the individual designated by such entity) shall be issued a membership certificate, and shall become a Deferred Equity Member, upon payment of the required Membership Contribution, execution by the approved applicant of a membership agreement in the form then used by the Club and satisfaction of any other conditions stated in such membership agreement. If approved for admission to the Club, each applicant (and any individual designated as a member by any entity applicant) also agrees to be bound by the terms and conditions of the Club Bylaws, the Rules and Regulations and this Membership Plan. If an existing non-equity member converts his or her non-equity membership into a Deferred Equity Membership, the existing member also irrevocably agrees to substitute fully the membership privileges thus acquired for any present or prior rights in, or to use, the Club Facilities.

ENTITY MEMBERSHIP
APPLICANTS

Any entity applying for a Deferred Equity Membership must also notify the Club in writing of the one person that the entity wishes to have the privileges of a member with respect to the membership. The relationship between the entity and the designated person must be a significant ongoing one. While the ownership of stock or of a comparable equity interest, or ongoing service as an officer, director, managing general partner or the like of such entity, are indicia of a qualifying "significant relationship," the Club has reserved the right to determine on an individual case-by-case basis whether the proposed person has a "significant relationship" with the entity applicant. If the ongoing relationship between the entity and the person designated to enjoy the privileges of a member terminates or changes materially, then the entity must either transfer the membership pursuant to one of the procedures described in Section II.E above or have a new person approved by the Club to enjoy the privileges of a member in relation to the membership. Any such new person must also have an ongoing "significant relationship" with the entity. If an application for approval of a new person to enjoy the privileges of a member is approved, the entity must pay the Club a fee equal to 20% of the Membership Contribution required at the time for the type of Deferred Equity Membership held by the entity.

V. TRANSFER OF CLUB FACILITIES

A. IN GENERAL

TRANSFER OF CLUB FACILITIES

On the Turnover Date, DMP shall transfer title to the existing Club Facilities to an Equity Member Entity pursuant to this Section V. Prior to the Turnover Date, DMP shall fund the cost of constructing any other facilities which may be added to the Club Facilities from time to time in DMP's sole discretion. Until such transfer, DMP retains the right to modify the Club Facilities, including, without limitation, golf course boundaries and "routings." Subject to the foregoing, all of the facilities enumerated in Section I of this Membership Plan, under the heading "Club Facilities," will be included in the Club Facilities to be transferred to the Equity Member Entity on the Turnover Date. Any additional facilities constructed by DMP prior to the Turnover Date, other than golf courses, clubhouses, or additions to the facilities enumerated in such Section I, will be included in the Club Facilities subject to asset transfer only at the option of DMP. Facilities which could be excluded from the Club Facilities at the Turnover Date are, by way of example, restaurants (unless integrated into a clubhouse) and any cottages or other overnight accommodations which might be constructed on undeveloped parcels along Cave Creek Road. Such excluded facilities may, at DMP's option, be owned and operated following the Turnover Date by DMP or another non-Club entity. The Club Facilities to be transferred to an Equity Member Entity on the Turnover Date will not include any reserve fund for operating expenses or capital repair or replacement costs which may be incurred after Turnover.

B. CONSIDERATION FOR TRANSFER OF CLUB FACILITIES

DMP HAS RETAINED ALL REMAINING MEMBERSHIPS

In consideration for DMP's agreement and covenant to transfer the Club Facilities on the Turnover Date, DMP has retained all of the remaining unissued Deferred Equity Memberships authorized by the Club Bylaws and the right to receive the total Membership Contributions from the initial sale of all such memberships. In addition, DMP shall receive: (i) the book value of all supplies and inventories on hand as of the Turnover Date that are related to the operation of the Club Facilities; plus (ii) the difference between the Membership Contribution paid by the new member and the amount refunded to the resigning member for each reissuance of a membership (including sales of memberships reserved by existing members) prior to the Turnover Date; plus (iii) the proceeds from the Mortgage described below.

C. THE MORTGAGE

MORTGAGE ON TURNOVER
DATE

At any time prior to the Turnover, DMP may arrange for one or more loans on behalf of the Club (including, without limitation, a restructuring of any existing financing) secured by a mortgage or deed of trust encumbering the Club Facilities (the "Mortgage"). At the Turnover Date, the Club Facilities will continue to be subject to the Mortgage, subject to the limitations described below, and the Equity Member Entity will assume and pay when due all obligations of the Mortgage. The proceeds of the Mortgage will be retained by DMP or its partners as part of the consideration for the Club Facilities and as material consideration for DMP turning over the operation of the Club. The terms and conditions of the Mortgage will be commercially reasonable at the time the Mortgage is placed on the Club Facilities, as confirmed by a nationally recognized accounting firm selected by DMP. The principal balance outstanding under the Mortgage as of the Turnover Date will be an amount equal to eight times the average annual net operational cash flow from the operation of the Club Facilities during the period of three (3) years immediately preceding the Turnover Date, provided, however, the principal balance of the Mortgage shall not exceed an amount which, at the applicable interest rate, would have enabled the Club to achieve a debt service coverage ratio of the average annual net operational cash flow over such immediately preceding three-year period to the debt service for the first year of the Mortgage of 1.3 or greater. The net operational cash flow is an amount equal to the excess of revenues over expenses incurred in the operation of the Club Facilities, excluding charges for depreciation, amortization and income taxes, but operating revenues shall include the twenty percent (20%) of the Membership Contribution which is not returned to the resigning member. Operating revenues, for purposes of this calculation, shall also include dues and other membership charges (including minimum food and beverage fees that may then be in effect) that are then due but unpaid. The nationally recognized accounting firm selected by DMP will confirm the average annual net operational cash flow from the operation of the Club Facilities during the three-year period immediately preceding the Turnover Date and that the proposed debt service coverage ratio is at least 1.3. In the event there is no positive net cash flow from the operation of the Club Facilities during the three-year period immediately preceding the Turnover Date, then no mortgage will remain on the Club Facilities. In addition to the other limitations set forth in this Membership Plan, the principal amount (and any accrued interest) outstanding under the Mortgage as of the turnover shall not exceed \$95,000,000. Thus, the mortgage amount will not exceed \$40,000 per Golf Membership, based on the maximum number of Golf

Memberships (2,375) authorized by the Club Bylaws. For purposes of illustrating (but not limiting) the application of the foregoing formula, a hypothetical calculation of the Mortgage is presented in Exhibit "A" attached hereto.

D. OPERATION OF THE CLUB PRIOR TO TURNOVER

DMP WILL FUND ANY OPERATING DEFICITS UNTIL TURNOVER

Until the Turnover, DMP will fund any operating cash flow deficits of the Club and will retain any positive operating cash flow.

CLUB FACILITIES WILL BE OPERATED AND MAINTAINED IN FIRST-CLASS CONDITION UNTIL TURNOVER

DMP confirms that, until the Turnover, DMP will operate and maintain the Club Facilities, at DMP's cost and expense, in first-class condition, in a manner comparable to other similar first-class clubs in the Southwestern United States. DMP shall make additional fairway renovations like those made on the Renegade course in 2000, as needed prior to the Turnover, in order to maintain the Club golf courses in accordance with the preceding sentence. Prior to the Turnover, DMP shall also make any renovations required to bring the Club Facilities into compliance with applicable law. Subject to the preceding three sentences, the Equity Member Entity shall take title to the Club Facilities in their "as is" condition on the Turnover Date and, thereafter, shall be responsible for all ongoing maintenance. In no event shall DMP be responsible for replacing any existing or future Club Facilities, or for undertaking extensive reconstruction or renovation of such facilities (except as may be required under the first three sentences of this paragraph), as to which certificates of occupancy or other equivalent permits were duly issued by the City of Scottsdale at the time they were originally constructed.

DMP HAS RIGHT TO DESIGNATE INDIVIDUALS TO USE CLUB FACILITIES

Under the Club Bylaws, DMP has limited rights to designate individuals, other than members, to use the Club Facilities, both before and after the Turnover.

E. TIMING OF TURNOVER

TURNOVER OF MANAGEMENT AND CONTROL OF CLUB FACILITIES TO EQUITY MEMBER ENTITY

The turnover of management and control of the Club to the Equity Member Entity pursuant to this Section V shall occur within sixty days after December 31, 2010, or such earlier date as DMP may elect, at its sole option, provided the Club has operated without an operating deficit (i.e., positive net cash flow from the operation of the Club Facilities) for at least twelve months immediately preceding such earlier elected date.

F. HINDRANCE OF TURNOVER

If, for any reason, whether by judicial proceeding, action by one or more members, or other factors not attributable to DMP, the turnover of the Club as provided in this Section V is prohibited, delayed or otherwise hindered, then, at DMP’s election, DMP may dispose of the Club Facilities and the property of the Club in any manner whatsoever (including, without limitation, conveyance to related entities or assigns or to one or more unrelated parties), subject to the continuing rights of the members, as set forth in the Club Bylaws. Upon any such conveyance, this Membership Plan shall terminate.

VI. TRANSFER OF PARCEL 19 AND ASSOCIATED WATER RIGHTS

A. IN GENERAL

DEFERRED EQUITY
MEMBERS WILL PURCHASE
PARCEL 19 AND
ASSOCIATED WATER
RIGHTS AT TURNOVER

On the Turnover Date, upon receipt by DMP of the purchase price payable therefore, DMP shall transfer title to Parcel 19 at Desert Mountain, and to the associated water supply (both as described below), to an Equity Member Entity pursuant to this Section VI.

B. DESCRIPTION OF PARCEL 19

DESCRIPTION OF PARCEL 19

Parcel 19 includes approximately 97.3 gross acres, situated in the southwest corner of Desert Mountain. Approximately 5.3 acres of the site are used today for various purposes, including the primary golf course irrigation pond and a temporary fire and emergency medical station. Another 18.8 acres has been committed since the early 1980’s to the City of Scottsdale for a public park and related uses. In addition, approximately 9.8 acres of Parcel 19 (including .9 acres currently in use for the temporary fire and emergency medical station), have been conveyed or dedicated to the City (or subjected to easements in favor of the City) for use in connection with the IWDS (the water system which serves Outlaw and the Club’s other existing courses) and for other City purposes, which may include a future potable water treatment facility. Together, these committed uses absorb about 33 acres of Parcel 19, leaving about 64.3 acres available for other potential uses.

Parcel 19 is currently zoned predominantly for commercial development. In order to use Parcel 19 for golf or residential purposes (beyond the approximately 10 residential units permitted under current zoning), Parcel 19 would need to be rezoned. The City has not committed to rezone Parcel 19, and DMP has not undertaken to seek any such rezoning. The Equity Member Entity

will need to rezone Parcel 19, if it decides to use Parcel 19 for purposes other than those permitted under the zoning in place as of the end of 2005.

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

C. DESCRIPTION OF ASSOCIATED NON-POTABLE WATER RIGHTS

DESCRIPTION OF
ASSOCIATED WATER
RIGHTS

DMP also owns, as an uncommitted non-Club asset, .5 million gallons per day of water delivery capacity in the IWDS and an associated water allotment of up to 275 acre-feet per year, as provided in the Water Agreement described in Section B.2 of the Club Bylaws (this pipeline capacity and water allotment are referred to hereinafter collectively as the "Water Rights"). The IWDS has been designed to allow the water allotment included in the Water Rights to be delivered to and used on Parcel 19.

D. PURCHASE PRICE OF PARCEL 19 AND ASSOCIATED WATER RIGHTS

PURCHASE PRICE FOR
PARCEL 19 AND
ASSOCIATED WATER
RIGHTS

On the Turnover Date, as consideration for Parcel 19 and the associated Water Rights, the Equity Member Entity shall pay DMP a purchase price equal to the sum of (i) \$13,402,000 and (ii) the actual costs incurred by DMP in acquiring and developing the Water Rights, together with interest on the purchase price as described below.

As of the end of November 2005, DMP has incurred total costs of about \$5,153,000 in acquiring and developing the Water Rights, and DMP anticipates that approximately an additional \$3,523,000 will need to be expended in order to complete the acquisition and development (of which \$1,593,000 is projected to be expended by DMP prior to the Turnover and \$1,930,000 is expected to be payable by the Equity Member Entity after the Turnover). Thus DMP expects the total cost of acquiring and developing the Water Rights to be about \$8,676,000, but the actual total cost could be more or less than this estimate. Because some potentially variable acquisition and development costs will continue to be payable after the Turnover, the final aggregate acquisition and development cost of the Water Rights will remain somewhat uncertain at the Turnover. After the Turnover, the Equity Member Entity will be responsible for any remaining costs of acquiring and developing the

Water Rights.

The purchase price shall bear interest, at 6% per annum, compounded annually, from March 31, 2006 until the purchase price is paid. For purposes of determining the amount on which interest is accruing, any costs incurred by DMP in acquiring or developing the Water Rights after March 31, 2006 shall be added to the purchase price as of the end of the month in which such costs are paid. Assuming that DMP continues (prior to the Turnover) to incur costs in acquiring and developing the Water Rights in line with the projections set forth above, the amount payable by the Equity Member Entity at Turnover is projected to be about \$26,370,000, consisting of (i) \$13,402,000 for Parcel 19, (ii) \$6,745,000 for the Water Rights, and (iii) \$6,223,000 in interest on the two purchase price components.

Prior to the Turnover Date, DMP will provide the Advisory Board with an appropriate audit of costs incurred by DMP in acquiring and developing the Water Rights, for review by the Advisory Board.

E. PURCHASE PRICE TO BE RAISED BY ASSESSMENT OF DEFERRED EQUITY MEMBERS

PURCHASE PRICE TO BE
RAISED BY ASSESSMENT
OF DEFERRED EQUITY
MEMBERS

The purchase price, with interest, shall be payable through an assessment of Deferred Equity Members when the purchased property is transferred to the Equity Member Entity (as between Club and Golf Members, the assessments will be proportionate to their respective Membership Contributions as of the assessment date). The purchase price, and interest thereon, will not be included in the turnover mortgage contemplated by Section V of this Plan.

F. MANAGEMENT OF PARCEL 19 UNTIL THE TURNOVER

MANAGEMENT OF PARCEL
19 AND ASSOCIATED
WATER RIGHTS UNTIL
TURNOVER

Until Parcel 19 and the associated Water Rights are transferred to the Equity Member Entity, DMP will continue to have the authority to work with the City of Scottsdale on the location, design and construction of the various IWDS and City uses to which portions of Parcel 19 have been committed, which may entail relocating the acreage committed to use for a park and related City uses. DMP will continue to consult with the Advisory Board on these matters. Except as may be required to comply with existing agreements with the City, DMP shall not take any actions (other than as authorized by the preceding sentence) to alter the configuration of the acreage to be conveyed to the Equity Member Entity pursuant to this Section VI, or to alter the physical condition

of or status of title to such acreage as of its conveyance to the Equity Member Entity, without the consent of the Advisory Board, which consent shall not be unduly withheld or delayed.

G. AMENDMENT TO TERMS OF THIS SECTION VI

DMP AND ADVISORY BOARD MAY AMEND THIS SECTION VI

DMP and the Advisory Board shall have authority to amend this Section VI. Without limiting the scope of the prior sentence, the Advisory Board may explore alternative methods (other than the assessment provided for in Section VI.E) to fund the purchase price payable pursuant to this Section VI. In the event that an alternative funding method acceptable to the Advisory Board and DMP is identified by the Advisory Board, DMP and the Advisory Board may amend this Section VI to eliminate or modify the assessment provided for in Section VI.E.

VII. CONTROL OF CLUB OPERATIONS

CLUB BOARD IS RESPONSIBLE FOR MANAGEMENT OF CLUB

As provided in the Club Bylaws, the Club Board is responsible for the governance and administration of the affairs and property of the Club and has the exclusive authority to do (or to form committees to do) the following: accept members, set Membership Contributions and dues, fees and charges, establish rules, regulations, policies, procedures and membership guidelines, suspend or expel members who violate those regulations, policies, procedures and guidelines, and, in general, control the management and affairs of the Club, subject to the Club Bylaws. Prior to the Turnover, all of the members of the Club Board will be designated by DMP.

VIII. MEMBER-ELECTED ADVISORY BOARD

ADVISORY BOARD

As provided in the Club Bylaws, the Club has a member-elected, nine-person Advisory Board. This Advisory Board was formed to foster good relations between the members and Club management, to render advice to Club management on Club activities and policies and, as the Turnover approaches, to help plan for the Turnover.

The members of the Advisory Board serve staggered three-year terms. Until the Turnover, an Advisory Board election will be held each year. In each such election, the members will select three members (or spouses of members) to serve on the Advisory Board.

ADVISORY BOARD WILL
BECOME INITIAL POST-
TURNOVER CLUB BOARD

The Club Bylaws provide that, upon Turnover, the Advisory Board will terminate and its members will become the initial post-Turnover members of the Club Board, serving in such capacity during the remainder of their three-year Advisory Board terms. Each year after the Turnover, the Deferred Equity Members will elect three members (or spouses of members) to serve three-year terms on the Club Board.

IX. MODIFICATION OF MEMBERSHIP PLAN

Section VI of this Membership Plan describes the process for amending such Section VI. DMP reserves the right prior to the Turnover Date to amend the terms of or make any other changes in any other Section of this Membership Plan, from time to time, so long as such amendments and changes are not materially adverse to the rights of the then existing Deferred Equity Members of the Club. Amendments or changes to provisions outside Section VI, which amendments or changes are materially adverse to the rights of the Deferred Equity Members, must be approved by a majority of the votes eligible to be cast by the Deferred Equity Members.

X. ASSIGNMENTS BY DMP

DMP may transfer ownership of the Club Facilities prior to the Turnover, provided the transferee assumes DMP's obligations under this Membership Plan and under the Club Bylaws.

XI. APPLICATION OF CLUB BYLAWS

As noted above, the Club Bylaws are a core document establishing rights, privileges and obligations of Deferred Equity Members. The Club Bylaws may be amended from time to time, subject to the limitations set forth in the Club Bylaws.

XII. TERMINATION OF MEMBERSHIP PLAN

Upon performance by DMP of its obligations under this Membership Plan to be performed prior to and/or as of the Turnover, including conveyance of the Club Facilities to an Equity Member Entity in accordance with Section V of this Membership Plan, this Membership Plan shall terminate. This Membership Plan may also terminate pursuant to Section V.F of this Membership Plan.

EXHIBIT "A"
 TO
 DEFERRED EQUITY MEMBERSHIP PLAN
 FOR
 THE DESERT MOUNTAIN CLUB
 HYPOTHETICAL CALCULATION OF MORTGAGE AMOUNT
 (BASED ON AVERAGE CASH FLOW OF \$1 MILLION / YEAR
 FOR THREE YEARS PRIOR TO TURNOVER)

Cash Flow Multiplier Test

Average Annual Net Operational Cash Flow	\$1,000,000
Times: Cash Flow Multiplier	8
Equals: Potential Mortgage Amount (A)	\$8,000,000

Debt Service Coverage Ratio Test

Average Annual Net Operational Cash Flow	\$1,000,000
Divided By: Debt Service Coverage Ratio	1.3
Equals: Maximum Annual Debt Service	\$769,231
Interest Rate	9.0%
Mortgage Term in Years	20
Amortization	Monthly
Maximum Mortgage Amount Based on Ratio Test (B)	\$7,124,679
Mortgage Amount - Lesser of (A) or (B)	\$7,124,679

Notes:

Assumed Average Annual Net Operational Cash Flow is average of three years prior to Turnover. Actual cash flow may vary significantly.

Assumed interest rate, mortgage term and amortization period used for illustration only. Actual factors may be different.