

**OLDE VINE GOLF CLUB**

**MEMBERSHIP PLAN**

# OLDE VINE GOLF CLUB, INC.

## MEMBERSHIP PLAN OVERVIEW

### MEMBERSHIP OPPORTUNITY

This Membership Plan and its exhibits (the "Membership Documents") offer you an opportunity to acquire a membership in Olde Vine Golf Club, Inc., a New York not-for-profit corporation (the "Club"). The Club is a private membership club featuring exceptional golf, tennis, swimming, fitness and social facilities located in The Estates at Olde Vine residential community (the "Community") in Riverhead, New York.

### MEMBERSHIP CATEGORIES AND PRIVILEGES

The Club offers two categories of Equity Membership: Founder Membership and Golf Membership. A person acquiring a Founder Membership or a Golf Membership is referred to as an Equity Member. The Club also offers the following four categories of Non-Equity Memberships: Social Membership, Dinner Membership/Limited Golf, Weekday Membership and Weekday Corporate Membership. A person acquiring a Social Membership, a Dinner Membership/Limited Golf, a Weekday Membership or a Weekday Corporate Membership is referred to as a Non-Equity Member. Each Equity Member has an ownership interest in the Club and is entitled to vote on matters affecting the Club in accordance with the Membership Documents. Non-Equity Members will not have an ownership interest in the Club or be entitled to vote on matters affecting the Club.

Each member is entitled to use the Club Facilities referred to hereafter in accordance with the privileges granted by his or her category of 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 Club Facilities and an extensive array of programs and activities for members and their families, 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 Contribution.** Equity Members are entitled to a refund upon resignation and reissuance of the membership, as provided hereinafter.
- **Resigned Memberships Reissued Prior to Membership Sell-Out.** Resigned Equity Members do not have to wait until all new memberships in the Club have been issued before their membership is reissued and they receive their refund. Every fourth Equity Membership issued will be a resigned membership from the resale waiting list, as provided for hereinafter.

- **Transferability of Memberships.** Memberships are transferable through the Club to the subsequent purchaser of a member's residence or homesite in the Community, as provided for hereinafter.
- **Control of Club Operations and Policies.** Equity Members will be entitled after turnover to elect the members of the Board of Directors, which governs the Club.
- **Ownership Interest in Club.** Each Equity Member has an ownership interest in the Club and is entitled to vote on matters affecting the Club.
- **Immediate Family Privileges.** A member, his or her spouse and their unmarried children, age 21 and under who are living at home or attending school on a full-time basis or in the military, are entitled to membership privileges, provided the family category of membership dues is selected and paid.
- **Extended Family Privileges.** The parents, adult children and grandchildren of the member and spouse and the spouses of such family members are also entitled to use the Club Facilities in accordance with the member's category of membership, upon payment of reduced fees established by the Club, provided the family category of dues is selected and paid.
- **Website.** The Club's website located at [www.oldevine.com](http://www.oldevine.com) provides members with access to important up to date club information.

## CAREFULLY REVIEW ALL DOCUMENTS

This Membership Plan is a summary of the membership opportunities offered by the Club and is qualified by the definitive information set forth in the attached or referenced exhibits. 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 attached or referenced exhibits and should seek professional advice to evaluate these documents. Please refer to the Bylaws and the Club Transfer Agreement for the meanings of terms that are not defined in this Membership Plan.

## RELY ONLY ON WRITTEN INFORMATION PROVIDED

**NO PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO PROVIDE ANY INFORMATION WITH REGARD TO THE CLUB OR THE MEMBERSHIPS IN THE CLUB CONTRARY OR IN ADDITION TO THE INFORMATION CONTAINED IN THESE MEMBERSHIP DOCUMENTS. IF ANY SUCH REPRESENTATIONS ARE MADE OR INFORMATION PROVIDED, SUCH REPRESENTATIONS OR INFORMATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THESE MEMBERSHIP DOCUMENTS AND MEMBERSHIP PURCHASE AGREEMENT, AS APPLICABLE, AND OTHER PRINTED MATERIALS, THE MEMBERSHIP DOCUMENTS AND MEMBERSHIP PURCHASE AGREEMENT, AS APPLICABLE, SHALL GOVERN.**

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

**MEMBERSHIPS ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING PERSONS ACQUIRING A MEMBERSHIP TO OBTAIN RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED OR ACQUIRED AS AN INVESTMENT AND PERSONS PURCHASING A MEMBERSHIP SHOULD NOT EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP IN THE CLUB.**

**THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PLAN. NO FEDERAL OR OTHER STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PLAN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

## **APPLICATION PROCEDURES**

Each person who desires to become a member must mail or deliver to the Membership Office at the Club a fully completed and signed Application for Membership, Membership Purchase Agreement and a check in U.S. funds for the amount required in respect of the required membership contribution or initiation fee.

## **MEMBERSHIP OFFICE AVAILABLE TO ANSWER INQUIRIES**

All inquiries regarding membership in the Club or the Membership Documents should be directed to the Membership Office at: 695 Reeves Avenue, Riverhead, NY 11901 or by calling 631-369-7151. No appointment is necessary.

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## **CLUB PURPOSE AND FACILITIES**

### **PURPOSE OF CLUB**

The Club has been organized to acquire, own and thereafter operate the Club Facilities referred to below for the pleasure and recreation of its members, their family members and guests. The terms with respect to the transfer of ownership of the Club Facilities to the Club and the turnover of management and control of the Club Facilities to the Equity Members are described under the heading "Club Transfer Agreement." The date on which management and control of the Club Facilities is turned over to the Equity Members is herein referred to as the "Turnover Date."

### **CLUB FACILITIES**

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

- 18-hole links style golf course designed by Buddy Johnson (the "Club Course");
- Golf practice facilities with chipping area, putting greens, and golf fitness center;
- Clubhouse of approximately 10,000 square feet featuring dining facilities, golf shop, indoor grill with outdoor covered patio area, fitness center, men's and women's locker rooms with restrooms and a Founder Member's area, plus a basement of approximately 6,000 additional square feet for golf bag and cart storage;
- Tennis court; and
- Swimming pool.

In addition to the Club Facilities, Equity Members and their immediate family will have preferred access to the golf courses, driving range and clubhouses and a discount on food and beverage purchases at Cherry Creek and The Woods at Cherry Creek (the "Cherry Creek Facilities"), pursuant to a license agreement between the Club and the owner of the Cherry Creek Facilities (the "License Agreement"), for so long as the License Agreement remains in effect.

### **CONSTRUCTION OF CLUB FACILITIES**

Construction of the Club Course has begun and is anticipated to be completed by the winter of 2006. Construction of the clubhouse and balance of the Club Facilities is expected to commence in 2005 and be available for member use in 2006. The Cherry Creek Facilities are complete and open for use.

### **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. If the Club

Facilities are expanded or additional facilities are added, the number of memberships issued in the Club may be increased.

## **OWNERSHIP OF CLUB FACILITIES**

Olde Vine Golf Club LLC, a New York limited liability company referred to herein as the "Company", will transfer to the Club the Company's right, title and interest in the Club Facilities as provided in the Club Transfer Agreement between the Company and the Club. In consideration for the transfer of the Company's interest in the Club Facilities, the Company will receive a portion of the memberships to be issued in the Club. Control of the operation of the Club will initially be retained by the Company and will ultimately be turned over to the Equity Members on the Turnover Date, as hereinafter provided.

## **MEMBERSHIP CATEGORIES AND PRIVILEGES**

### **CATEGORIES OF MEMBERSHIP**

The Club is offering a limited number of Equity Memberships in the following categories: Founder Membership and Golf Membership. The Club will also offer the following four categories of Non-Equity Memberships: Social Membership, Dinner Membership/Limited Golf, Weekday Membership and Weekday Corporate Membership.

The Club may offer certain other memberships and use privileges as described in the "Other Memberships and Use Privileges" provision in this Membership Plan.

### **FOUNDER MEMBERSHIP**

Each person who acquires a Founder Membership will be entitled to use all of the golf and clubhouse facilities of the Club, and the Cherry Creek Facilities on a preferred basis, and subject to Club rules during operating hours. Founder Members will not be required to pay green fees for use of any of the golf facilities, but will be required to pay golf cart fees. Founder Members will have a 7 day advance sign-up privilege for tee times at the Club Course and a 14 day advance sign-up privilege for tee times at the golf courses at the Cherry Creek Facilities. Founder Members will have a ten percent (10%) discount on food and beverage purchases at the Cherry Creek Facilities. Founder Members will be entitled to additional benefits determined by the Club from time to time including the right to sponsor unaccompanied guests to use the Club Facilities for a limited time.

### **GOLF MEMBERSHIP**

Each person who acquires a Golf Membership will be entitled to use all of the golf and clubhouse facilities of the Club, and the Cherry Creek Facilities on a preferred basis, during operating hours and subject to Club rules. Golf Members will not be required to pay green fees for use of any of the golf facilities, but will be required to pay golf cart fees. Golf Members will have a 7 day advance sign-up privilege for tee times at the Club Course and a 14 day advance sign-up privilege for tee times at the golf courses at the

Cherry Creek Facilities. Golf Members will receive a ten percent (10%) discount on food and beverage purchases at the Cherry Creek Facilities.

## **SOCIAL MEMBERSHIP**

Each person who acquires a Social Membership will be entitled to use all of the tennis, swimming, fitness and social facilities of the Club during operating hours and subject to Club rules. Social Members will be entitled to use the Cherry Creek Facilities as a guest of an Equity Member for so long as the License Agreement remains in effect, upon payment of applicable fees and charges. Social Members will not be required to pay court fees for use of the tennis facilities.

## **DINNER MEMBERSHIP/LIMITED GOLF**

Each person who acquires a Dinner Membership will be entitled to use all of the dining facilities of the Club during operating hours and subject to Club rules. Dinner members may make at least two reservations per month for lunch or dinner. Dinner Members will be required to pay a food and beverage assessment at the same rate as all other members plus NYS sales tax and an 18% gratuity. Dinner members shall also be issued a Dinner membership I.D. and Visa Card. Dinner members may also use the Olde Vine Golf Course up to (5) five times annually Monday through Friday and Weekends after 12 noon. Dinner members shall pay the appropriate Guest fees for Golf and Carts.

## **WEEKDAY MEMBERSHIP**

Each person who acquires a Weekday Membership will be entitled to use the golf and clubhouse facilities of the Club Monday through Friday, excluding holidays. Weekday Members will be entitled to use the Cherry Creek Facilities as a guest of an Equity Member for so long as the License Agreement remains in effect, upon payment of applicable fees and charges. Weekday Members will not be required to pay greens fees for use of the Club Course, but will be required to pay golf cart fees. Weekday Members will have a 7 day advance sign-up privilege for tee times at the Club Course. However, the latest tee time that at Weekday Member may make on Fridays is 11:00 am.

## **WEEKDAY CORPORATE MEMBERSHIP**

Each Weekday Corporate Membership will entitle the Weekday Corporate Member to designate up to 6 persons who may use the Club Facilities on the same basis as a Weekday Member. The Club may offer Weekday Corporate Memberships to actual legal, business entities, as determined by the Club from time to time, in its sole discretion. Each Weekday Corporate Membership issued will count as one membership against the maximum number of Weekday Memberships that may be issued in the Club. Each designated user of a Weekday Corporate Membership must be an owner, director, officer, partner, shareholder or employee of the Weekday Corporate Member and will be subject to approval of the Club, in its sole discretion. Each Weekday Corporate Member will be responsible for any unpaid dues, fees and other charges incurred by its designated users. A Weekday Corporate Member may change up to 3 of the designated users prior to March 1 of each membership year, upon payment of a redesignation fee established by the Club from time to time and approval of the designated users by the Club.

## **ADD ON PRIVILEGES**

Equity Members who own property in the Community can elect each year to add on privileges to use the tennis and swimming facilities at the Club. The election shall be on a membership year basis and shall require the payment of additional dues, but shall not require the payment of access fees for use of the tennis or swimming facilities. The number of Equity Members that can elect to add on these privileges will be limited to the difference between the maximum number of Social Memberships permitted in the Club and the number of Social Memberships issued at the beginning of a membership year.

## **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.

## **MEMBERSHIP VOTING RIGHTS**

On all matters to be voted upon by the members of the Club, Equity Members are entitled to one vote per membership. Non-Equity Members are not entitled to vote. The Company is not entitled to vote unissued memberships which it holds for sale on matters submitted to the vote of the members, except it may vote those Equity Memberships which it has purchased from the Club, as hereinafter provided.

## **UPGRADE OF MEMBERSHIP**

Members may upgrade to a higher category of membership if the higher category of membership is then available and not reserved. In order to upgrade, the member shall pay to the Club the difference between the membership contribution or initiation fee then charged for the higher category of membership and the membership contribution or initiation fee previously paid by the member for the lower category of membership. Because of the limited number of memberships in each category and the reservation of memberships, a member may not be able to upgrade to a higher category of membership. The downgrade of a membership will not be permitted by the Club.

## **NUMBER OF MEMBERSHIPS**

### **LIMIT ON NUMBER OF MEMBERSHIPS**

The maximum number of memberships permitted in each category will be as follows:

<u>Membership Category</u>	<u>Number of Memberships</u>
Founder Membership	50 (Included in the cap on Golf Memberships)
Golf Membership	399
Social Membership	100

Dinner Membership/Limited Golf	100
Weekday Membership	200
Weekday Corporate Membership	Up to 50 (Included in the cap on Weekday Memberships)

Notwithstanding the above membership limits, the total number of Social Memberships in the Club can be increased temporarily so that any property owner in the Community can acquire a Social Membership in the Club at any time. Each Equity Member who elects to add on tennis and swim privileges will count as one Social Membership against the maximum number of Social Memberships that may be issued by the Club. The Club may, in its sole discretion, further limit the number of memberships available in any category of membership as the Club determines appropriate from time to time.

## **FAMILY AND GUEST PRIVILEGES**

### **IMMEDIATE FAMILY PRIVILEGES**

The immediate family of a member will be entitled to use the Club Facilities and the Cherry Creek Facilities on the same basis as a member, provided the family category of dues is selected and paid. Notwithstanding the foregoing, immediate family members of those members paying the individual category of dues will be entitled to use the social facilities of the clubhouse on the same basis as the member. A member's immediate family will include the member's spouse and their unmarried children age 21 and under, living at home, attending school on a full-time basis or in the military.

### **EXTENDED FAMILY PRIVILEGES**

The extended family of a member may use the Club Facilities in accordance with the member's category of membership upon payment of reduced fees established by the Club, provided the family category of dues is selected and paid. The extended family of a member may use the Cherry Creek Facilities as extended family of a member upon the terms and conditions established by the Club from time to time. Notwithstanding the foregoing, extended family members of those members paying the individual category of dues will be entitled to use the social facilities of the clubhouse. The extended family shall include the parents, children who do not fall within the definition of immediate family and grandchildren of the member and his or her spouse and their respective spouses. The Club may modify or terminate this privilege and establish such rules with respect thereto as it may determine from time to time.

### **GUEST PRIVILEGES**

Members may have guests use the Club Facilities in accordance with the member's category of membership, upon payment of the applicable guest charges. Members may have guests use the Cherry Creek Facilities as guests of a member upon the terms and conditions established by the Club from time to time. Guest use shall be in compliance with the Rules and Regulations of the Club, which may include, without limitation,

restrictions on the number of times a particular guest may use all or a portion of the Club Facilities and the total number of guests a member can sponsor during any membership year, or portion thereof. The Club reserves the right to establish guest policies from time to time. The member will be responsible for the payment of charges incurred but not paid by his or her guests, including any applicable guest fees established by the Club from time to time.

## **DESIGNATED GOLFER**

The Club reserves the right to adopt a "designated golfer" policy and/or such other policy or policies as it may determine from time to time in its sole discretion in order to ensure member access to tee times during periods of peak use. If the designated golfer policy is adopted, the member will select one immediate family member as the designated golfer who will be entitled to play golf during periods of peak use specified by the Club as being for designated golfers only.

## **LESSEE PRIVILEGES**

A member who leases his or her residence in the Community for a period of at least one year may designate the lessee of his or her residence as the beneficial user of the membership, subject to the approval of the Club. The lessee must submit an Application for Lessee Privileges must be approved by the Club and must pay the required administrative fee established by the Club from time to time. During the period when a lessee is the designated user of the membership, the lessor member will not have any membership privileges but will continue to be obligated to pay dues with respect to the membership. The member will be responsible for the deportment of the lessee and for all charges incurred by the lessee which are not paid within the customary billing and collection procedures of the Club.

## **OFFERING OF MEMBERSHIPS**

### **OFFERING OF MEMBERSHIPS**

Memberships will be offered to initial purchasers of a residence or homesite in the Community and other such persons and entities as the Company determines appropriate from time to time.

### **RESERVED MEMBERSHIPS**

All of the unsold memberships in the Club will be reserved by the Company and will not be considered to be available memberships in the Club. The Club or the Company may not be compelled to sell a reserved membership. The Club or the Company may issue a reserved membership to any person whom the Club or the Company 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 may at any time within 60 days from the date of his or her closing on the residence or homesite, apply for a membership in the Club, provided the Club has a membership for sale. The number of memberships in each category is limited and available memberships in each category will generally be issued on a first-come, first-served basis. Any initial purchaser who does not apply for a membership within 60 days from the date of his or her closing on the residence or homesite may apply for a membership at a later date only if one is available and not otherwise reserved by the Club, and only upon payment of the membership contribution or initiation fee which is in effect at the time the membership is acquired. It is possible that a membership, other than a Social Membership, will not be available to you after the 60-day availability period. Further, only Equity Memberships acquired within the 60-day availability period and Social Memberships may be transferred to the subsequent purchaser of the member's property in the Community as provided hereinafter.

OWNERSHIP OF A RESIDENCE OR HOMESITE DOES NOT GIVE ANY VESTED RIGHT 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 SUBJECT TO AVAILABILITY**

EACH PERSON'S RIGHT TO ACQUIRE A MEMBERSHIP WILL AT ALL TIMES BE SUBJECT TO AVAILABILITY. AVAILABLE MEMBERSHIPS MAY BE OFFERED TO PERSONS WHO DO NOT OWN PROPERTY IN THE COMMUNITY. IF A PERSON OWNS OR ACQUIRES A RESIDENCE OR HOMESITE IN THE COMMUNITY AND DOES NOT ACQUIRE A FOUNDER MEMBERSHIP, GOLF MEMBERSHIP OR WEEKDAY MEMBERSHIP IN THE CLUB WHEN IT IS INITIALLY OFFERED, IT IS UNLIKELY THAT THE PERSON OR THE SUBSEQUENT PURCHASER OF THE PERSON'S RESIDENCE OR HOMESITE IN THE COMMUNITY WILL BE ABLE TO ACQUIRE A MEMBERSHIP IN ONE OF THESE CATEGORIES AT A LATER DATE.

## **MEMBERSHIP PRIVILEGES PRIOR TO CLOSING**

The Club may, in its sole discretion, 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 contribution or initiation fee, 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 contribution or initiation fee and the unused portion of any dues, fees and charges paid by the person in advance for the remainder of the membership year. In this event, a membership will thereafter be made available to the person only in the discretion of the Club. In the event the purchaser does not close on the residence or homesite and the membership is recalled, the membership will be considered to be an unissued membership.

## OWNERSHIP OF MULTIPLE RESIDENCES OR HOMESITES

If a person acquires two or more residences or homesites in the Community, the purchaser can acquire a membership for each residence or homesite for which membership privileges are desired. If the person does not acquire a membership for each residence or homesite, the Club will not guarantee that a membership, other than a Social 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 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 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 membership only if one is available and not reserved and the purchaser has been approved for membership.

## WAITING LIST

If a person desires to acquire a membership in a particular category of membership and a membership is not available in that category, the Club will establish a waiting list for that particular category of membership. Resigned memberships that are not reissued to the subsequent purchaser of a resigned member's residence or homesite or that are repurchased by the Company, as hereinafter provided, will be offered to persons on the waiting list in accordance with the following order of priorities:

First, to members of the Club who desire to upgrade to a higher category of membership;

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

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

## MULTIPLE OWNERS OF PROPERTY

In the event a residence or homesite is owned by more than one person (other than spouses), each owner is eligible to obtain a membership provided one is available and not reserved. However, only one membership can be transferred through the Club to the subsequent purchaser of the residence or homesite, as provided hereafter.

Therefore, if more than one Equity Membership is acquired, there is no guarantee that the additional Equity Membership(s), once resigned, will be reissued.

## 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 or family 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 such forms as required by the Club 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. No person other than the designated user and his or her family and guests will be entitled to simultaneously use the membership and all such use shall be in accordance with the member's category of membership and subject to payment of applicable dues, fees and charges.

## **MEMBERSHIP CONTRIBUTION / INITIATION FEE**

### **MEMBERSHIP CONTRIBUTION OR INITIATION FEE REQUIRED TO ACQUIRE MEMBERSHIP**

Persons desiring to be members of the Club must pay the amount required in respect of the membership contribution or initiation fee established for memberships on the date of application for a membership. Membership contributions are refundable and initiation fees are non-refundable except in the event of recall, as set forth in this Membership Plan.

### **SETTING OF MEMBERSHIP CONTRIBUTION AND INITIATION FEE**

The membership contribution and initiation fee for all memberships in the Club will be fixed by the Company from time to time at any level it deems appropriate in its sole discretion, until the initial issuance of all of the memberships. The membership contribution and initiation fee for memberships which are available for reissuance by the Club will be equal to the membership contribution or initiation fee set by the Company for unissued memberships. After the initial sale of all of the memberships, the membership contribution and initiation fee will be set by the Board of Directors of the Club as determined from time to time.

To be considered a member of the Club, the member must pay the membership contribution or initiation fee within the time period listed in his or her Membership Purchase Agreement. If the member does not pay the membership contribution or initiation fee when due, the member will not be entitled to any use privileges. In addition, the membership of such person can be terminated, without refund of any membership contribution or initiation fee previously paid. In the event a membership is terminated due to non-payment of the membership contribution or initiation fee, the membership will revert to the Company and not the Club, and the Company may issue the membership to any applicant approved by the Company, in its sole discretion.

### **REFUND OF MEMBERSHIP CONTRIBUTION UPON TRANSFER OF MEMBERSHIP**

The holder of an Equity Membership which has been resigned is entitled to a refund after the Equity Membership has been reissued by the Club. Upon reissuance of the Equity Membership and subject to the "Transfer of Membership" section, the amount to be refunded is eighty percent (80%) of the amount of the membership contribution then charged for a Golf Membership. The difference between the membership contribution paid by the successor Equity Member and the amount refunded to the resigning member will be paid to the Company prior to the Turnover Date as additional consideration for the transfer of the Club property and in consideration of the

Company's obligation to fund operating deficits, and will be retained by the Club after the Turnover Date.

The Club shall be obligated to make a refund to the resigning Equity Member only after the membership has been reissued to a successor Equity Member.

#### **REFUND OF INITIATION FEE UPON RECALL OF WEEKDAY CORPORATE MEMBERSHIPS**

The Club reserves the right to recall Weekday Corporate Memberships at any time in its sole and absolute discretion. In the event a Weekday Corporate Membership is recalled by the Club within five years from the date the membership is issued, the Weekday Corporate Member will be refunded the amount of the initiation fee paid reduced by twenty percent (20%) for each year or portion thereof that the Weekday Corporate Membership was held by such member.

#### **DEDUCTION OF AMOUNTS OWED**

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

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

Membership contributions and initiation fees will be held in escrow by a financial institution or other independent escrow agent pursuant to an Escrow Agreement for Membership Contributions and Initiation Fees (the "Escrow Agreement"). If the Club provides security ensuring completion of the Club Facilities or a refund of amounts paid in respect of a membership in the Club if the Club Facilities are not completed or if completion of the Club Facilities is otherwise assured, the escrow agent is authorized to release amounts held in escrow, all as more particularly provided in the Escrow Agreement. A copy of the Escrow Agreement will be available for review in the Membership Office.

### **TRANSFER OF MEMBERSHIP**

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

Members may resign and transfer their memberships only through the Club. Members who desire to resign their memberships must give the Club written notice to that effect. However, in the case of initially issued Equity Memberships, such memberships cannot be resigned unless and until the requisite dues have been paid with respect thereto and they have otherwise been in good standing for a period of at least one year. 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 will maintain a list of persons who desire to acquire membership in the Club and a resigned member's waiting list of Equity Members who want the Club to reissue their Equity Memberships.

## TRANSFER UPON SALE OF RESIDENCE OR HOMESITE

Equity Members who acquired their memberships within 60 days of closing on their property in the Community and Social Members may arrange for the Club to reissue their resigned memberships to the subsequent purchasers of their property in the Community, who are approved for membership and pay the then required membership contribution or initiation fee, without being subject to a waiting list. The subsequent purchaser desiring the resigned membership will be required to submit a Membership Application and a Membership Purchase Agreement, will be subject to the approval of the Club and will be required to pay the membership contribution or initiation fee which is then in effect. The subsequent purchaser must acquire the membership within 60 days of the real estate closing. The Club may offer installment payment plans for the membership contribution or initiation fee from time to time. The real estate purchase and sale agreement may provide whether the buyer will acquire the seller's resigned membership and if so, whether the buyer will pay for the membership in full at the time of joining the Club, or in installments. If the purchaser of the resigning Equity Member's property who is acquiring the resigned Equity Membership pays the membership contribution in full, the Club will pay the refund to the resigning Equity Member in full within 30 days. If the purchaser pays the membership contribution in installments, the Club will pay the full amount of each installment to the resigned Equity Member when the Club receives installments from the purchaser until the resigned Equity Member has received his or her full refund. The Club shall retain all amounts in excess of the refund to be paid to the resigning Equity Member, subject to the provisions hereof. Resigned Equity Memberships which are not being reissued to a subsequent purchaser shall be placed on a resigned resale waiting list, as provided for hereinafter.

In the event the subsequent purchaser of an Equity Member's residence or homesite in the Community elects a category of membership which is available and which requires the payment of a membership contribution or initiation fee less than that paid by the resigning Equity Member, then the resigning Equity Member may elect to either (i) place his or her resigned Equity Membership on the waiting list, or (ii) receive the amount of the membership contribution or initiation fee paid by the subsequent purchaser of his or her residence or homesite in full satisfaction of the Club's refund obligation, in the same manner as set forth in this paragraph.

## TRANSFER THROUGH WAITING LIST

A resigned Equity Membership will be placed on a resale waiting list and will be reissued on a first-resigned, first-reissued basis as follows, unless the Equity Member arranges for the subsequent purchaser of his or her residence or homesite in the Community to acquire his or her membership:

- (a) Every fourth Equity Membership issued (1 in 4) will be a resigned Equity Membership from the waiting list, provided there is a resigned Equity Membership on the waiting list. The other three memberships sold will be from the Club's unissued Equity Memberships. This procedure allows the reissuance of resigned Equity Memberships and payment of the refund of the membership contribution to the resigned Equity Member prior to the issuance of all Equity Memberships in the Club. The Club may offer installment payment plans for the membership contribution from time to time. Since new members may not pay

the entire membership contribution at the time of joining the Club, all proceeds received by the Club from the reissuance of every such fourth Equity Membership shall be used by the Club to pay refunds to resigned Equity Members on the 1 in 4 waiting list on a first-resigned, first-repaid basis as follows:

The Club shall pay all such proceeds received from every fourth Equity Membership sold to the first person on the 1 in 4 waiting list until such person has been paid in full. The Club then shall pay all such proceeds to the second person on the waiting list until such person is paid in full. The Club then shall continue this process for each subsequent person on the 1 in 4 waiting list. Any amount not needed to pay such refunds will be kept by the Club.

- (b) After the initial sale of all Equity Memberships, each Equity Membership sold will be a resigned Equity Membership from the waiting list and the Club shall apply the proceeds from every Equity Membership sold thereafter in the same manner as described above in this paragraph.

In the case of a resigned Founder Membership, a replacement Golf Membership will be issued.

There is no guarantee that an Equity Membership will ever be reissued, or reissued within a specified time period, because reissuance is dependent upon another person desiring an Equity Membership. The Company may, in its sole discretion, but is not required to, repurchase a resigned Equity Membership prior to another individual acquiring the resigned Equity Membership as provided hereafter.

#### **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, the membership can be transferred to the new residence or homesite. Additionally, the purchaser of the member's property in the Community can then acquire a reserved membership for the then current membership contribution or initiation fee from the Company, if one is available and the purchaser approved for membership.

#### **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 contribution or initiation fee. 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 in the case of an Equity Membership, will be reissued by the Club on the same basis as any other resigned Equity Membership.

As an exception to the general rule, an Equity Member has a one-time only right to pass the Equity Membership on to one adult child or grandchild upon the Equity Member's death, subject to approval of the adult child or grandchild for membership by the Club and payment of a transfer fee in an amount determined by the Club from time to time.

In order to effectuate a transfer to an adult child or grandchild, the member's estate or surviving spouse, as the case may be, shall provide written notice to the Club requesting the transfer of the Equity Membership and setting forth the name of the adult child or grandchild. The transfer of the Equity Membership to an adult child or grandchild shall not be subject to any waiting lists.

## **LEGAL SEPARATION OR DIVORCE OF MARRIED MEMBERS**

In the event of the divorce or separation of spouses having membership privileges, the membership, including all of its rights and benefits, will 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 may both 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 spouse if the Club, in its sole discretion, is unable to determine the person who is lawfully entitled to receive the membership. In the case of divorce, if the Club has been unable to determine which spouse is legally entitled to the membership within six months after the date of the divorce decree, the membership shall automatically be deemed resigned.

## **DUES AND ASSESSMENTS**

### **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.

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

Dues will be payable in two equal installments, one due on January 15 and the other due on March 15 of each year. Equity Members may select either the family or individual category of dues. Equity Members who are property owners in the Community and who desire to use the tennis and swim facilities of the Club can pay additional dues for these privileges, subject to the provisions hereof. Dues will be phased in as the Club Facilities are completed. Dues adjustments will be made on an annual basis, on or before the first day of each membership year, unless otherwise determined by the Club. The Board of Directors may set the amount of dues at any level deemed appropriate. The current dues 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.

### **OPERATING ASSESSMENTS**

Members of the Club will not be assessed for operating deficits prior to the Turnover Date. Members will only pay membership dues, fees and other charges established from time to time. After the Turnover Date, the Board of Directors of the Club may find it necessary to make assessments, in addition to dues, to cover any operating deficits which may occur. Any assessments to cover operating deficits will be prorated among

the members of the Club based on the amount of dues charged during the year in which the deficit occurs. Annual increases in dues shall not be deemed an assessment.

## **CAPITAL ASSESSMENTS**

There will be no assessments for capital expenditures unless approved by a majority vote of Equity Members as provided in the Bylaws, except that assessments required to pay for "extraordinary repairs or replacements" do not require member approval and may be imposed by the Board of Directors. In the event of any assessment for extraordinary repairs or replacements which is not voted on by the Equity Members, the Company will pay its proportionate share of the assessment based upon the number of unissued memberships held by the Company. The assessment shall be apportioned among the issued and unissued memberships in accordance with the terms of the following paragraph. Assessments for capital improvements made prior to the Turnover Date shall be subject to the approval of the Company, in its sole discretion. "Extraordinary repairs or replacements" shall mean repairs or replacements to the Club Facilities which result from acts of God, natural disasters, pestilence, weather, fires, the need to replace turf and landscaping on the Club property due to disease or other unanticipated cause, requirements imposed by governmental authorities after the date hereof and any events beyond the reasonable control of the Company or the Club.

Any assessment for capital expenditures which must be voted on by the Equity Members shall be voted on and paid as follows:

- Assessments for capital expenditures to the golf course, golf practice facilities and the clubhouse, other than the fitness and social facilities of the clubhouse, shall be prorated among all of the Founder Members, Golf Members, Weekday Golf Members and Weekday Corporate Members. Weekday Golf Members will pay an amount equal to fifty (50%) of the assessment payable by Equity Members and Weekday Corporate Members shall pay an amount equal to three times the assessment amount payable by Weekday Members.
- Assessments for capital expenditures to the fitness and social facilities of the clubhouse shall be prorated equally among all members.
- Assessments for capital expenditures to the tennis and swimming facilities shall be prorated equally among all Social Members and those Equity Members who have elected to add on privileges to use the tennis and swimming facilities at the Club for the membership year that the assessment is imposed.

## **MEMBERSHIPS HELD BY COMPANY ARE NOT SUBJECT TO ASSESSMENTS OR DUES**

The Club will not make any capital or operating assessments or impose any dues or other charges on any membership during the period while the membership is held for sale by the Company and subject to the Company's obligation to pay its share of any assessment for extraordinary repairs or replacements that are not voted on by the Equity Members. A member acquiring a membership from the Company shall not be subject to payment of any capital or operating assessment imposed or incurred prior to their becoming a member.

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

A resigned Equity Member shall be obligated to continue to pay dues, fees and other charges associated with the resigned Equity Membership until the reissuance of the membership by the Club and shall be permitted to use the Club Facilities as long as the dues, fees and other charges continue to be paid. A resigned Non-Equity Member shall be obligated to continue to pay dues, fees and other charges associated with the resigned membership until the end of the month in which the resignation occurs.

## **PRORATED DUES AND FEES**

If a Non-Equity Member resigns during a membership year, or if an Equity Member resigns and the Equity Membership is reissued during a membership year, the resigned member shall be entitled to a refund of a pro rata portion of any dues and other fees paid in advance for which services have yet to be rendered based upon the number of full months remaining in the membership year.

## **MEMBERSHIP PURCHASE AGREEMENT**

### **APPLICATION PROCEDURE**

Each person who desires to become a member must mail or deliver to the Membership Office a fully completed and signed Application for Membership, Membership Purchase Agreement and a check for the amount required in respect of the membership contribution or initiation fee.

### **REVIEW OF APPLICATION**

After the Club has received the required materials, a determination will be made whether the applicant has satisfied the relevant conditions of membership. The determination of whether an applicant is approved for membership is made by the Company for all applicants for memberships being sold by the Company and all applicants acquiring a membership from the Club must be approved by the Board of Directors. If the application is not acted upon favorably, the applicant will receive a refund of any amount previously paid, without interest. The Club is under no obligation to give any reason for denying an application.

### **RIGHTS GOVERNED BY MEMBERSHIP DOCUMENTS**

Members of the Club agree to be bound by the terms and conditions of the Membership Documents, as amended from time to time, and irrevocably agree to fully substitute the membership privileges acquired pursuant to the Membership Documents for any present or prior rights or privileges in or to use the Club Facilities.

## **OTHER USE PRIVILEGES**

### **COMPANY'S RIGHT TO DESIGNATE INDIVIDUALS TO USE CLUB FACILITIES**

Until the later of the (i) initial sale of all residences and homesites in the Community, and (ii) the initial sale of all memberships permitted to be issued in the Club, the Company and its designees shall have the right to designate persons to use any or all of the Club Facilities, for any purpose and upon such terms and conditions as are determined from time to time by the Company. The persons designated by the Company shall include, without limitation, persons who are employees of the Company or the Club, persons who are prospective purchasers of property in the Community, persons who are prospective members in the Club, and persons who are involved in special events held at the Club. The individuals designated by the Company are subject solely to approval by the Company, however, use of the Club Facilities by the Company and its designees may not unreasonably interfere with the members' use of the Club Facilities.

After the Turnover Date, the Company and its designees shall pay the use fees charged accompanied guests of members. The Company may at any time promote and refer to the Club in advertisements and promotional materials by making reference to the Club and the availability of memberships in the Club.

### **PRO SPONSORED PLAY AND SPECIAL EVENTS**

The Club will permit use of the Club Course and clubhouse by individuals who are sponsored by area golf professionals until the initial issuance of 250 Equity Memberships in the Club. The Club shall have the right to hold tournaments, outings and other special events at the Club Facilities from time to time on such terms as it shall determine in its sole discretion.

### **MANOR HILL VINEYARDS**

The Club and Cutchogue Cellers LLC d/b/a Manor Hill Vineyards ("Manor Hill") will enter into an agreement that will permit Manor Hill to construct and operate a vineyard on a one acre or one and one-half acre portion of the Club property (the "Vineyard Agreement"). The Club and Manor Hill will share the costs of construction of the vineyard and Manor Hill will maintain the vineyard at its sole cost, in accordance with the terms of the Vineyard Agreement. The Vineyard Agreement will further specify the rights and obligations of the Club with respect to the vineyard including, but not limited to, the size and location of the vineyard and the terms upon which the Club will acquire the wine produced at the vineyard. A copy of the Vineyard Agreement will be available for review in the Membership Office.

## **CLUB TRANSFER AGREEMENT**

### **TRANSFER OF CLUB FACILITIES TO CLUB**

The Company has transferred or will transfer to the Club all of its right, title and interest in the Club Facilities, including the land upon which the Club Facilities will be constructed, in accordance with the terms and conditions of the Club Transfer Agreement, a copy of which is attached hereto as Exhibit A.

Neither the Company, its affiliates nor the Club shall have any liability whatsoever to the members in the event the Club Facilities are not constructed, other than the return of the member's membership contribution or initiation fee, without interest.

### **CONSIDERATION FOR CLUB FACILITIES**

In consideration for the transfer of the Club Facilities, the Club has transferred to the Company a portion of the memberships to be issued in the Club. In addition to these memberships, the Club will pay to the Company on the Turnover Date, the book value of all supplies, inventories and other items held for resale on hand as of the Turnover Date which is related to the operation of the Club Facilities. All membership contributions and initiation fees received from the initial sale of all memberships transferred to the Company will belong to the Company and may be used by the Company in any manner whatsoever in its sole and absolute discretion.

### **PROCEEDS FROM REISSUANCE OF MEMBERSHIP**

All of the membership contributions retained by the Club on the reissuance of resigned Equity Memberships prior to the Turnover Date shall be paid over to the Company as additional consideration for the transfer of the Club Facilities to the Club and the Company's obligation to fund operating deficits as provided in the Membership Documents. After the Turnover Date, all of the membership contributions retained by the Club on the reissuance of resigned Equity Memberships shall belong to the Club to be utilized as determined by the Board of Directors.

### **MORTGAGE**

Prior to the Turnover Date, the Company may cause the Club to place a mortgage on the Club Facilities (the "Mortgage") securing a loan in an original principal amount not to exceed \$1.25 million. The Company shall receive the proceeds of the loan for its sole use as part of the consideration for the transfer of the Club Facilities to the Club. The interest rate and other 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.

### **CLUB FACILITIES MAINTAINED IN GOOD WORKING ORDER**

The Club Facilities shall be maintained by the Club until the Turnover Date at the Club's cost and expense in good working order, ordinary wear and tear excepted. Each year in the Club's budget, a reserve for capital repairs and replacements will be established. A reserve of one and a half percent (1½%) of the gross operating revenues will be

established by the Club for the first year, two percent (2%) for the second year and three percent (3%) for each year thereafter. The reserve is not based upon an analysis of the useful life of the Club property and equipment. For purposes hereof, the gross operating revenues of the Club shall not include any proceeds from the sale or resale of memberships. Prior to the Turnover Date, the Club and the Company shall have no obligation to cause the actual funding of the reserve as aforesaid. However, upon the Turnover Date, the Company shall cause to be deposited in the capital reserve account a sum equal to the total amount required to be set aside in respect of reserves as aforesaid up to that date, less the total amount expended to such date for capital repairs and replacements as verified by the Club's accountants. The Company shall not be obligated to fund the reserve for the period after the Turnover Date. The Club is responsible for any extraordinary repairs or replacements, subject to the terms herein provided for. The Club shall also be responsible for any capital improvements to the Club Facilities. In the event of any assessment for extraordinary repairs or replacements which is not voted on by the Equity Members, the Company will pay a share of the assessment based upon the number of unissued Equity Memberships. After the Turnover Date, the Club Facilities shall be maintained by the Club at the Club's sole expense in good working order, ordinary wear and tear excepted.

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

After each of the Club Facilities is 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 New York. 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 Turnover Date, 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 selected in the sole discretion of the Company and will be independent inspectors, architects or engineers licensed by the State of New York. Any material deficiency, as determined by the Company, will be repaired. The Company can use the funds in the capital reserve account to pay the costs of the repairs.

#### **CLUB ACCEPTS CLUB FACILITIES AS IS**

The Club Facilities will be acquired in their "where is, as is" condition, without recourse, subject only to the Company's obligation to make repairs indicated by the inspection reports described herein, as provided above. The Company and the Club disclaim and make no representations, warranties or other agreements, express or implied, by fact or law, with respect thereto, including without limitation representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and representations and warranties regarding the extent, design, fitness, condition,

construction, accuracy, completeness, location, adequacy of the size or capacity in relation to the utilization or the future economic performance or operation of, or the materials, furniture or equipment which has been or will be used in, the Club Facilities, except as specifically set forth in these Membership Documents.

## **OPERATION OF CLUB**

### **BOARD OF DIRECTORS**

The Club will be governed by a Board of Directors in accordance with the Membership Documents. The Board of Directors will be responsible for the government and administration of the affairs and property of the Club, set dues and charges for members, establish rules and regulations and, in general, control the management and affairs of the Club, except as otherwise provided herein. Such government and administration will be in accordance with the terms and conditions of this Membership Plan, the Club Transfer Agreement and the Club's Certificate of Incorporation, Bylaws and Rules and Regulations attached hereto as Exhibits B, C and D, respectively.

Decisions made by the directors appointed by the Company shall be in good faith and in a manner reasonably believed to be in the best interest of the Club, its members and the development and marketing of the Community.

### **DESIGNATION OF DIRECTORS**

Prior to the Turnover Date, the Company shall appoint the members of the Board of Directors who shall serve until the Turnover Date or replaced by the Company. All directors must be members, except for the directors appointed by the Company. After the Turnover Date, all members of the Board of Directors will be elected by the Equity Members.

### **TURNOVER DATE**

The Turnover Date will be 60 days after the earlier of: (i) the initial sale of all of the memberships permitted to be issued in the Club, or (ii) December 31, 2013; or (iii) any earlier date determined by the Company in its discretion, provided the Club's accounting firm has reviewed the operating results of the Club and confirmed that the Club operated during the preceding 12 month period without an operating deficit.

Prior to the Turnover Date, the Company will fund all operating deficits and be entitled to retain any excess operating funds of the Club.

### **LIABILITY OF COMPANY AND ITS DESIGNEES**

The Company and the directors and officers designated by the Company shall not be liable to the Club or any of its members for decisions made regarding the Club, its facilities or its operations, and the Club shall indemnify and hold harmless the Company and those directors and officers designated by the Company from and against any and all actions, claims, damages and costs arising out of or resulting from any actions taken or decisions made by the Company or the directors or officers designated by the Company; provided, however, the Company and the directors and officers appointed by

the Company act in good faith and in a manner which they believe to be in the best interests of the Club, its members and the development and marketing of the Community. The Club may not be operated in contravention of the terms and conditions of these Membership Documents and applicable law.

## **BOARD OF GOVERNORS**

The Club will establish an advisory Board of Governors to serve as a liaison between the management of the Club and the members. The Board of Governors will meet with Club management on a regular basis to discuss the operation of the Club and the Club Facilities. The Company will designate all of the members of the Board of Governors who will serve for specific terms. The Board of Governors will have no duty or power to negotiate or otherwise act on behalf of the members of the Club and shall serve only in an advisory capacity until the Turnover Date.

The Company will establish, approximately one year prior to the date of the anticipated turnover of management and control of the Club to the Equity Members, a members' turnover committee ("Turnover Committee") consisting of three members of the Board of Governors selected by the Company, which will serve as a liaison between the Company and the Club's members concerning the turnover of control. The Turnover Committee shall have no duty to negotiate or otherwise act on behalf of the members until the Turnover Date. On Turnover Date, the members of the Board of Directors designated by the Company will resign as directors and the persons comprising the members' Turnover Committee will become the Board of Directors of the Club. At the first annual meeting of the members held after the Turnover Date, the remaining positions on the Board of Directors shall be elected by the Equity Members as provided in the Bylaws.

## **CLUB COMMITTEES**

The Club may establish Men's and Women's Golf Committees, a Social Committee and other committees as determined by the Board of Directors. All 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 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.

The Club will manage and operate the Club Facilities. The Club reserves the right to engage a professional management company to operate the Club Facilities.

## **CLUB OPERATIONS**

The Club will manage and operate the Club Facilities. The Club reserves the right to engage a professional management company to operate the Club Facilities.

## **MODIFICATION OF MEMBERSHIP PLAN**

### **BEFORE TURNOVER DATE**

The Company reserves the right prior to the Turnover Date to waive or modify the terms of this Membership Plan as long as the waivers and modifications are not materially adverse to the rights of the members. Any waiver or modification which is materially adverse must be approved by a majority vote of the Equity Members, in accordance with the Bylaws.

### **AFTER TURNOVER DATE**

After the Turnover Date and until the later of (i) the initial sale of all of the memberships permitted to be issued in the Club, or (ii) the initial sale of all residences and homesites in the Community to retail purchasers, this Membership Plan, the Certificate of Incorporation and the Bylaws of the Club may not be changed without the Company's written consent, which may be withheld by the Company for any reason whatsoever.

After the Turnover Date, this Membership Plan may be altered, amended, or repealed or a new Membership Plan adopted, only by: (a) a majority vote of all of the members of the Board of Directors, and (b) a majority of the votes entitled to be cast by the Equity Members in person or by proxy at any duly called and constituted annual or special meeting of the members of the Club at which a quorum of the Equity Members is present either in person or by proxy. The proposed amendment must be set forth in the notice of the meeting.

After the Turnover Date, the Club Transfer Agreement may be changed only upon obtaining the Company's written consent, which may be withheld by the Company for any reason whatsoever.

## **GENERAL PROVISIONS**

### **DISPUTE RESOLUTION**

Any dispute between the Club and the Company or relating to the turnover of the Club may be submitted to arbitration in accordance with the Club Transfer Agreement. Any dispute between a member and the Club or Company shall be submitted to binding arbitration in accordance with the Bylaws.