



# TUMBLE CREEK CLUB™

## MEMBERSHIP PLAN

MARCH 2018

Applicant for Membership

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Signature

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Printed Name

Co-Applicant

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Signature

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Printed Name

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Date

**TUMBLE CREEK CLUB**  
**MEMBERSHIP PLAN OVERVIEW**

(REVISED March 2018)

**MEMBERSHIP OPPORTUNITY**

This Membership Plan describes the membership opportunities in the private Tumble Creek Club (the “Club”). The Club is located within the community of Tumble Creek (the “Community”) in Roslyn, Washington, and will consist of golf, tennis, swim, spa/fitness and social facilities. The facilities of The Suncadia Club in the Suncadia Community may also be available for use by Tumble Creek Club members as provided herein.

**MEMBERSHIP CATEGORIES**

The Club is currently offering the following categories of membership: Tinkham Founder Membership, Charter Membership, Resident Golf Membership, Non-Resident Golf Membership and Honolulu Membership. The use privileges associated with each category of membership are more fully described in this Membership Plan.

**SPECIAL MEMBERSHIP BENEFITS**

In addition to exceptional facilities at the Club, membership in the Club currently offers a number of attractive benefits. A brief description of some of these benefits follows and they are described in greater detail in this Membership Plan:

- **Refundable Membership Deposit.** Members, except for Non-Resident Members joining after March 1, 2018, are entitled to a refund after resignation and reissuance of the membership as provided herein.
- **Resigned Memberships Reissued Prior to Membership Sell-Out.** Resigned resident members can have their membership reissued by the Club and receive their refund without waiting for all of the new memberships to be issued by the Club. Every fourth membership issued will be a resigned membership from the appropriate resale list.
- **Transferability of Memberships.** Resident Memberships are transferable through the Club to the subsequent purchaser of a members’ residence or homesite in the Community. Upon approval by the Club, a members’ subsequent purchaser will not be subject to a waiting list in acquiring the resigned membership. The subsequent purchaser will be required to pay the then current membership deposit for the membership.

- **Immediate Family Privileges.** A member, his or her spouse and their children, under the age of 36, and their spouses and children.
- **Extended Family Privileges.** The parents, adult children and grandchildren of the member and his or her spouse and the spouses of such family members may use the Club Facilities in accordance with the member's category of membership upon payment of preferred fees, as provided more particularly herein.
- **No Assessments.** Members are not subject to either operating or capital assessments prior to a conversion of the Club to an equity member-owned club, as provided more particularly herein.
- **Legacy Transfer.** Members, other than Non-Resident Golf and Honolulu Members, can request the transfer of their membership through the Club to their adult child or adult grandchild as provided more particularly herein.
- **Inheritability.** Upon the death of a member, other than a Non-Resident member, the membership can be transferred to a spouse or adult child or adult grandchild as provided more particularly herein.
- **Communications.** Members will receive periodic communications regarding events, activities, staff profiles and/or member profiles.

#### **CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS**

Every person who desires to obtain a membership, or owns or purchases a residence or homesite within the Community should carefully read this Membership Plan and all of the referenced documents and should seek professional advice to evaluate these documents. Note that the Club may revise the terms of the Membership Plan from time to time in its discretion.

#### **RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS MEMBERSHIP PLAN AND THE REFERENCED DOCUMENTS AND, IF GIVEN OR MADE, SUCH INFORMATION MUST 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 MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT AND OTHER PRINTED MATERIALS, THE MEMBERSHIP PLAN, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT SHALL GOVERN.**

#### **MEMBERSHIPS ARE OFFERED ONLY FOR RECREATIONAL PURPOSES**

**MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC BENEFITS OR PROFITS FROM MEMBERSHIP AT THE CLUB.**

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

**APPLICATION PROCEDURE**

A candidate for membership must submit a Membership Application to the Club. Approval of membership is wholly discretionary by the Club. Following review by the Club, a candidate who is approved for membership must mail or deliver to the Membership Director at the Club a fully completed and signed Membership Agreement and a check in U.S. funds for the amount required in respect of the membership deposit.

**MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER QUESTIONS**

All inquiries regarding membership in the Club or this Membership Plan and referenced documents should be directed to the Membership Director at Tumble Creek Club.

## TABLE OF CONTENTS

	PAGE
TUMBLE CREEK CLUB MEMBERSHIP PLAN OVERVIEW .....	ii
Membership Opportunity .....	ii
Membership Categories .....	ii
Special Membership Benefits.....	ii
Carefully Review All Membership Documents.....	iii
Rely Only on Information in this Membership Plan.....	iii
Memberships are Offered Only for Recreational Purposes .....	iii
Application Procedure .....	iv
Membership Director Available to Answer Questions .....	iv
TABLE OF CONTENTS .....	v
PAGE .....	v
MEMBERSHIP FEATURES AND FACILITIES .....	1
Introduction .....	1
Club Facilities .....	1
Construction of Club Facilities.....	1
Additional Club Facilities .....	1
Ownership and Operation of Club Facilities .....	2
MEMBERSHIP CATEGORIES AND PRIVILEGES.....	2
Categories of Membership.....	2
Membership Privileges.....	2
Advance Sign-Up Not Required .....	3
Rules and Policies.....	3
NUMBER OF MEMBERSHIPS.....	3
Limit on Number of Memberships .....	3
FAMILY AND GUEST PRIVILEGES .....	4
Immediate Family Privileges.....	4
Privileges for Individual Living with Member.....	4
Extended Family Privileges .....	4
Guest Privileges.....	5
OFFERING OF MEMBERSHIPS .....	5
Offering of Memberships .....	5
Reserved Memberships .....	5
Initial Purchasers of Residences or Homesites .....	5
Membership Privileges Prior to Closing.....	6
Ownership of Multiple Residences or Homesites .....	6

Waiting List.....	6
Multiple Owners of Property .....	7
Membership Held in Name of Legal Entity .....	7
MEMBERSHIP DEPOSIT .....	7
Membership Deposit Required to Acquire Membership .....	7
Refund of Membership Deposit.....	8
Member May Continue Membership at End of Thirty Years .....	8
Initiation fee for non-resident memberships.....	8
Deduction of Amounts Owed to Club .....	9
Assurance of Completion of Club Facilities .....	9
Tax Consequences of Acquiring Membership .....	9
TRANSFER OF MEMBERSHIP .....	9
Transfer of Membership Through Club.....	9
Transfer Upon Sale of Residence or Homesite.....	9
Transfer Through Waiting List.....	10
Transfer to New Property Within Community .....	11
Sale of Property in Community .....	11
Purchase of Property in Community by Non-Resident Golf Member .....	12
Transfer To Non-Resident Golf Member Upon Sale Of Property In Community By Resident Golf Member .....	12
Repurchase of Memberships Under Other Circumstances.....	12
Transfer During Members Lifetime.....	13
Transfer of Membership Upon Death of Member.....	13
Legal Separation or Divorce .....	14
DUES AND CHARGES.....	14
Dues, Fees and Charges .....	14
No Assessments Against Members .....	14
Membership Year .....	14
Payment of Dues by Resigned Member.....	15
ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS .....	15
Members' Acknowledgment .....	15
No Pledge of Memberships .....	16
MEMBERSHIP APPLICATION.....	16
Application Procedure .....	16
Review of Membership Application .....	16
Rights Governed by Membership Plan.....	16
OTHER MEMBERSHIPS AND USE PRIVILEGES.....	17
Honorary and Company Memberships.....	17
Non-Member Property Owner Use of Club Facilities .....	17
Promotional Use and Tournament Play .....	17
CLUB OPERATIONS.....	17

Management and Operation.....	17
Advisory Board of Governors .....	17
Club Committees.....	18
CONVERSION TO EQUITY MEMBER-OWNED CLUB .....	18
Possible Equity Conversion .....	18
Existing Members May Convert to Equity Membership.....	18
Existing Members Who Do Not Convert to Equity Membership May Be Recalled.....	19
Guaranteed Equity Membership Contribution.....	19
Refund After Conversion.....	19
Equity Membership Plan Documents and Due Diligence .....	19
Transfer of Club Facilities at Conversion .....	20
Governance of Equity Club .....	20
Turnover Date.....	20
Independent Inspection of Club Facilities .....	20
Inspection Prior to Turnover .....	21
Access Agreement Post-Equity Conversion.....	21
GENERAL PROVISIONS.....	21
Protection of Membership Privileges .....	21

## **MEMBERSHIP FEATURES AND FACILITIES**

### **INTRODUCTION**

This Membership Plan, the Rules and Regulations and the Membership Agreement, set forth the rights and privileges of membership in the Club.

### **CLUB FACILITIES**

Members, their families and guests will enjoy the following exceptional Club Facilities:

- Tumble Creek Course, an 18-hole golf course designed by Tom Doak;
- Golf practice facilities, including a driving range and putting green;
- \*Hill House Swim and Fitness Center
- Clubhouse complex which is anticipated to feature a dining room, grill room, lounge, pro shop, and men's and women's locker rooms;
- \*2 tennis courts;

\*Not available to Non-Resident Golf Membership

Tumble Creek Club members may also from time to time be able to enjoy the recreational facilities of The Suncadia Club. A description of The Suncadia Club facilities is contained in The Suncadia Club Membership Plan. Such use is subject to an access and use agreement with The Suncadia Club that may be amended from time to time or terminated by The Suncadia Club.

### **CONSTRUCTION OF CLUB FACILITIES**

The Tumble Creek Course is complete and opened for play in 2005. Construction of the clubhouse will be in phases with the first phase including the Golf House, completed in 2005. The Golf House was expanded in 2008 to include a restaurant. The second phase, including the Hill House Swim and Fitness Center, was completed in 2006. Subsequent additions to the Hill House included 2 Tennis Courts in 2007 and a splash pool in 2008. The final planned phase of the clubhouse complex, to include a central clubhouse, is planned to commence architectural drawings and construction when the Club has achieved a minimum of 250 Golf Members.

### **ADDITIONAL CLUB FACILITIES**

The Club may, in its sole discretion, expand the Club Facilities or add additional facilities either on or off-site, as it determines appropriate from time to time, including additional golf facilities. If additional facilities are added to the Club Facilities or the Club Facilities are expanded, the number of memberships issued in the Club may be increased. The Club may also retire or remove Club Facilities from the Membership Plan, as it determines from time to time.



## **OWNERSHIP AND OPERATION OF CLUB FACILITIES**

Tumble Creek Golf, LLC, a Washington limited liability company (the “Company”), doing business as Tumble Creek Club, owns and operates the Club Facilities. Where this Membership Plan refers to the Club taking action or having certain rights, the Company, or its designees, shall take such action and have such rights.

## **MEMBERSHIP CATEGORIES AND PRIVILEGES**

### **CATEGORIES OF MEMBERSHIP**

The Club is currently offering a limited number of Tinkham Founder, Charter, Resident Golf, Non-Resident Golf and Honolulu Memberships.

The Club may offer certain other memberships, membership programs, and use privileges as described in the “Other Memberships and Use Privileges” provision in this Membership Plan.

### **MEMBERSHIP PRIVILEGES**

All Tinkham Founder, Charter, and Resident Golf Members will have a limited license to use all of Club Facilities. Non-Resident Golf members will have a limited license to use of the golf course, Clubhouse, and Social/Golf Events. These members will not be required to pay greens fees for use of the golf facilities, but will pay golf cart fees and caddie fees. No advance sign-up will be required for play on the Tumble Creek course, unless otherwise determined based on course usage. There will be no court fees or advance sign-up required for use of the tennis courts.

Honolulu Members will have a limited license to use all of the tennis, swim, spa/fitness and social facilities of the Club. There will be no court fees or advance sign-up required for use of the tennis courts. Honolulu Members will not have any right of access to any golf facilities, except as the guest of a member having golf privileges.

All members may be granted revocable limited licenses to use the Suncadia Club facilities pursuant to an access and use agreement between the Company and the owner(s) of the Suncadia Club Facilities (the “Access Agreement”), for so long as the Access Agreement remains in effect. Tinkham Founder, Charter, Resident Golf and Non-Resident Golf Members will enjoy use privileges like Golf Members of The Suncadia Club, and Honolulu Members will enjoy use privileges like Sports Members of The Suncadia Club. These access use privileges are set forth in The Suncadia Club Membership Plan and Rules and Regulations, as the same may be modified from time to time.

Tinkham Founder and Charter Members will be entitled to additional special membership benefits as determined by the Club.

## ADVANCE SIGN-UP NOT REQUIRED

It is the intention of the Club not to have a tee time reservation policy on the Tumble Creek course. Members will be welcome to play without having to make a tee time, except as necessary from time to time based on course usage.

## RULES AND POLICIES

In order to enhance the recreational and social pleasure of members and their guests, the Club reserves the right to establish or modify rules, regulations, policies, guidelines, or systems governing access or reservation of the Club Facilities, including without limitation, advance sign-up for tee times, which may be revised by the Club from time to time in its discretion.

## NUMBER OF MEMBERSHIPS

### LIMIT ON NUMBER OF MEMBERSHIPS

The maximum combined number of Tinkham Founder, Charter, Resident Golf and Non-Resident Golf Memberships permitted to be issued in the Club is 470, subject to adjustment by the Club at its discretion from time to time, with a limit on each category as follows:

<u>Category</u>	<u>Number of Memberships</u>
Tinkham Founder Membership	Up to 40
Charter Membership	Up to 80
Resident Golf Membership	470 less the number of combined Tinkham Founder, Non-Resident Golf, and Charter Memberships
Non-Resident Golf Membership	As determined from time to time
Honolulu Membership	Equal to the number of residences and home sites in the Community less the number of outstanding Tinkham Founder, Charter and Resident Golf Membership held by property owners in the Community

Resigned Tinkham Founder and Charter Memberships will be reissued as Resident Golf Memberships. In addition, in the case where the subsequent real estate purchaser from a Tinkham Founder Member desires a Resident Golf Membership and the Tinkham Founder Member retains his or her membership, the maximum number of memberships in the Club may temporarily exceed the membership cap. Non-Resident Golf

Memberships may vary from time to time based on demand for Resident Golf Memberships.

## **FAMILY AND GUEST PRIVILEGES**

### **IMMEDIATE FAMILY PRIVILEGES**

As designated by a member, the member's immediate family will be entitled to use the Club Facilities on the same basis as the member in accordance with the member's category of membership. A member's immediate family will include the member's spouse and their children under the age of 36 and their spouses and children. The Club may establish such fees and rules and regulations regarding the use of the Club facilities by immediate family members and require the member and the immediate family members to submit such information and forms as the Club deems appropriate. The member may revoke an immediate family member's designation at any time, and upon such revocation the immediate family member will no longer be able to use the Club Facilities as an immediate family member.

### **PRIVILEGES FOR INDIVIDUAL LIVING WITH MEMBER**

A member living together with another non-blood related individual in the same household as a family unit on a permanent basis may designate the other individual on a membership year basis to use the Club Facilities as an immediate family member ("Designated Family Member") and shall be subject to the rules and regulations applicable to immediate family members. The total number of adults who may have immediate family privileges is limited to two adults. The member and the Designated Family Member shall be individually and jointly responsible for the payment of all charges and fees incurred by the Designated Family Member. The Club may establish such fees and other rules and require the member and Designated Family Member to submit such information as the Club deems appropriate. The member may revoke the designation of a Designated Family Member at any time, and upon such revocation the Designated Family Member will no longer be able to use the Club Facilities as an immediate family member

### **EXTENDED FAMILY PRIVILEGES**

As designated by a member, the member's extended family will be permitted to use the Club Facilities either accompanied or unaccompanied in accordance with the member's category of membership upon payment of preferred fees, where applicable. The extended family shall include the member's parents and their spouses, and the member's children over the age of 36 and their spouses and children. The Club may require that the member's extended family be accompanied by the member and may otherwise limit, modify or terminate this privilege and establish such rules with respect thereto as it may determine from time to time. Extended family privileges are limited for Non-Resident Golf members.

## **GUEST PRIVILEGES**

Members may designate guests to use the Club Facilities upon payment of the applicable guest charges in accordance with the member's category of membership and subject to such rules and regulations as the Club may determine from time to time. Guests must be accompanied by the member, unless otherwise determined by the Club. The Club may limit the number of guests and the number of times a particular guest may use the Club Facilities during each membership year. The member will be responsible for the payment of charges incurred by his or her guests, including any applicable daily guest fees established by the Club from time to time. Members will be responsible for the actions and conduct of their guests. The Club may withdraw guest privileges for any guest at any time.

## **OFFERING OF MEMBERSHIPS**

### **OFFERING OF MEMBERSHIPS**

Tinkham Founder and Charter Memberships will be available by invitation only to select persons who purchase property in the Community. Resident Golf Memberships and Honolulu Memberships will be offered to purchasers of residences or homesites in the Community. The Club may offer Non-Resident Golf Memberships to (i) a person who owns property in the Community jointly with another person who owns a Resident Golf Membership, and (ii) persons who do not own property in Tumble Creek but who own property in other areas of Suncadia. The Club may add, withdraw, or modify membership categories from time to time.

### **RESERVED MEMBERSHIPS**

All of the unissued memberships will be reserved by the Club and will not be considered to be available memberships in the Club. The Club may not be compelled to sell a reserved membership. The Club may issue a reserved membership to any person that the Club, in its sole discretion, determines appropriate from time to time, including persons who do not own a residence or homesite in the Community.

### **INITIAL PURCHASERS OF RESIDENCES OR HOMESITES**

Each initial purchaser of a residence or homesite in the Community, who has been approved for membership, will have the opportunity to acquire a Resident Golf or Honolulu Membership in the Club, if one is available, for up to 30 days after the closing on the residence or homesite. If a Resident Golf or Honolulu Membership is not acquired by said date, the Club is not obligated to make a Resident Golf or Honolulu Membership available to the purchaser or the subsequent owners of the property in question in the future. OWNERSHIP OF A RESIDENCE OR HOMESITE DOES NOT GIVE ANY VESTED RIGHT, LICENSE OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE THE CLUB FACILITIES, OR TO ACQUIRE A MEMBERSHIP IN THE CLUB AND DOES NOT GRANT ANY OWNERSHIP OR MEMBERSHIP INTEREST IN THE CLUB OR THE CLUB FACILITIES.

## **MEMBERSHIP PRIVILEGES PRIOR TO CLOSING**

The Club may allow the initial purchaser of a residence or homesite in the Community to use the Club Facilities as a member prior to the closing on his or her residence or homesite. The person will be required to pay the applicable membership deposit, dues, fees and other charges established by the Club from time to time. In the event the purchaser does not timely close on the residence or homesite, the Club may terminate the membership privileges by returning to the person the membership deposit and the unused portion of any dues, fees and charges paid by the person in advance for the remainder of the membership year. In the event membership privileges are terminated, a membership will thereafter be made available to the person only at the sole discretion of the Club.

## **OWNERSHIP OF MULTIPLE RESIDENCES OR HOMESITES**

If a person acquires more than one residence or homesite in the Community, the person may apply to (i) acquire a Resident Golf or Honolulu Membership for each residence or homesite for which membership privileges are desired and pay the applicable dues; (ii) acquire more than one Resident Golf or Honolulu Membership but have the dues for the additional Resident Golf or Honolulu Membership(s) waived for a period of up to three years; (iii) acquire one Resident Golf or Honolulu Membership and have the additional Resident Golf or Honolulu Membership(s) reserved for a period of up to three years for purchase at the then current membership deposit; or (iv) acquire one Resident Golf or Honolulu Membership and have the additional Resident Golf or Honolulu Membership(s) reserved for a period of up to three years for purchase at the same membership deposit required to be paid for the Resident Golf or Honolulu Membership that was acquired, upon payment to the Club of a reservation fee in an amount to be determined by the Club from time to time. If the person does not acquire or reserve a Resident Golf or Honolulu Membership for each residence or homesite, the Club will not guarantee that a Resident Golf or Honolulu Membership will be available for the residence or homesite at a later date. Persons who acquire two or more contiguous lots but who construct only one residence may desire only one membership. If a Resident Golf or Honolulu Membership is not acquired for the contiguous lot and the contiguous lot is subsequently sold, then the purchaser of the contiguous lot must acquire a Resident Golf or Honolulu Membership if the purchaser is to be permitted to use the Club Facilities. The purchaser of the contiguous lot will be able to acquire a Resident Golf or Honolulu Membership only if one is available and not reserved and the purchaser has been approved for membership.

## **WAITING LIST**

If memberships are not available, the Club will establish a waiting list of those persons who have notified the Club in writing of their desire to purchase a membership. Resigned memberships that are not reissued to the subsequent purchaser of a resigned members residence or homesite in the Community or that are not repurchased by the Club, as hereinafter provided, will be offered to persons on the waiting list in accordance with the following order of priorities:

First, to Honolulu Members who desire to upgrade to a Resident Golf Membership;

Second, to property owners in the Community who are not members of the Club;

Third, to owners of residences or homesites in the Suncadia Resort development; and

Fourth, to all other persons who desire a membership in the Club.

#### **MULTIPLE OWNERS OF PROPERTY**

In the event a residence or homesite in the Community is owned by more than one person (other than spouses), only one owner is eligible to obtain a Honolulu or Resident Golf Membership. Additional owners may be permitted to apply for a Honolulu or Non-Resident Golf Membership.

#### **MEMBERSHIP HELD IN NAME OF LEGAL ENTITY**

For the convenience of members, a membership may be held in the name of a corporation, partnership, trust or other form of multiple ownership (collectively, the "entity"). The entity must designate one individual who will have the right to use the membership. The entity may change the designated user prior to the start of each membership year in accordance with the rules and regulations of the Club and upon payment of the redesignation fee established by the Club. The designated user must submit a Membership Application and will be subject to the approval of the Club. The designated user must be a bona fide director, officer, partner, shareholder or employee of the entity, or a beneficiary, trustee or settlor of the entity if the membership is held in the name of a trust, and must pay the required dues and charges. No person other than the designated user and his or her immediate family will be entitled to simultaneously use the membership. The Club may establish from time to time the rules governing the designated user of a membership, including a limit on the number of times the designated uses may be changed. If the entity has more than one owner, each additional owner may obtain a Honolulu or Non-Resident Golf Membership on the same terms and conditions as set forth above under "Multiple Owners of Property."

#### **MEMBERSHIP DEPOSIT**

##### **MEMBERSHIP DEPOSIT REQUIRED TO ACQUIRE MEMBERSHIP**

Each person who desires to acquire a membership will be required to pay a refundable membership deposit determined by the Club from time to time, except for Non-Resident Membership issued after March 1, 2018. Membership deposits are not transferable, except as specifically provided in this Membership Plan, and are refundable only in accordance with this Membership Plan, the Rules and Regulations of the Club and the Membership Agreement. The Club may offer various payment plans for the membership deposit from time to time. The offer of a payment plan to one member does not provide precedent for the offer of the same payment plan to any other prospective member nor guarantee that such payment plan will be available to any other new member.

## **REFUND OF MEMBERSHIP DEPOSIT**

Resident Golf, Non-Resident Golf and Honolulu Members will be entitled to a refund of the membership deposit actually paid 30 years after the date the membership is issued by the Club. If a Resident Golf Member, Non-Resident Golf Member or Honolulu Member resigns prior to the end of the 30-year period, the member will be refunded an amount equal to the lesser of (i) the membership deposit paid by the member, without interest, or (ii) the then current membership deposit charged by the Club to a new member acquiring the membership, upon reissuance of the resigned membership to the new member. The difference between the membership deposit previously paid and the amount refunded, if any, will be refunded 30 years after the date the membership is issued by the Club. A Tinkham Founder Member and a Charter Member will be entitled to receive a refund in accordance with the members Membership Agreement.

The Club is not obligated to reissue a resigned membership under any circumstances, other than the circumstances specifically described in this Membership Plan. The Club may, in its sole discretion, reacquire or recall any membership, whether on the resigned membership waiting list or not, without regard to the order of resigned memberships on the waiting list. Any membership so acquired shall be added to the Club's reserved and unissued memberships. The Club makes no representation that a market will exist for resigned memberships, that a new member will be identified to acquire a resigned membership, or that the membership deposit paid by a new member acquiring a resigned membership will be equal to or greater than the membership deposit paid by the resigning member. Upon refund of the amount of the membership deposit provided for above to a resigned member, any balance remaining of the original membership deposit paid to the Club by the resigned member shall be deemed waived by the resigning member with no further obligation of the Club to the resigning member with respect to such balance.

## **MEMBER MAY CONTINUE MEMBERSHIP AT END OF THIRTY YEARS**

A Charter Member, Resident Golf Member, Non-Resident Golf Member who acquired a Membership prior to March 1, 2018, or Honolulu Member who continues to be a member for 30 years will receive a refund of the membership deposit he or she previously paid at the end of 30 years, will continue his or her membership privileges and will continue to pay the applicable membership dues, fees and charges until the member resigns. Any member who has already received the 30-year refund will not be counted toward any cap or limits on the total number of members or the number of members in any category.

## **INITIATION FEE FOR NON-RESIDENT MEMBERSHIPS**

Each person who desires to acquire a Non-Resident membership after March 1, 2018, will be required to pay a non-refundable membership initiation fee determined by the Club from time to time. Membership initiation fees are not transferable, except as specifically provided in this Membership Plan, and are non-refundable, except as expressly provided in accordance with this Membership Plan, the Rules and Regulations of the Club and the Membership Agreement.

## **DEDUCTION OF AMOUNTS OWED TO CLUB**

The Club will deduct from any amount to be repaid to the member any amount which the member owes the Club.

## **ASSURANCE OF COMPLETION OF CLUB FACILITIES**

Membership deposits will be held in escrow with AmeriTitle, Inc. pursuant to an Amended and Restated Escrow Agreement for Membership Deposits dated March 15, 2007 ("Escrow Agreement") pending completion of the Club Facilities. Upon commencement of construction of the Clubhouse and the Club's receipt of a completion guarantee from New Suncadia, LLC, the Membership Deposits held in Escrow will be released to the Club in accordance with the Escrow Agreement. If any Club Facility is not completed by December 31, 2022, any portion of the Membership Deposits still held in Escrow will be refunded. A copy of the Escrow Agreement will be available for review in the Membership Office.

## **TAX CONSEQUENCES OF ACQUIRING MEMBERSHIP**

The Club makes no representations and expresses no opinions regarding the federal, state or local income tax consequences of acquiring a membership or with respect to any membership deposits paid to the Club. All persons acquire their membership 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 deposits.

## **TRANSFER OF MEMBERSHIP**

### **TRANSFER OF MEMBERSHIP THROUGH CLUB**

A member, except a Non-Resident member who acquires a membership after March 1, 2018, may resign his or her membership and arrange for the Club to reissue the membership. A Non-Resident member may resign from the Club without arranging for the Club to reissue the membership. Should a member desire to resign from the Club, the member shall be required to give written notice to the Club. Resignation of a member is irrevocable, unless otherwise determined by the Club. A member may not transfer or sell his or her membership to any person or entity. The Club reserves the right, in its sole discretion, to charge an administrative fee in connection with the transfer of a membership in an amount determined by the Club from time to time.

### **TRANSFER UPON SALE OF RESIDENCE OR HOMESITE**

A member who resigns from the Club upon the sale of his or her residence or homesite in the Community may arrange for the Club to reissue the members membership at the time of sale to the subsequent purchaser of the residence or homesite regardless of whether all of the memberships have been issued and regardless of whether there are any resigned memberships on the resale waiting list. The subsequent purchaser desiring the resigned membership will be required to submit a Membership Application and will



be subject to the approval of the Club. If approved for membership, the purchaser will be required to submit a Membership Agreement and pay the membership deposit then required. In the case of a Tinkham Founder Member who sells his or her residence or homesite in the Community, a Resident Golf Membership or Honolulu Membership will be issued to the subsequent purchaser of the member's residence or homesite who desires a membership. With respect to additional residences or homesites owned by a Charter Member, a Charter Member has a one-time right to transfer his or her Charter Membership to the subsequent purchaser of the member's residence or homesite in the Community. Thereafter, upon resale of the property, the Charter Membership will be issued as a Resident Golf Membership or Honolulu Membership to the subsequent purchaser desiring a membership in the Club.

In the event the subsequent purchaser of a member's residence or homesite in the Community elects a category of membership which requires the payment of a membership deposit less than that paid by the resigning member, then the resigning member may elect to either (i) place his or her resigned membership on the waiting list, or (ii) effectuate the reissuance of the resigned membership and receive the amount of the membership deposit paid by the subsequent purchaser of his or her residence or homesite as payment in full.

The Membership Agreement will provide whether new members will pay for the membership in full at the time of joining the Club, or in installments. If the purchaser of the resigning member's property who is acquiring the resigned membership pays the membership deposit in full, the Club will pay the refund to the resigning member in full within 30 days. The Club shall retain all amounts in excess of the refund to be paid to the resigning member.

If the purchaser of the resigning member's property pays the membership deposit under an installment payment plan, then the Club will pay the refund to the resigning member within 30 days after the installment payments are received by the Club, up to the amount of refund due the resigning member.

#### **TRANSFER THROUGH WAITING LIST**

A resigned membership, except a resigned Non-Resident member who acquired a membership after March 1, 2018, will be placed on a waiting list by category of membership and will be reissued on a first-resigned, first-reissued basis as follows, unless a member arranges for the subsequent purchaser of his or her residence or homesite in the Community to acquire his or her membership:

- (a) Prior to the initial sale of all Tinkham Founder, Charter, Resident Golf and Non-Resident Golf Memberships, every fourth membership issued (1 in 4) will be a resigned membership from the appropriate waiting list, provided there is a resigned membership on the waiting list. The other 3 memberships sold will be from the Club's unissued memberships. This procedure allows the reissuance of resigned memberships prior to the issuance of all memberships in the Club.

Resigned Resident Golf Memberships and Non-Resident Golf Memberships will be placed on separate waiting lists. Resigned Tinkham Founder Memberships will be placed on the resale waiting list for Resident Golf Memberships or Non-Resident Golf Memberships depending on whether or not the holder thereof has continued to own property in the Community, and a replacement membership will be issued from the appropriate list. Resigned Charter Memberships will be placed on the resale waiting list for Resident Golf Memberships and a replacement Resident Golf Membership will be issued from this list.

- (b) After the initial sale of all Tinkham Founder, Charter, Resident Golf and Non-Resident Golf Memberships permitted to be issued, each membership sold in either the Resident Golf will be a resigned membership from the waiting list.
- (c) Prior to the initial sale of all Honolulu Memberships, every fourth membership issued (1 in 4) will be a resigned Honolulu Membership from the waiting list, provided there is a resigned membership on the waiting list. The other three memberships sold will be from the Club's unissued memberships.
- (d) After the initial sale of all Honolulu Memberships, each membership sold in that category will be a resigned membership from the waiting list.

#### **TRANSFER TO NEW PROPERTY WITHIN COMMUNITY**

If a member who is a property owner in the Community purchases another residence or homesite from the Company or its approved builders, the member may request the membership be transferred to the new residence or homesite.

#### **SALE OF PROPERTY IN COMMUNITY**

If a Tinkham Founder, Charter or Resident Golf Member sells his or her residence or homesite in the Community, does not acquire another residence or homesite in the Community but owns property in other areas of Suncadia, and desires to continue his or her membership privileges, the Resident Golf Member may request the Club convert his or her membership to a Non-Resident Golf Membership or equivalent if then being offered (a "Converted Membership"). If the Club does not offer such Converted Membership, the membership of the member selling his or her Tumble Creek residence or home site shall be deemed resigned, unless otherwise provided by the Club.

In the event of the conversion of a Membership as provided above, and to the extent the amount of the membership deposit then required to be paid for the Converted Membership exceeds the amount of the membership deposit paid for the Membership, the member shall be required to pay the difference to the Club. To the extent that the membership deposit paid for the Membership exceeds the amount of the membership deposit required for the Converted Membership, no additional membership deposit will be required

If a Honolulu Member sells his or her residence or homesite in the Community and does not acquire another residence or homesite in the Community, the membership shall be deemed resigned, unless otherwise provided by the Club.

#### **PURCHASE OF PROPERTY IN COMMUNITY BY NON-RESIDENT GOLF MEMBER**

If a Non-Resident Golf Member purchases a residence or homesite in the Community and desires to continue his or her membership privileges, the Non-Resident Golf Member may request the Club to convert his or her membership to a Resident Golf Membership provided that a Resident Golf Membership is available from the unissued memberships. To the extent the amount of the membership deposit then required to be paid for a Resident Golf Membership exceeds the amount of the membership deposit or membership initiation fee paid for the Non-Resident Golf Membership, the member shall be required to pay the difference. To the extent that the membership deposit or membership initiation fee paid for the Non-Resident Golf Membership exceeds the amount of the membership deposit for the Resident Golf Membership, the member will be deemed to have waived entitled to a refund of the difference. The conversion to a Resident Golf Membership does not convert a prior non-refundable initiation fee to a refundable deposit, and only the additional amount paid will be subject to refund. A conversion of a Non-Resident Golf Membership to a Resident Golf Membership as provided above shall not be deemed the issuance of a new Resident Golf Membership pursuant to the Transfer Through Waiting List provisions above.

#### **TRANSFER TO NON-RESIDENT GOLF MEMBER UPON SALE OF PROPERTY IN COMMUNITY BY RESIDENT GOLF MEMBER**

If a Resident Golf Member sells its residence or homesite in the Community and desires to continue his or her membership privileges, the Resident Golf Member may request the Club to convert his or her membership to a Non-Resident Golf Membership provided that the Member resides in the Suncadia Community and a Non-Resident Golf Membership is available. To the extent the amount of the non-refundable membership initiation fee then required to be paid for a Non-Resident Golf Membership exceeds the amount of the membership deposit paid for the Resident Golf Membership, the member shall be required to pay the difference. To the extent the amount of the non-refundable membership initiation fee then required to be paid for a Non-Resident Golf Membership is less than the amount of the membership deposit paid for the Resident Golf Membership, the member shall be required to waive the difference and release the Club from the requirement to refund the membership deposit.

#### **REPURCHASE OF MEMBERSHIPS UNDER OTHER CIRCUMSTANCES**

The Club may, but is not obligated to repurchase a membership under any circumstances, other than the circumstances specifically described in this Membership Plan. The Club may, in its sole discretion, purchase any membership or repurchase a resigned membership which is not being transferred to the subsequent purchaser of the resigning members residence in the Community, on terms agreed to by the Club and the member. Any membership so purchased shall be added to the Club's reserved memberships. The Club may, but is not obligated to, initiate from time to time a

voluntary full or partial discounted repurchase program for members on a resigned membership waiting list, on such terms and conditions the Club determines in its discretion.

#### **TRANSFER DURING MEMBERS LIFETIME**

A Tinkham Founder, Charter or Resident Golf Member has a one-time only right to request the transfer of his or her membership to an adult child or adult grandchild who is approved for membership in the Club without the payment of any additional membership deposit. This does not apply to the Non-Resident or the Honolulu membership categories. The adult child or adult grandchild to whom a membership is to be transferred under this provisions must own a home or a home site in the Community at the time of transfer or the request will be deemed withdrawn. Upon transfer of the membership, the original member shall be deemed to have transferred its rights to refund of any membership deposit paid to the Club to the transferee, but shall remain jointly liable with the transferee for any obligation owed by the member to the Club as of date of transfer. Upon transfer, a new 30-year period for the refund of the membership deposit shall commence for the transferee. The transfer of the membership to an adult child or adult grandchild pursuant to this section shall not be deemed an issuance of a new Membership for purposes of any waiting list reissuance provisions.

#### **TRANSFER OF MEMBERSHIP UPON DEATH OF MEMBER**

Upon the death of a member, the membership will be transferred to the member's surviving spouse without the payment of any additional membership deposit or initiation fee. Upon such transfer of the membership, the original member and his or her estate shall be deemed to have transferred its rights to refund of any membership deposit paid to the Club to the surviving spouse, but his or her estate shall remain jointly liable with the surviving spouse for any obligations owed by the member to the Club as of the date of death. If there is no surviving spouse or the surviving spouse does not desire to continue the membership, the membership will be deemed to have been resigned and will be reissued by the Club on the same basis as any other resigned membership.

In the event there is no surviving spouse, the estate of a Tinkham Founder, Charter, Resident Golf or Honolulu Member has a right to request transfer of the membership to one adult child or adult grandchild who owns a home or home site in the Community upon the member's death, subject to approval of the adult child or adult grandchild for membership by the Club, by delivering to the Club before the members death written notarized notice to the Club setting forth the name of the adult child or adult grandchild. Upon such transfer of a membership, the estate shall be deemed to have transferred the deceased member's rights to refund of any membership deposit paid to the Club to the transferee, but the estate shall remain jointly liable with the transferee for any obligations owed by the member to the Club as of the date of death.

Upon transfer, a new 30-year period for the refund of the membership deposit shall commence for the transferee. The transfer of a membership to an adult child or adult

grandchild pursuant to this section shall not be deemed an issuance of a new membership for purposes of any waiting list reissuance provisions.

#### **LEGAL SEPARATION OR DIVORCE**

In the event of the divorce or separation of spouses or other persons jointly owning a membership who reside in the Community, the membership, including all of its rights and benefits, will vest in the person awarded the home or home site in the Community by agreement or decree of divorce or separation. In other cases, the membership shall vest in the spouse awarded the membership by an agreement of separation or a decree of divorce. Until the award of the membership and written notice thereof is provided to the Club, both spouses will be jointly and severally liable for all dues and charges and both may continue to enjoy membership privileges so long as such amounts are timely paid. The Club reserves the right, in its sole discretion, not to transfer the membership to either person if the Club, in its sole discretion, is unable to determine the person who is lawfully entitled to receive the membership. If the Club has been unable to determine which person is legally entitled to the membership within 6 months after the date of notice of the agreement or divorce decree, the Club may deem the membership automatically resigned by the joint owners.

#### **DUES AND CHARGES**

##### **DUES, FEES AND CHARGES**

The Club will determine the amount of dues, fees and charges to be payable by members each year. Dues shall be payable on a monthly basis unless otherwise determined by the Club from time to time. The current dues, fees and charges for use of the Club Facilities are indicated on the Schedule of Dues, Fees and Charges. The amount of dues, fees and other charges is subject to change from time to time by the Club.

##### **NO ASSESSMENTS AGAINST MEMBERS**

Members will only pay membership dues, fees and other charges established from time to time. Members will not be subject to any liability for capital or operating assessments for the costs and expenses of ownership or operation of the Club or the Club Facilities unless and until the Club is converted to an equity club. The Company will pay all operating deficits incurred in the operation of the Club Facilities and will retain all operating revenues resulting from operation of the Club Facilities. Annual increases in dues shall not be deemed an assessment for purposes of this provision. Dues may only be increased once per year unless a new facility is opened during the year. The budget and the calculation of the dues may include costs for capital replacements and improvements or reserves, which costs inclusion shall not be deemed an assessment for purposes of this provision.

##### **MEMBERSHIP YEAR**

The Club's membership year will constitute the 12-month period commencing January 1 and ending December 31, unless otherwise established by the Club from time to time.

## **PAYMENT OF DUES BY RESIGNED MEMBER**

For memberships issued prior to September 1, 2009, a resigned member shall be obligated to continue to pay dues, fees, and other charges associated with the resigned membership until the earlier of (i) the reissuance of the membership by the Club, or (ii) 12 months after the resignation occurs. For membership issues after June 30, 2009, or transferred after June 30, 2009 regardless of when originally issued, the resigned member shall be obligated to continue to pay dues, fees and other charges associated with the resigned membership until the reissuance of the membership by the Club. A resigned member shall be permitted to use the Club Facilities as long as the dues, fees and other charges continue to be paid by the resigned member. In the event that there are any amounts owing to the Club by a resigned member which are past due, the Club reserves the right to move the resigned membership to the bottom of the reissuance waiting list. Resigned non-refundable initiation fee memberships do not continue to pay dues.

## **ACKNOWLEDGMENT OF MEMBERSHIP RIGHTS**

### **MEMBERS' ACKNOWLEDGMENT**

Membership in the Club provides a limited revocable license to use the Club Facilities in accordance with this Membership Plan and the Rules and Regulations, as the same may be amended by the Club from time to time. Membership in the Club is not an investment in the Company or the Club Facilities and does not give a member any vested contract or other right or prescriptive right or easement to use the Club Facilities. Membership in the Club does not provide a member with an equity or ownership interest or any other property interest in the Company or the Club Facilities. All rights and privileges of members under this Membership Plan, the Rules and Regulations and the Membership Agreement, are subordinate to the lien of any mortgage or deed of trust encumbering the Club Facilities from time to time.

The Club reserves the right, in its sole discretion, to modify this Membership Plan and the Rules and Regulations, to reserve memberships, to sell, lease or otherwise dispose of the Club Facilities in any manner whatsoever and to any person whomsoever, to add, issue or modify any type, category or class of membership, to increase or decrease the number of memberships that can be issued depending on usage and play patterns, to recall or reacquire any or all membership at any time for any or no reason whatsoever, to terminate the Club Membership Plan, to convert the Club into a member-owned club, and to make any other changes in the terms and conditions of membership or in the Club Facilities available for use by members or the public. Notwithstanding anything to the contrary, the Club may not change a member's right to refund of any membership deposit paid to the Club after 30 years of continual membership.

In the event the Club determines in its sole discretion to recall or reacquire a membership (as opposed to arranging the reissuance of a membership from a resigned member), and except as otherwise agreed to by a member, the Club will refund to the member the membership deposit or initiation fee actually paid by the member upon the

effective date of the recall or reacquisition. The determination by the Club to recall or reacquire a membership and the terms and conditions of such recall or reacquisition shall not act as a precedent for any other member nor guarantee that the Club will recall or reacquire another member's membership or provide the same terms and conditions for any such recall or reacquisition.

In the event that the Club Facilities are sold and the buyer agrees to assume liability for the repayment of the appropriate membership deposit as provided herein and in the Membership Agreement, the member shall look solely to the new owner for repayment and the Company shall be released from all liability therefor. In the event of a sale of the Club Facilities (other than a foreclosure sale), the Company shall request the buyer take title subject to the terms and provisions of the then existing Membership Plan, including, but not limited to, the right to amend or terminate the Membership Plan and recall or reacquire any or all memberships. Neither the Company nor its affiliates shall have any liability whatsoever in the event that planned Club Facilities are not constructed, except as may be provided in a given member's Membership Agreement.

#### **NO PLEDGE OF MEMBERSHIPS**

A member may not pledge or hypothecate the membership except to the extent the lien or security interest is incurred as a result of obtaining the membership privileges.

### **MEMBERSHIP APPLICATION**

#### **APPLICATION PROCEDURE**

A candidate for membership must submit a Membership Application to the Club. Upon review by the Club, the candidate who is approved for membership must mail or deliver to the Membership Director at the Club a fully completed and signed Membership Agreement and a check in U.S. funds for the amount required in respect of the membership deposit.

#### **REVIEW OF MEMBERSHIP APPLICATION**

All candidates desiring a membership must be approved by the Club. The Club may require an interview with the Membership Director, and/or other designees of the Club. After receiving the Membership Application, the Club will determine, in its sole discretion, whether the candidate has satisfied the relevant conditions of membership.

#### **RIGHTS GOVERNED BY MEMBERSHIP PLAN**

The members of the Club agree to be bound by the terms and conditions of this Membership Plan and the Rules and Regulations of the Club, as amended from time to time, and irrevocably agree to fully substitute the membership privileges set forth in this Membership Plan and Rules and Regulations for any present or prior rights in or to use of the Club Facilities.

## **OTHER MEMBERSHIPS AND USE PRIVILEGES**

### **HONORARY AND COMPANY MEMBERSHIPS**

The Club may issue 12 Honorary Memberships in the Club to such persons as the Club determines appropriate from time to time and up to 12 Company Memberships to designees of the Company. These memberships will be in addition to all other memberships and will be on such terms and conditions as may be determined by the Club from time to time.

### **NON-MEMBER PROPERTY OWNER USE OF CLUB FACILITIES**

The Club may, in its discretion, enter into an agreement with the Tumble Creek Village Association pursuant to which persons who own property in the Community, including those who are not members of the Club, would have limited license rights to use the Club's facilities.

### **PROMOTIONAL USE AND TOURNAMENT PLAY**

The Club will have the right to designate other persons who will not count toward membership limits, including, without limitation, officers, directors, partners, shareholders, employees and designees of the Company and its affiliates and their guests to use the Club Facilities upon such terms and conditions as may be determined from time to time by the Club. The Club will also have the right to permit prospective members and purchasers of residences or homesites in the Community to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club. The Club may permit pro sponsored play by non-members, tournaments and special events on a limited basis.

## **CLUB OPERATIONS**

### **MANAGEMENT AND OPERATION**

The Company owns the Club Facilities and will manage and operate the Club Facilities. The Company is solely responsible for the government and administration of the Club Facilities and the Club and will have the exclusive authority to accept members, set dues, fees and charges, establish rules and regulations and control the management and affairs of the Club Facilities and the Club. The Club also reserves the right to engage a professional management company to operate the Club Facilities.

### **ADVISORY BOARD OF GOVERNORS**

The Club may establish, and if established abolish, an advisory Board of Governors comprised of members of the Club to be selected by the Club in its sole discretion from time to time. Members of the advisory Board will serve for designated terms. The Board's purposes include fostering good relations between the members and management of the Club, providing the Club with input on programs, plans and activities of the Club, and advising on the Club's policies and rules and regulations. The



management of the Club shall meet with the Board of Governors on a periodic basis to discuss the operation of the Club Facilities. The Board of Governors shall have no duty or power to negotiate or otherwise act on behalf of the Club, its management or the members of the Club, and shall serve only in an advisory capacity. The management of the Club will have the final authority on all matters concerning the Club Facilities and the members of the Club.

## **CLUB COMMITTEES**

The Club may establish and abolish from time to time a Golf Committee, a Honolulu Committee and other appropriate committees. All of the members of these committees, including the chairperson, will be appointed by the Club for specific terms as determined by the Club from time to time. The management of the Club will meet with these committees, if formed, on a regular basis to discuss member programs and events at the Club. Each of the committees will act only in an advisory capacity and will not have any duty or authority to act on behalf of the members or the Club.

## **CONVERSION TO EQUITY MEMBER-OWNED CLUB**

### **POSSIBLE EQUITY CONVERSION**

The Company may in its sole and absolute discretion, but is not obligated to, determine to convert the Club to an equity member-owned club. An equity conversion will in no event occur prior to five years from the original date of this Membership Plan. If the Company determines to convert the Club to an equity, member-owned club, a special meeting of the members will be held to vote on whether or not the Club should be converted to an equity, member-owned club. If at least fifty-five percent (55%) of the votes entitled to be cast by the members are voted in favor of conversion, the Club will be converted to an equity club, subject to the terms and conditions set forth in this Membership Plan. In such a vote, the Tinkham Founder, Charter, Resident Golf and Non-Resident Golf Membership shall be entitled to three votes per membership and Honolulu Members will be entitled to one vote per membership. In the event that after the initial offering period, a satisfactory number of equity memberships have not been secured, the Company may, in its sole discretion, rescind the equity conversion and terminate the equity membership plan in which case any amounts paid by members to convert would be refunded within 30 days. If the members do not vote in favor of conversion of the Club to a member-owned club, the Company may, but is not obligated to, seek to convert the Club to an equity member-owned club at a later date.

### **EXISTING MEMBERS MAY CONVERT TO EQUITY MEMBERSHIP**

If and when the members of the Club approve conversion to an equity member-owned club as provided above, all existing members will have the opportunity to acquire an equity membership in the corresponding category during an initial offering period of not less than 60 days after the date equity memberships are first offered.

## **EXISTING MEMBERS WHO DO NOT CONVERT TO EQUITY MEMBERSHIP MAY BE RECALLED**

Memberships that are not converted to equity memberships may be recalled or reacquired by the equity club at any time upon refund to the member of the membership deposit previously paid by such member for the membership in question.

## **GUARANTEED EQUITY MEMBERSHIP CONTRIBUTION**

The additional amount required to be paid by an existing member for an equity membership in the corresponding category of membership will be \$20,000 for all Tinkham Founder, Charter, Resident Golf or Non-Resident Golf Members who elect to convert to an equity membership and \$4,000 for all Honolulu Members who elect to convert to an equity membership (the "Conversion Amounts") during the initial offering period of equity memberships. The Conversion Amount will be increased each year after January 1, 2006 by the percentage increase, if any, in the Consumer Price Index – all items, Seattle, Washington, until the Club is converted to an equity club, if such conversion occurs.

## **REFUND AFTER CONVERSION**

The conversion of the Club to an equity member-owned club would change the Club's obligation to refund the membership deposit to members who convert to equity membership. The amount to be refunded upon resignation of an equity membership for existing Tinkham Founder, Charter, Resident Golf or Non-Resident Golf members who convert to equity membership would be eighty-percent (80%) of the then current membership contribution for an equity Resident Golf or Non-Resident Golf Membership, as the case may be. The refund for existing Honolulu Members who convert would be eighty percent (80%) of the then current membership contribution for an equity Honolulu Membership. Those Resident Golf, Non-Resident Golf and Honolulu Members who choose to remain as non-equity members will continue to have their membership deposit refunded at the earlier of (i) 30 years after the date the membership is issued by the Club; or (ii) within 30 days after resignation by the member and sale of a previously unissued equity membership (versus reissuance of the resigned membership as provided hereinabove). The amount of refund to be made to Tinkham Founder and Charter Members who choose to remain as non-equity members will be as set forth in their Membership Agreements.

## **EQUITY MEMBERSHIP PLAN DOCUMENTS AND DUE DILIGENCE**

Equity memberships will be offered in accordance with an Equity Membership Plan and related documents (the "Equity Membership Documents"). The Equity Membership Documents will be prepared by the Company and its counsel and will be sent to members before the member vote on the equity conversion. The Equity Membership Plan shall incorporate the "Conversion to Equity Member-Owned Club," "Transfer upon Sale of Residence or Homesite" and "Transfer Through Waiting List" provisions of this Membership Plan, and the maximum number of equity memberships in each category shall equal the maximum number of non-equity memberships in each category.

The Equity Membership Plan will include an estimated pro forma budget and pro forma membership dues, fees, and charges for the equity club upon conversion.

#### **TRANSFER OF CLUB FACILITIES AT CONVERSION**

The Equity Membership Plan shall provide that the Company shall cause all Club Facilities listed in the “Club Facilities” section of this Membership Plan, plus the Club maintenance facility, parking lots, and furniture and equipment owned by the Company and used in club operations, to be transferred to the equity club in their “where is, as is” condition free and clear of any mortgage or deed of trust liens, but subject to reasonable liabilities, such as equipment leases and other typical operating obligations, including without limitation, a working capital loan. The consideration for the transfer of the Club Facilities to the equity club will be an amount equal to the proceeds from the initial issuance of all equity memberships permitted to be issued and assumption of liability to repay all membership deposits by the equity club. Proceeds from reissuance of resigned equity memberships (after the refund to the resigned members and payment to the Company of any deferred membership deposit or membership contribution) will be paid to the Company until turnover of control of the equity club to the members.

#### **GOVERNANCE OF EQUITY CLUB**

The Company shall be responsible for operating deficits until the Turnover Date (as hereinafter defined).

The equity club will be governed by a Board of Directors in accordance with the Equity Membership Documents. The Board of Directors will be responsible for the government and administration of the affairs and property of the equity club, set dues and charges for members, establish rules and regulations and, in general, control the management and affairs of the equity club. The Board of Directors will be appointed by the Company until the Turnover Date and elected by the equity members after the Turnover Date in accordance with the Equity Membership Documents.

#### **TURNOVER DATE**

The “Turnover Date” will be within 60 days after the earlier of (i) the initial sale of all equity memberships permitted to be issued, (ii) any earlier date on or after the conversion date determined by the Company in its discretion.

#### **INDEPENDENT INSPECTION OF CLUB FACILITIES**

After the Club Facilities are completed, the Company will have the Club Facilities inspected to determine if the facilities were built in substantial compliance with the plans and specifications as modified by any change orders and applicable governmental regulations. The inspectors will be selected in the sole discretion of the Company and will be independent inspectors, architects or engineers licensed by the State of Washington. The Company at its sole cost and expense, will make or cause to be made those repairs indicated in the inspection reports which the Company in its sole discretion deems appropriate and shall cause these repairs to be completed with due

diligence and in a good and workmanlike manner. The inspection reports will be available for review in the Membership Office.

#### **INSPECTION PRIOR TO TURNOVER**

Immediately prior to the date for turnover of the equity club to the members, a second inspection will be conducted to determine whether the Club Facilities are in good working order, ordinary wear and tear excepted. The inspectors will be the same inspectors who conducted the initial inspections if available or will otherwise be selected in the sole discretion of the Company and will be independent inspectors, architects or engineers licensed by the State of Washington. Any repairs called for in the inspection reports as necessary for the facility to be in good working order, ordinary wear and tear excepted, will be repaired at the Company's sole expense before the Turnover Date or funds will be set aside for that purpose as estimated in the inspection reports.

On the Turnover Date, all equipment of the Club shall be in good working order, ordinary wear and tear excepted.

#### **ACCESS AGREEMENT POST-EQUITY CONVERSION**

In the event that the Access Agreement referred to previously is still in effect following an equity conversion and turnover of control of the equity club to the equity members, the equity club can determine to keep the Access Agreement in effect in accordance with its terms and pay the required amounts for the access privileges provided thereunder, or terminate such agreement without any liability on the part of the equity club. This right of the equity club to terminate the Access Agreement shall exist for a period of 90 days after the date of the turnover of control.

### **GENERAL PROVISIONS**

#### **PROTECTION OF MEMBERSHIP PRIVILEGES**

In the event that the Company mortgages or liens the Club Facilities in connection with a borrowing, the Company will disclose the Membership Plan to the prospective lender, and will request recognition by the prospective lender of the Membership Plan in the event of a foreclosure by the prospective lender. The Company does not represent or guarantee that a prospective lender will agree to such a request or recognize the members' rights under the Membership Plan in the event of a foreclosure.